

Innovate UK

Minutes of the Governing Board's Meeting held on 25 January 2017 at Society of Chemical Industry, Belgrave Square, London.

Present:

Members of the Governing Board

Mr Phil Smith, Chairman of the Board
Mr Harry Swan

Ms Hazel Moore
Ms Tera Allas
Mr Tim Edwards
Prof. J Latham
Dr Ruth McKernan, Chief Executive

Executive

Mr Kevin Baughan, Chief Development Officer
Mr Paul Mason, Director Emerging and Enabling Technologies
Mr Ian Meikle, Director Infrastructure Systems
Ms Anne Dixon, Chief Operating Officer
Ms Ruth Elliott, Interim Chief Finance Officer
Mr Ian Campbell, Director Health and Life Sciences
Ms Linda Wallace, Chief Communications Officer
Mr Patrick Jarvis, Head of Governance and Secretary to Governing Board

Observer

Mr Keith Hodgkinson, BEIS

Visitors

Mr Keith Thompson, Chief Executive Officer, Cell and Gene Therapy Catapult
Mr Chris Molloy, Chief Executive Officer, Discovery Medicine Catapult

Apologies:

Mr Simon Edmonds, Director Manufacturing and Materials
Mr Nigel Townley, Director of IT

Announcements

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

Minutes of Previous Meeting

- 2 Mr Smith asked for any comments on the draft minutes of the previous Governing Board meeting. There were no further comments and the minutes were approved.

Health and Life Sciences Presentation

- 3 Mr Campbell gave a presentation on the work and strategy of the Health and Life Sciences team. He was assisted by Mr Keith Thompson, Chief Executive Officer of the Cell and Gene Therapy Catapult, and Mr Chris Molloy, Chief Executive of the Discovery Medicines Catapult. The presentation covered a wide range of issues including
 - The UK Healthcare Sector
 - Potential markets and sector drivers
 - Future opportunities and priority themes
 - Success stories
 - The Biomedical Catalyst
 - The impact of the Industrial Strategy Challenge Fund
- 4 Mr Campbell concluded the presentation by stressing the breadth of activities undertaken by his sector team and the importance of their relationship with the Catapults. Members of the Governing Board raised a number of detailed questions about the above activities and noted the overall progress of the sector team and the Catapults.

Chief Executive's Report

- 5 Dr McKernan introduced her update report to the Governing Board emphasising the progress being made towards the creation of UKRI. She explained the current progress of the draft legislation. The Governing Board noted that Innovate UK was actively involved in a range of work streams. Dr McKernan also explained current developments in the Sector teams.
- 6 Ms Dixon highlighted the rising levels of operational activity and the impact of this on the organisation when there were still several unfilled staff positions. The Governing Board raised a number of questions about the data shown in the report concerning the volumes of funded and unfunded grant applications. Ms Dixon explained that
 - The apparent low success rate reflected the measure of underfunding. There were not always sufficient funds to approve all the grant applications that reached the quality threshold
 - The high volume of applications in the transport sector reflected the ATI programme

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- 7 Ms Dixon confirmed that satisfactory progress continued to be made in the development and implementation of the new IFS system.
- 8 Mr Baughan explained Innovate UK's latest European and international strategies noting that a number of target countries had been identified for further collaboration taking into account the UK's own economic strengths and ambitions. The Governing Board discussed the level of resourcing needed to implement these strategies and the nature of the challenges and opportunities.
- 9 The Governing Board asked for further information on the appointment of a Chief Investment Officer. Mr Smith emphasised the importance of this appointment.
- 10 Mr Smith asked Mr Hodgkinson for an update on BEIS's progress in reviewing the delivery plan submitted by the Energy Systems Catapult. He also sought BEIS's further support in resolving both the going concern issue (interim funding), and agreement of the 5-year delivery plan. Mr Hodgkinson noted that the delivery plan had now been reviewed by BEIS and asked whether the Governing Board needed to formally review it again given that it was now different in some respects from the original version considered by the Governing Board. Mr Meikle emphasised that the next formal meeting of the Board was not until late March 2017.
- 11 The Governing Board discussed the status of the delivery plan and the most appropriate route to final approval. It agreed that
 - There was no current need for an additional meeting in February 2017 to review the delivery plan
 - Mr Meikle would instead circulate to Governing Board members individually the final version of the 5-year delivery plan when it was ready, as well as his own comments. The Governing Board would have an opportunity to feed back their views to Mr Meikle on an exception basis
 - The Governing Board reserved the right to hold a further meeting to review the plan should it become appropriate when they have seen the plan

Finance Update

- 12 Dr McKernan and Ms Elliot presented the finance update report. The Governing Board noted the current financial position for 2016/17. Ms Elliot noted that
 - The volatility of company forecasting remained an issue
 - An underspend of some 12m was likely on the 2016/17 budget but a range of mitigating actions were in progress
 - The financial stabilisation programme was progressing well.

Industrial Strategy Challenge Fund

- 13 Dr McKernan and Mr Baughan presented an update on preparatory work for the Challenge Fund. The presentation included the materials being used in regional engagement events being delivered in cooperation with the KTN. The presentation covered
- The range of potential challenges
 - Regional and challenged based workshops
 - The importance of SME input to the programme
- 14 The Governing Board congratulated the executive team on the excellent progress that had been made and discussed potential further developments. These included
- Sharper definition of the nature of the challenges
 - Wider involvement of supply chains, customers and citizens in defining the challenges
 - A long-range view of future challenges
- 15 Ms Dixon emphasised the significant increase in grant awards necessary over the short term to achieve the Challenge Fund ambitions. Work was underway within Innovate UK to model the operational impact of this.

Risk Management

- 16 Ms Elliot presented the current strategic risk register and explained that further staff resources were being made available to further strengthen the risk management process. The Governing Board agreed that the register presented a reasonable picture of Innovate UK's risk environment but questioned whether it adequately captured the impact of scaling up in size for the ISCF at the same time as merging with the Research Councils to form UKRI. Ms Elliot confirmed that the register would continue to be developed particularly in respect of the impact of UKRI and ISCF.

Update from Audit and Risk Assurance Committee

- 17 Prof Latham provided an update from the recent meeting of the Audit and Risk Assurance Committee. The three key matters considered by the Committee had been
- Monitoring Officer arrangements, the associated procurement exercise and the impact of IR35 changes
 - Progress on the Internal Audit programme
 - The corporate risk register and the finance directorate risk register

Industry Councils

- 18 Mr Baughan presented a report describing Innovate UK's involvement in Industry Councils. The Governing Board noted current involvement. Mr Baughan went on to emphasise the need for a strategic review of such involvement which focused not on where Innovate UK is currently involved but rather on the potential need for new engagement in the light of industrial strategies.

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Staff Survey

- 19 Ms Dixon explained the key results from the last staff survey carried out in late 2016. There had been a 70% response rate.

Any Other Business

- 20 There was no other business. Mr Jarvis reminded the Governing Board that the next meeting would be held on 30 March 2017.