

Innovate UK

Minutes from the Meeting of the Governing Board

Wednesday October 11th 2017

10.00 for 10.15-18.00

Doubletree Westminster, John Islip Street, London, SW1P 4DD

Thursday October 12th 2017

09.00 for 09.15-15.00

Doubletree Westminster, John Islip Street, London, SW1P 4DD

Governing Board:	Attendance – day 1	Attendance – day 2
Phil Smith (Chair)	Present	Present
John Latham	Present	Present
Hazel Moore	Present	Present
Gerard Grech	Present	Present
Tim Edwards	Present	Present
Harry Swan	Present	Present
Priya Guha	Present from 14.30	Present
Simon Devonshire	Present	Present
Attendees:		
Ruth McKernan	Present	Present
Kevin Baughan	Present	Present
Ruth Elliot	Present	<i>Apologies</i>
Simon Edmonds	Present by phone	Present by phone until 13.00
Ian Meikle	Present	<i>Apologies</i>
Ian Campbell	Present	Present
Paul Mason	Present	Present
Tim Sawyer	Present	Present
Mike Biddle	Present	Present
Michael Warren	Present	Present
Sarah Vodden	Present	Present
Anne Shaw	Present	Present
Sophie Dale-Black (Secretariat)	Present	Present
Nick Starkey (Observer)	Present from 14.00	Present from 14.00
Stephen Axford (Observer)	Present	<i>Apologies</i>
Apologies for full meeting:		
Nigel Townley	<i>Apologies</i>	<i>Apologies</i>
Jenny Dibden (Observer)	<i>Apologies</i>	<i>Apologies</i>

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1. Private session for Governing Board members with Ruth McKernan

This was a closed session for Governing Board members and no minutes were taken. Topics discussed included the future strategy of Innovate UK within UK Research and Innovation (UKRI).

2. Welcome, apologies, declaration of interests, minutes of the last meeting and matters arising

The Chair opened the meeting and welcomed Governing Board members and Innovate UK's Executive Management Team. Apologies were noted. No new declarations were reported by Governing Board members. The minutes of the previous meeting on September 14th 2017 were confirmed as an accurate record of the discussion.

3. CEO's report

GB_2017_10_11+12_Paper_2 was presented by Ruth McKernan, describing activities within Innovate UK over the previous quarter.

Simon Edmonds joined the meeting by phone.

4. Financial update

GB_2017_10_11+12_Paper_3 was presented by Ruth Elliot. It was noted that the implementation of a new HR and Finance system is now underway. Alongside this, a piece of discovery work has begun, looking at the feasibility of implementing a new artificial intelligence tool. It is hoped that an artificial intelligence tool, if implemented, will help improve financial forecasting.

Nick Starkey joined the meeting.

Nick Starkey and Stephen Axford introduced themselves to the Governing Board, as it was their first time observing an Innovate UK Governing Board meeting.

5. Evolution of the Catapult Network - discussion following EY review and looking ahead to business case for future funding

Nick Starkey spoke briefly on the Catapult review process commissioned by the Department for Business, Energy and Industrial Strategy (BEIS).

Papers GB_2017_10_11+12_Paper_4, GB_2017_10_11+12_Paper_5, GB_2017_10_11+12_Paper_6 and GB_2017_10_11+12_Paper_7 were discussed, with a

particular focus on defining the process that Catapults will follow in order to secure future funding, including the preparation of a business case with BEIS.

6. Industrial Strategy and the Industrial Strategy Challenge Fund

GB_2017_10_11+12_Paper_8 was discussed by Mike Biddle, describing progress on the development of the Industrial Strategy Challenge Fund, and its alignment to the forthcoming Industrial Strategy.

Priya Guha joined the meeting.

The Governing Board expressed its appreciation for all the work undertaken to reach this stage of the development of the Industrial Strategy Challenge Fund in such a short period of time.

7. UK Research and Innovation

Sir Mark Walport, CEO designate of UK Research and Innovation, joined the meeting.

During this private session of the meeting, various topics of relevance to Innovate UK and UKRI were discussed, including Catapults and their governance, the future of Innovate UK's competitions, global partnerships and communications.

Sir Mark left the meeting.

The meeting closed for the day.

Thursday October 12th 2017

09.00 for 09.15-15.00

Doubletree Westminster, John Islip Street, London, SW1P 4DD

1. Welcome and matters arising from previous day

The Chair opened the meeting.

2. Transitioning to UK Research and Innovation

GB_2017_10_11+12_Paper_9 was presented by Ruth McKernan and Anne Shaw.

Potential synergies were noted between industrial facing work across the research councils and Innovate UK.

The statutory transfer of Innovate UK (and other partner body) employees to UKRI will adhere to the Cabinet Office Statement of Practice (COSoP) which ensures that staff enjoy the same protection as if the TUPE regulations applied. This includes continuous employment and access to their current terms and conditions of employment. The existing Research Councils' trade union recognition agreements will transfer, such that UKRI will be unionised.

The fit of international working to UKRI's three pillars of research, social purpose and business agenda was discussed.

Tim Sawyer left the meeting.

Opportunities to align regional and global activities were discussed, noting that research councils engage regionally through funding awards to universities, Innovate UK has regional managers liaising with stakeholders.

Action - Ruth to follow up on papers on cross-UKRI regional working and other cross-UKRI programmes

The Board recommended stronger reference to work and organisations funded by Innvoate UK and suggested that the phrase 'powered by Innovate UK' be routinely used rather than 'we work with Innovate UK'.

Anne Shaw discussed the HR details of the transition to UKRI. Anne explained that a statutory transfer order was being written.

3. Verbal update from the Audit and Risk Assurance Committee

John Latham, Chair of the Audit and Risk Assurance Committee, gave a verbal update from the Committee's meeting on October 4th 2017.

Action - Sophie to arrange for cyber security updates to be included in Governing Board reports

4. Strategic risk register

GB_2017_10_11+12_Paper_10 was presented by Kevin Baughan, which had been considered at the Audit and Risk Assurance Committee on October 4th 2017. Kevin highlighted the reduction of operational systems risks in the register following the implementation of the Innovation Funding Service, but noted that not all processes are automated.

Action - Sarah to follow up with the risk team regarding how risks are managed following implementation of the Innovation Funding Service.

The following changes to risks were also discussed:

- Stakeholder awareness – Governing Board reconfirmed the existing risk level
- Catapult review processes – this risk would be made more granular, separating out governance and strategy
- New risk to be added on external risks relating to Catapult reviews and implementing Innovate UK's own recommendations for the Catapult Network
- Risks to be expanded to include funding and sector competitions

Kevin Baughan left the meeting.

Tim Sawyer re-joined the meeting.

Governing Board members reiterated the fit of the Catapults to Industrial Strategy themes and the Industrial Strategy Challenge Fund challenges, for example the announcement on the day of the meeting of the Clean Growth Strategy by BEIS, which included mentions of both the Energy Systems and Offshore Renewable Energy Catapults.

It was agreed that several thought leadership channels would be investigated and articles drafted, to articulate Innovate UK's position on future funding competitions and the evolution of the Catapult Network.

5. Verbal update from the Innovation Loans Committee and general progress on innovation loans

Tim Sawyer gave an update on the innovation loans programme, noting that there were plans to develop a shadow Board for the loans special purpose vehicle.

It was stated by the Chair of the Innovation Loans Committee, Hazel Moore, that the programme was progressing well and that involvement of key stakeholders in the Committee and the project was proving very useful.

Legal processes for the delivery of innovation loans were discussed, with Tim Sawyer advising that processes were being put in place to check for fraud by applicants, and that a project review by the internal auditor was being considered. It was noted that a credit committee would be in place, to include Tim Sawyer, Nigel Walker and Scott O'Brien, referring issues to Ruth McKernan.

Integration of the loans programme into the Innovation Funding Service was discussed, but it was noted that processes would need looking into further before the Innovation Funding Service was developed to include loans.

It was noted that Innovate UK has responded to the Patient Capital Review.

It was clarified that Innovate UK would be undertaking site visits as part of due diligence, plus utilising credit checks such as Moody's and Experian.

6. Communications update

GB_2017_10_11+12_Paper_11 was presented by Michael Warren. The difference between reflecting back on successes of Innovate UK and funded companies, and looking forward to future opportunities for innovation, was discussed.

It was suggested that terms and conditions be considered to increase the references to Innovate UK on the websites of companies funded.

Action - Sarah and Michael to consider possible terms and conditions wording to encourage increased cross-referencing of Innovate UK on websites of companies funded.

John Latham left the meeting.

Tim Edwards left the meeting.

7. Compound Semiconductor Applications Catapult progress update

GB_2017_10_11+12_Paper_12 was presented by Paul Mason on behalf of the Compound Semiconductor Applications Catapult, following an initial presentation by the Catapult management team to Innovate UK's Executive Management Team on October 2nd 2017. Paul noted that the Catapult would present its delivery plan to the Governing Board in December.

Simon Devonshire left the meeting.

Ian Campbell left the meeting.

Ruth explained that she and Sir Mark Walport had recently visited the compound semiconductor cluster in South Wales.

Questions and comments from the Governing Board focused on how this Catapult will help the UK to be world class in the compound semiconductor applications field, with advice that the Catapult needs to articulate this in its business plan, and discussion on how the Catapult will support development of, and engagement with, the supply chain.

Governing Board asked that general Catapult review recommendations are taken on board by this Catapult before/during the planned sign-off of the delivery plan in December.

8. AOB

The Governing Board gave its thanks for a very productive meeting and asked Ruth McKernan to pass on its thanks to Innovate UK staff for their continuing hard work.

Action - Ruth McKernan to send message to all employees noting Governing Board's thanks for a very productive meeting and to thank staff for their continuing hard work.

The Chair declared the meeting closed.