

# Innovate UK

## Minutes of the Governing Board's Meeting held on 7 December 2016 at Institute of Engineering and Technology, London

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### Present:

#### Members of the Governing Board

Mr Phil Smith, Chairman of the Board  
Mr Harry Swan

Ms Hazel Moore  
Mr Tim Edwards  
Ms Tera Allas  
Dr Ruth McKernan

#### Executive

Mr Paul Mason, Director Emerging and Enabling  
Mr Simon Edmonds, Director Materials and Manufacturing  
Ms Anne Dixon, Chief Operating Officer  
Ms Lynne Patmore, Interim Chief Financial Officer  
Ms Linda Wallace, Director of Communications  
Mr Patrick Jarvis, Head of Governance and Secretary to Governing Board  
Mr I Campbell, Director Health and Lifesciences  
Mr M Biddle, Deputy Director, Development  
Ms S Vodden, Head of Pre Award

#### Observer

Ms Sharon Ellis, BEIS

#### Apologies – Prof J Latham

Mr K Baughan  
Mr N Townley  
Mr I Meikle  
Ms R Elliott

### Announcements

- 1 Mr Smith welcomed members to the meeting and asked for any declarations of interests from members. No declarations were made. Mr Smith noted that apologies had been received from the above.

### Minutes of Previous Meeting

- 2 Mr Smith asked for any further comments on the draft minutes of the previous Governing Board meeting held on 12 and 13 October 2016. The draft minutes were approved without further amendment.

## Chief Executive's Report

- 3 Dr McKernan introduced her update report to the Governing Board noting current activities and developments within Innovate UK. The ensuing discussion focused on progress in developing new innovation finance in particular
  - The proposed timetable and potential pilot scheme in March 2017
  - The legal powers available to the Department for Business, Energy and Industrial Strategy in developing the programme
  - The importance of the new Chief Investment Officer post.
- 4 Dr McKernan stressed the importance of the new CIO post. Ms Ellis noted that BEIS was currently developing the recruitment framework for the post and that HM Treasury considered the post to be potentially a ministerial appointment. The Governing Board discussed the possibility of running a pilot through Scottish Enterprise which already had some relevant experience in the area. Dr McKernan agreed to discuss this further with senior officials at Scottish Enterprise. She also undertook to update the Governing Board at its next meeting on the recruitment of the CIO.
- 5 Dr McKernan also described the recruitment difficulties Innovate UK was experiencing more generally. She emphasised that it was very difficult to recruit to specialised posts through the normal civil service route and described the range of current vacancies. The Governing Board asked for a further update on the recruitment position at its next meeting.
- 6 Ms Dixon described progress to date on the development of the new Innovation Funding System noting that the first phase was now almost complete and operating well. Ms Dixon also noted the rising incidence of fraud and irregularity in the Innovate UK grants portfolio describing some of the most interesting cases. Mr Jarvis added that a fuller report on this issue would be presented to the next meeting of the Audit and Risk Assurance Committee. The Governing Board discussed the current range of counter fraud controls. Ms Moore emphasised the importance of Know Your Client and similar software at the assessment and due diligence stage. Ms Dixon and Mr Jarvis undertook to investigate this opportunity further.

## Finance Report

- 7 Dr McKernan and Ms Patmore presented the finance report emphasising that an underspend was very likely but plans were in place to mitigate this risk as far as possible. Ms Patmore explained the range of potential underspend figures across programme and admin costs noting that the admin underspend could grow further reflecting difficulties in the recruitment process. Dr McKernan emphasised that notwithstanding the recruitment delays Innovate UK had exercised effective financial management of the grants portfolio. Mr Smith agreed that financial control had continued to improve and asked for a further update to the next Governing Board meeting with a more precise forecast of the likely underspend and a description of the potential impact of the mitigating actions.

# Innovate UK

## Autumn Statement

- 8 Mr Biddle gave a presentation setting out Innovate UK's aspirations in the recent Autumn Statement and its outcomes. He stressed that the outcome was a significant opportunity for Innovate UK and represented a very substantial increase in Government funding. His presentation covered
  - The creation of the Industrial Strategy Challenge Fund
  - Collaborative working with UKRI
  - New opportunities for Innovate UK
- 9 The Governing Board discussed the impact of the new funding including
  - The Government's policy expectations
  - The need to develop key performance indicators to measure the effectiveness of new expenditure
  - The relationship with any losses that might result from a less close relationship with the Horizon 2020 programme
- 10 The Governing Board congratulated the team on the excellent results from the Autumn Statement and thanked them for the hard work that had clearly gone into the preparation of Innovate UK's bid. Dr McKernan emphasised the high degree of support and advice provided by BEIS senior officials too.

## Catapults

- 11 Mr Biddle gave a presentation setting out proposed new arrangements for the approval and review of Catapult business plans and associated matters. The key features of the new arrangements would be
  - Aligned criteria and expectations upfront across all approving parties
  - Each Catapult would be reviewed once only by a single Catapult Review Committee instead of potentially three times (Innovate UK, BEIS and Treasury)
  - The Catapult Review Committee would build on the experience of the MRC through providing an appropriate mix of independent, stakeholder and peer reviewers
- 12 The Governing Board discussed the proposed arrangements noting that
  - It was important for the voices of potential Catapult users to be heard
  - There were potential benefits in a portfolio approach allowing funding to be moved between Catapults
- 13 Ms Ellis noted that there was still scope for better discussions between Innovate UK and BEIS on their respective expectations of Catapults. The Governing Board discussed the best arrangements for involving BEIS in the detailed discussions.
- 14 The Governing Board approved the proposed arrangements. It also agreed that the current Catapults Committee would be disbanded.

# Innovate UK

## **Innovate 2016**

- 15 Ms Wallace provided a presentation on the Innovate 2016 event held recently in Manchester.  
She made the following key points
- The move to a Manchester venue had worked well and had achieved good results overall.
  - There was considerable Government support for using other Midlands and Northern venues in future years
  - The late approval for the event had led to reduced commercial/sponsorship income
  - There had been very good regional attendance but less international media attention
  - Investor tours had worked very well
  - Innovate UK's diversity programme had been integrated into the event with more female speakers taking part
- 16 Mr Smith thanked Ms Wallace and her team for the organisation and delivery of a very successful event.

## **Demonstration of new Innovation Funding System**

- 17 Ms Dixon and Ms Vodden gave a demonstration of the new funding system including
- The various new facilities and screens
  - The advantages of the new arrangements
  - The user experience
- 18 Mr Swan emphasised that as an applicant himself the new system appeared to be a great improvement on the previous arrangements. The Governing Board congratulated Ms Dixon and Ms Vodden on progress so far.

## **Any Other Business**

- 19 Dr McKernan described her recent visit to India noting that there was a lot more work that Innovate UK could do with the Indian Government.
- 20 Mr Smith noted that the next meeting of the Governing Board would be held on 25<sup>th</sup> January 2017 in London.