

Innovate UK

Meeting of the Governing Board - **Minutes**

Wednesday March 28th 2018

11.30 – 17.00

11.30-13.00 (Private session) – 13.00-17.00 (Full meeting)

SCI, 15 Belgrave Square, London SW1X 9PS

	Attendance – private session	Attendance – main meeting
Governing Board:		
Phil Smith (Chair)	Present	Present
John Latham	Present	Present
Hazel Moore	Present	Present
Gerard Grech	Present	Present
Tim Edwards	Present	Present
Harry Swan	<i>Apologies</i>	<i>Apologies</i>
Priya Guha	Present	Present
Simon Devonshire	Present	Present
Attendees:		
Ruth McKernan	Present	Present
Kevin Baughan	Present	Present
Ruth Elliot	N/A	Present
Simon Edmonds	N/A	Present
Ian Meikle	N/A	Present
Ian Campbell	N/A	Present
Paul Mason	N/A	Present
Tim Sawyer	N/A	<i>Apologies</i>
Mike Biddle	N/A	Present
Michael Warren	N/A	Present
Sarah Vodden	N/A	Present
Anne Dixon	N/A	<i>Apologies</i>
Nigel Townley	N/A	<i>Apologies</i>
Anne Shaw	N/A	Present
Nigel Walker (deputy for Tim Sawyer)	N/A	Present for items 3.4 and 3.5
Sir Harpal Kumar (Observer) ⁺	<i>Apologies</i>	<i>Apologies</i>
Jenny Dibden (Observer) ⁺⁺	N/A	Present
Sophie Dale-Black (Secretariat)	N/A	Present
Also attending:		
None		

⁺ Observer as Innovation Champion for UK Research and Innovation

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

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1. Private session of the meeting

Formal minutes were not taken during the private session, however topics discussed included progress in recruiting a successor to Ruth McKernan, the handover from Ruth McKernan to that person and the handover between Governing Board members and newly appointed Council members.

2. General business

2.1. Welcome

Phil Smith opened the meeting and noted that this was the final full meeting of the Governing Board ahead of the launch of UK Research and Innovation (UKRI) on April 1st and signals the transition to a Legacy Governing Board format as the newly appointed Council begins to meet. Phil thanked Governing Board members, reflecting on the many successful programmes that they have supported Innovate UK in developing for the benefit of UK business.

Governing Board members congratulated Ruth McKernan and Kevin Baughan on their time with Innovate UK, and wished them well for their futures.

Additionally, Simon Devonshire raised a vote of thanks for Phil's chairmanship of Innovate UK since 2011.

2.1.1. Apologies

Apologies were noted as shown earlier in the minutes.

2.1.2. Declarations of interest

No new declarations of interest were made by Governing Board members.

2.2. Minutes of the last meeting and matters arising

The minutes of the previous meeting on January 24th 2018 were agreed as an accurate record of the meeting.

Matters arising included:

Sarah explained that her team were looking closely at the opportunities for working closely with regional funders to signpost quality applications to Innovate UK funding that were outside the budget available. She also confirmed that the Innovate UK 2017 graduate cohort were looking into the possibility of a self-help community for applicants, as this was a useful project for them to undertake to support the development of their knowledge of the competitions process and the general work of the Operations directorate.

Regarding the action on holistic communications package on tools and offerings for investment, it was noted that the British Business Bank was developing a similar portal, and Innovate UK will reflect on experiences from that before considering options.

A paper identifying potential vehicles for supporting global entrepreneurs by linking tier 1 visas to Innovate UK competition structures had been prepared for the UKRI Board. Ruth reflected that she was aware that this had been discussed at the UKRI Board and minutes of the meeting were expected shortly.

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2.3. CEO report

Ruth McKernan presented GB_2018_03_28_Paper_1. Discussion focused on the risks associated with the recruitment and retention of staff and of delivering the Industrial Strategy Challenge Fund (ISCF) programmes. Ruth Elliot provided an update that an offer of employment had been made for the Director of Finance role made vacant through her move to be Finance and Commercial Director of UKRI, and that contracting was underway with a targeted start date in late April.

Ruth McKernan noted the reduction in the balance of women in the Executive Management Team as a result of the retirement of one Director and the promotion of two Directors into key roles in UKRI. Ruth thanked Priya Guha for her support in providing mentoring to female staff currently at Deputy Director level.

Ruth McKernan confirmed that processes were in place to transfer staff from Innovate UK to UK Research and Innovation at the end of March.

Ruth McKernan highlighted ongoing work to bring operational expenditure within a £16 million budget, while pivoting the organisation to support delivery of the ISCF and Open programme competitions.

Ruth McKernan brought Governing Board members' attention to plans to launch a Precision Medicine Accelerator competition, following the success of the pilot Investment Accelerator competition. Up to £6m will be invested by Innovate UK, with a similar contribution from the private investment community. Innovate UK are consulting with private investors to finalise the scope for the competition.

Sarah Vodden explained that over 100 applications across all innovation areas listed on the Innovation Funding Service (IFS) had been received for the monitoring officer procurement process, including larger organisations offering groups of monitoring officers as a package. Use of these monitoring officers will be trialled later this year.

Governing Board members briefly discussed the challenge some businesses face in having in-house expertise and time availability to write funding bids. Innovate UK KTN can provide some support during the bid development process, while numerous consultancy companies write bids for other companies. The triage process in ICURe was discussed, where potential projects are advised to stop due to their idea not being investable and their proposal not being well formed, however this raised questions on what happens to, and what support is then available for, companies advised to stop. A suggestion was made of a certified Innovate UK bid writer status, however this could raise expectations of enhanced chances of success if businesses pay another company to prepare the bid for them.

Action - Sarah to consider and report back on businesses' challenges around preparing bids and using consultants to manage this process for them.

2.4. Finance report

Ruth Elliot presented GB_2018_03_28_Paper_2, particularly highlighting that Innovate UK's £10 million funding to the UK Innovation and Science Seed Fund had been approved with Innovate UK's auditor Deloitte in advance.

Ruth Elliot confirmed that the draft allocation letter from UK Research and Innovation for financial year 2018-19 had been prepared and a final version was expected shortly. The draft version of the letter stated that the budget for Catapults had been allocated in line with the business case presented to the Department for Business, Energy and Industrial Strategy's Project and Investment

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Committee. Ruth Elliot confirmed that discussions were progressing in reducing planned operating expenditure to the budget available for 2018-19.

Phil noted that this was Ruth Elliot's final working day with Innovate UK, and thanked her on behalf of the Governing Board for her excellent work in overseeing Innovate UK's finances, wishing her the very best in her new role with UKRI.

2.5. Audit and Risk Assurance Committee update

Tim Edwards chaired the March 14th 2018 Audit and Risk Assurance Committee, and gave an update to the Governing Board. This was the final substantive meeting of the Committee beyond the signing-off of the 2017-18 annual accounts during the summer and the handling of any final issues. A handover letter from the Committee has been finalised, signed by Committee Chair John Latham, to be sent to Fiona Driscoll, UKRI Board member responsible for audit, risk assurance and performance in UKRI. Tim confirmed that the governance statement will be available ready for the final June 2018 Legacy Governing Board meeting. Organisational performance was a particular topic of discussion at the meeting, with Innovate UK Executive Management Team members having been interviewed to look at the key performance indicators that Innovate UK works towards.

The corporate risk register, having been updated at the Committee meeting and presented to this Governing Board meeting as GB_2018_03_28_Paper_3, was discussed, highlighting that some risks had been increased in the register.

2.6. Catapults update

Simon Edmonds provided an update on the current status for the business case for the Catapult Network and the three Catapults in special planning.

2.7. Communications update including the International Business Festival

Michael highlighted an over 700% increase in the number of Twitter followers to the @innovateuk account during the last 3 years, with now more than 100,000 followers. Michael provided updates on #ideameanbusiness, ISCF campaigns and changes as UKRI is formed. Michael confirmed that the Innovate UK brand will remain, with a tagline explaining that Innovate UK 'is part of UK Research and Innovation', and that some small but important modernising changes are being made to Innovate UK's marketing collateral.

Michael updated Governing Board members on planning for the International Business Festival in July 2018, noting that Innovate UK chairs the cross-Government working group.

Michael explained that the cross-Government presence will be represented by the ISCF and 'Great' brand, and an innovation hub is in planning.

New communications are in development for the upcoming Open loans competition and the Open grant competitions. Michael also explained that he is working proactively with the communications teams in Catapults, to look at how to take Catapult Network communications forward for the future. He is also working closely with the Innovate UK KTN to help to resource, and align with, Innovate UK communications to businesses.

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3. UKRI transition

3.1. Organisational structure / people including Executive Chair update

Anne Shaw explained that the transition to UKRI was proceeding as planned, with the Innovate UK Staff Consultative Committee having been formally closed due to trade unions being recognised by UKRI. KPMG are involved in the 3-year planning process for transformation once UKRI has launched. It was noted that UKRI's central services are becoming more visible, with senior level roles filled and recruitment progressing through to other levels. Anne confirmed that the staff transfer order had been signed, and would take place on Sunday April 1st 2018. There were no new starters in March to facilitate a smoother staff transfer, with a larger than usual induction of new starters planned for April, as a result. Anne mentioned the recruitment of the Interim Challenge Directors and the ongoing executive search process for Challenge Directors.

Ruth McKernan thanked Anne Shaw for all her hard work on leading the arrangements for the transfer of existing staff and contracting for new starters from April. Governing Board members discussed the importance of UKRI's culture and advised the Executive Management Team to encourage staff to be open minded to other ways of working during the transition and transformation stages.

3.2. 2018-19 delivery plan

Mike Biddle presented GB_2018_03_28_Paper_4, the proposed 2018-19 delivery plan for Innovate UK.

3.3. UKRI Strategic Priorities Fund

Mike Biddle explained the aims of the UKRI Strategic Priorities Fund, and explained that bids for this funding had developed since the last Governing Board meeting, using feedback provided by Governing Board members. Due to the confidential nature of these bids, the minutes in this section are intentionally limited.

Four proposals went to the UKRI Strategy Sub-Board. Mike discussed the progress of these proposals, along with updates on various other proposals that have been floated by other councils. Lead authors for the four papers presented discussed the process that they have been through since receiving comments from the Governing Board at the January meeting, and next steps for finalising the proposals for funding. Minutes are limited in this section to reflect the confidentiality of proposals in development before announcement. Priya recommended that work isn't duplicated with the Department for International Trade.

Next steps are further discussion at the April UKRI Strategy Sub-Board followed by submission in May.

3.4. Innovation Loans Sub-Committee update

As Chair of the Innovation Loans Sub-Committee, Hazel Moore explained that she was very pleased with the progress of the programme. Hazel highlighted that Ruth Elliot would remain on the Sub-Committee within her new role in UKRI and a Council member would be invited to join the Sub-Committee to maximise connectivity to the Council.

Nigel confirmed that the first meeting of the board of Innovate UK Loans Ltd had taken place on March 27th 2018. He also discussed the level of interest from businesses in the loans competitions, and that the first loan was planned for delivery at the end of the first week in April.

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Governing Board members were reminded that the pilot loans competitions use a £50 million allocation of funding. At present, future funding is not confirmed for additional competitions after the £50 million is allocated, with discussions ongoing with Treasury to look at how to continue the pilot while impact evaluation is undertaken.

The process of providing innovation loans was discussed briefly, confirming the need to be rigorous with performing checks on customers.

3.5. UKRI business engagement

Mike presented GB_2018_03_28_Paper_9 on the current approach to business engagement across UKRI, and work ongoing to develop opportunities in this area for the future.

3.6. Legacy Governing Board, Council and Sub-Committees

Ruth McKernan presented GB_2018_03_28_Paper_10, detailing the transition from Governing Board to Legacy Governing Board and the launch of the new Council. Ruth thanked Sophie Dale-Black for her hard work in coordination the recruitment of Council members.

4. AOB

None were raised.