

Innovate UK

Meeting of the Governing Board

Thursday December 7th 2017

10.00 for 10.15-16.00

10.00-11.00 (Private session) – 11.00-15.45 (Full meeting)

SCI London SW1X 9PS

	Attendance – private session	Attendance – main meeting
Governing Board:		
Phil Smith (Chair)	Present	Present
John Latham	Apologies	Apologies
Hazel Moore	Present	Present
Gerard Grech	Present	Present
Tim Edwards	Present	Present
Harry Swan	Present	Present
Priya Guha	Present	Present
Simon Devonshire	Apologies	Apologies
Attendees:		
Ruth McKernan	Present	Present until 13.00
Kevin Baughan	Present	Present
Ruth Elliot	N/A	Present
Simon Edmonds	N/A	Present
Ian Meikle	N/A	Apologies
Ian Campbell	N/A	Apologies
Paul Mason	N/A	Present
Tim Sawyer	N/A	Present
Mike Biddle	N/A	Present
Michael Warren	N/A	Present
Sarah Vodden	N/A	Apologies
Nigel Townley	N/A	Apologies
Anne Shaw	N/A	Present
Kath Mackay (deputy for Ian Campbell)	N/A	Present
Sir Harpal Kumar (Observer) ⁺	Present	Present
Stephen Axford (Observer) ⁺⁺	N/A	Present
Jenny Dibden (Observer) ⁺⁺	N/A	Apologies
Sophie Dale-Black (Secretariat)	N/A	Present
Also attending:		
Kevin Crofton - Compound Semiconductor Applications Catapult	N/A	Item 4 only
Stephen Doran - Compound Semiconductor Applications Catapult	N/A	Item 4 only

⁺ Observer as Innovation Champion for UK Research and Innovation

⁺⁺ Observer for the Department for Business, Energy and Industrial Strategy

Innovate UK

Minutes of the meeting:

1. Private session

Formal minutes were not taken for this section of the meeting. Topics discussed included revisions to the organisational structure of Innovate UK, recruitment required to deliver this structure and ongoing work towards the transition of Innovate UK into UK Research and Innovation (UKRI).

2. Welcome, apologies, declaration of interests

Phil Smith, as Chair of the Governing Board, opened the meeting, introducing Sir Harpal Kumar as an observer in his role as Innovation Champion for UKRI. Sir Harpal would be the Senior Independent Member on Innovate UK's new Council, when it forms in April 2018.

No additional interests were declared by Governing Board members. The Chair reiterated his membership of the Board of IQE, noting that this has connections to the Compound Semiconductor Applications Catapult.

3. Minutes of the latest meeting and matters arising

The minutes of the meeting on October 11th and 12th 2017 were confirmed as an accurate record.

Simon Edmonds explained that before the end of March 2018, each Catapult would be producing documentation to support its request for future funding, and a business plan is under preparation for the Network as a whole, for consideration through the Department for Business, Energy and Industrial Strategy (BEIS), and Her Majesty's Treasury. Simon Edmonds described the different approaches needed from Catapults, with three Catapults taking part in additional special planning activities. Simon Edmonds explained that Sir Mark Walport is now Senior Responsible Officer (SRO) for the Catapult Network.

A question was raised regarding going concern issues. Simon Edmonds explained that interim funding agreements for 2018-19 have been received by all Catapults, following receipt by Innovate UK of an agreement letter from the BEIS Permanent Secretary.

Stephen Axford asked that Innovate UK maintain external communications around the Catapult Network. Previous ministerial visits to Catapults were discussed, along with possible options for the future. The importance of communication to the entrepreneurial community and of communications from the Network as a whole was agreed.

4. Compound Semiconductor Applications Catapult

Kevin Crofton, Chair of the Compound Semiconductor Applications Catapult, and Stephen Doran, CEO of the Compound Semiconductor Applications Catapult, joined the meeting.

Innovate UK

Kevin and Stephen presented the Compound Semiconductor Applications Catapult's strategy and delivery plan, referring to GB_2017_12_07_Paper_2 and GB_2017_12_07_Paper_3.

Governing Board members asked a range of questions to gain further insight into the plans, including:

- how IP would be handled in engaging large and small companies
- how the Catapult ensures that it is positioned in a complementary way to any contract research organisations operating in the sector
- approaches to date by companies looking for connections, and how to handle these in the future
- how to prioritise funding into technology areas by the strategic differentiation of the market
- relating to the market reports in the appendix of the plan, what the international context of the Catapult is, and how the Catapult will help the UK be in a leading position as a global centre of excellence
- how the Catapult ensures that any sharing of its building with a major company operating in the sector would not constrain full and open access

Kevin Crofton and Stephen Doran left the meeting.

Paul Mason and Ruth McKernan confirmed that this Catapult's plan had been prepared in line with recommendations in the EY report, and that this Catapult has considered learning points from other Catapults across the Network. It was noted that this Catapult has been operating in an appropriately frugal manner, while developing its strategy and delivery plan.

The Governing Board agreed that it was mostly content with the Catapult's strategy and delivery plan, but suggested further information in the following areas be provided:

- **Industry demand** – the extent of industry commitment to work with the Catapult in the future
- **International** – strong evidence that the UK is, and can remain, world-leading in this sector, in particular relative to EU, USA and China
- **Capital expenditure** – more detail on the larger areas of expenditure, and their connection to strategic activities
- **Collaborative R&D and evaluation module** – further information on how these modules will have uses by industry
- **Collaborative R&D in the near future** – options available to the Catapult for applying for collaborative R&D funding with partners in the near term
- **EY Review** – clear detail of how the strategy and delivery plan take into account the recommendations of the EY report

Action - Paul Mason to prepare a letter/document to the Governing Board demonstrating that Governing Board suggestions for edits to the delivery plan and strategy have been

Innovate UK

adopted by the Compound Semiconductor Applications Catapult, ahead of submission into the future funding approval process.

5. Update from the Innovation Loans Strategic Oversight Committee

Hazel Moore, in her role as Chair of the Innovation Loans Strategic Oversight Committee, stated that the new loans programme is on track. Recruitment for the innovation loans team has been completed, and procurement of a provider for the loans is in progress. The programme is on track to make the first loan available in April 2018, with a competition launched, and plans are progressing to create a 'special purpose vehicle' for loans over the next few months. Feedback from the market has been very positive and strategic input from the British Business Bank is proving very useful. A round table is planned with various banks and key stakeholders to exchange best practice.

6. Update from Audit and Risk Assurance Committee

Mike Sheehan of UK Shared Business Services (UKSBS) has joined the Audit and Risk Assurance Committee as an independent member and the Committee's terms of reference document has been updated to allow the independent member to count towards the Committee's quorum number. The strategic risk register and three directorate risk registers were considered at the Committee's meeting. New risks have been added to the register around the transitions for sector competitions and the refresh of office systems. Implementation of the new HR and finance system is going to plan.

7. UKRI transition

Connections between the various working groups relating to the UKRI transition programme were discussed. Innovate UK is represented on all sub-teams and works well with the UKRI central strategy unit. Key issues at present within the transition are the arrangements for the transfer of staff and setting out the UKRI delivery plan.

8. CEO's report

Kevin briefly presented GB_2017_12_07_Paper_1. Discussion particularly focused on the success of the flagship event, Innovate 2017. Innovate UK would be taking space at the International Business Festival in Liverpool in June 2018, rather than holding a standalone large-scale event. Plans are underway to consider how to work with the International Business Festival, alongside developing other thought leadership communications opportunities. Governing Board members suggested utilising the Industrial Strategy grand challenges for event themes. In addition to the International Business Festival, a communication campaign for each grand challenge, led by Innovate UK with Research Councils closely engaged, is being put in place.

Mike Biddle brought the Governing Board's attention to the 'Place' work in the Development section of the CEO's report. David Wilkes is looking at how to position Innovate UK's regional team within, and as a leading force for, UKRI's regional team.

Innovate UK

Kath Mackay noted that the life science sector deal had been published earlier in the week, with much relevance to Innovate UK's work.

Paul Mason provided feedback on the useful cross-UKRI discussion in the emerging technologies area.

9. Financial update

Ruth Elliot presented GB_2017_12_07_Paper_4, noting that the in-year spend was accelerating towards the forecast provided at the end of period 6 of 2017-18. Small deviations in spend on ISCF challenges, compared to budget, were being balanced within the ISCF programme as a whole. Seasonal issues with spend at the Agri-Tech Centres are being mitigated.

10. Autumn 2017 Budget outcomes and Industrial Strategy and

11. Industrial Strategy Challenge Fund update

Mike Biddle presented on the announcements from the Industrial Strategy Challenge Fund (ISCF) in recent weeks, particularly the challenges announced within the Industrial Strategy itself. Mike explained that the next generation services and quantum technology themes have been funded as 'pioneer challenges', giving initial funding to allow their development to progress further.

Mike explained that next steps in the ISCF programme include developing business cases with Her Majesty's Treasury for the new challenges, and recruitment for Challenge Directors.

Discussion focused on the grand challenge structure of the ISCF, and the possibilities for challenges from the 3rd wave of funding from the ISCF, which will be discussed further by the ISCF Steering Group in the coming weeks.

12. Future strategies for Innovate UK's funding for businesses

Kevin discussed potential options for refreshing Innovate UK's strategic plan for the next two years. Governing Board members gave feedback, which the Executive Management Team will take forward. A possible niche in innovation skills rather than specifically broadly re-skilling people was discussed, and this could be investigated further as part of the skills and talent work across UKRI.

Action - skills and talent work across UKRI to be presented at a future Governing Board meeting

List of actions:

Action - Paul Mason to prepare a letter/document to the Governing Board demonstrating that Governing Board suggestions for edits to the delivery plan and strategy have been

Innovate UK

adopted by the Compound Semiconductor Applications Catapult, ahead of submission into the future funding approval process

Action - skills and talent work across UKRI to be presented at a future Governing Board meeting