

**NOTE OF THE INTELLECTUAL PROPERTY OFFICE STEERING BOARD MEETING  
HELD ON 19 NOVEMBER AT CONEPT HOUSE, NEWPORT AND ABBEY ORCHARD  
STREET, LONDON.**

**Attendees:**

**Non Executive Directors**

Bob Gilbert (Chair)  
Gary Austin  
Ralph Ecclestone  
Tim Suter  
Nora Nanayakkara

**BIS**

Brigid Feeny Deputy for Amanda Brooks

**IPO**

Sean Dennehey	Deputy Chief Executive
Louise Smyth	Acting Chief Operating Officer
Neil Feinson	Director, International Policy
Ros Lynch	Director, Copyright & Enforcement
Simon Taylor	Acting Chief Technology Officer
Dave King	Acting Director, Finance
Ceri Witchard	Deputy Director, Innovation
Peter Mason	Deputy Director, Patents
Karen Powell	Head of Governance & Risk
Jonathan Rogers	Corporate Planning & Performance Manager
Kathryn Ratcliffe	Head of Secretariat
Sally Jones	Secretariat

**Observers**

Jo Coates

**Shadow**

Andrew Bushall (Sean Dennehey)

**Apologies**

John Alty  
Rosa Wilkinson  
Iain Maclean

Action	Timing
Mr Feinson to look at the possibility of aligning the attaché visit to the IPO with a SB meeting in 2015.	January
<b>Corporate Strategy Review</b> NEDs asked to provide any further comments on the content of the corporate strategy outcomes document directly to Mr Feinson.	Immediate
<b>SB Awayday Actions &amp; Timelines</b> Ms Ratcliffe to ensure the level of SB involvement is clear in the timeline.	Immediate

Action	Timing
<b>Corporate planning process</b> Executive Board members to work with individual NEDs as part of the corporate planning process to allow for input by NEDs and early sight of the work as it progresses. (This can be done by e-mail/phone and additional teleconferences if needed).	Immediate
<b>SB Effectiveness Review</b> <ul style="list-style-type: none"> <li>Ms Smyth to produce a programme of different activities for consideration - to increase visibility of NEDs.</li> <li>Secretariat to produce a questionnaire for the SB Annual Review, and ensure the “way we work” document is also reviewed as part of the process.</li> </ul>	January

## 1. Chair's Introduction

1.1 Mr Gilbert welcomed everyone to the meeting, in particular to those observing: Ms Coates and Mr Bushall.

1.2 Mr Gilbert noted that the Steering Board (SB) agenda had been amended slightly to comply with the outcomes of the SB Effectiveness Review (scheduled for discussion later in the meeting). Broadly all recommendations had been implemented with some more advanced than others. The use of video conferencing would continue as it allowed more flexibility and was more convenient, unless it was necessary to have a one site meeting.

## 2. Apologies

2.1 Apologies were noted from Mr Alty, Mr Maclean and Ms Wilkinson.

## Approval of minutes of the previous meeting

3.1 The minutes of the meeting held on 16 July were approved without amendment.

## 4.1 Update on Actions

4.1 Mr Gilbert reviewed actions – the majority of which had been completed. A presentation by Mr Hooper and Mr Young on the Copyright Hub was scheduled for later in the day. Non Executive Directors (NEDs) had received a briefing on the pay pilot. Work on the Corporate Strategy Review was progressing well and scheduled for discussion. Mr Gilbert had attended a BIS Chair's Forum and discussed the position on shared services with Ms Smyth and Ms Nanayakkara in advance – in particular the fact that BIS were negotiating with Steria on behalf of the IPO. The NEDs had received the new secure build IPADs – with varying degrees of success (IT were working to resolve any outstanding problems).

4.2 With regard to the remaining cyclical actions it was agreed they could be closed. The IPO would continue to keep the SB informed on IP Attaches. Mr Gilbert asked whether it would be possible to align the visit by the attaches with a Steering Board meeting. Work on the Finance Strategy started in 2012 had been put on hold and as the IPO's financial

position would form part of the work on the Fees Review and Corporate Plan – this action was closed.

**Action**

- Mr Feinson to look at the possibility of aligning the attaché visit to the IPO with a SB meeting in 2015.

**GOVERNANCE AND PERFORMANCE**

**5. Chief Executive's Report**

5.1 Mr Dennehey highlighted a number of areas in the report. The IPO had contributed to the Science and Innovation Strategy. Following Miss Wilkinson's meeting with Mr J Heywood she had been tasked with producing three papers which were "think pieces". No. 10 had been keen to include them as part of the strategy but as they were essentially policy areas not yet worked through the IPO had engaged directly on content.

5.2 The Hargreaves Review had been a huge achievement and had driven the IPO's wider agenda.

5.3 As part of Customer Visit Programme Mr Alty and a number of Patents staff had visited IBM who were ceasing to file with the IPO. (Currently 400 applications were received annually) IBM had made very clear that their decision to stop filing with the IPO had nothing to do with the quality of work. It had simply become IBM'S corporate policy to file only in the United States. Another customer visit had identified a French company that would be filing large numbers of applications with the IPO which was good news.

5.4 With regard to the People Survey results a paper was issued at the meeting summarising engagement across the IPO and a comparison with the Civil Service Average and High Performers. Engagement had increased again by 2% on the previous year and further analysis was ongoing. The results were positive and as noted in the report some of the changes were not statistically significant.

5.5 The IPO had been received the silver award following re-assessment for Investors in People which was an achievement against a challenging standard.

5.6 Mr Gilbert had attended the Excellence Awards which had been a good event with more nominations than in previous year. A brochure was produced to mark the event – which was much more in keeping with celebrating success.

5.7 The Non Executive Directors congratulated the IPO on the silver award for liP and asked whether the recommendations from the Mission to America could be shared with them. There was a question on the Americans trial on peer review for the patent examining process. The IPO had done the peer to patent in conjunction with Beth Noveck for a period of 18 months but had not continued with it for a number of reasons: expense, software and little had been gained from it.

5.8 Mr Gilbert noted thanks for the Executive Board Report which showed clearly how much was going on across the Office.

## **6. BIS Update**

6.1 Ms Feeny provided the BIS update. BIS were focussing on the Science and Innovation Strategy and text was soon to be finalised. There was a pressure between range of issues and the need to be short and sharp. It would focus on achievements and priority issues.

6.2 Sir John O'Reilly would be leaving in January 2015 – Mr G Davies would be taking on the role. Mr Gilbert noted that an invitation should be extended to Mr Davies to visit the Office as soon as possible.

6.3 It was a busy time in the run up to the Autumn Statement and there were links with the Science and Innovation Strategy.

6.4 With regard to Devolution the Smith Commission was due to report and would include a raft of proposals for the devolution of the Scottish Government. Alongside this work was ongoing work regarding devolution in England.

6.5 Mr Gilbert reported on the Chairs Partner Organisation meeting he had attended – which included a speech from Mr V Cable on further cuts needed within BIS. At some point BIS might need to call on IPO finances and therefore the need for the IPO to continue to be as efficient and profitable as possible was important. The IPO could not afford to be complacent. There was also a suggestion amongst Chairs of Trading Funds (Companies House, Insolvency Service, Land Registry and Ordnance Survey – that they should have a closer Chairs liaison).

6.6 Mr Dennehey and Mr Taylor had attended a conference for Digital Technology Leaders and Mr H Orme had highlighted the need for further cuts within BIS while also recognising that the pressure was slightly less on trading funds.

## **7. Finance and Performance Report**

7.1 Mr Rogers summarised the performance as at month 7, highlighting that a number of the ministerial targets had already been met. There were a number of corporate priorities that were amber in relation to the digital agenda. The project status report would change to reflect completed projects and new ones. The annual working days lost was below target which was good news.

7.2 The NEDs made a number of points – and questioned whether the patent modernisation was red because of the IT issues. A lot of work was ongoing in the non IT area – teams were being set up to develop the thinking on the design side and preparation for discussions with GDS regarding approval.

7.3 In relation to shared services – 4 people with the right skills had been seconded to UK SBS to deal with IPO work with the expectation of a significant improvement in the next pay run. UK SBS had asked if they could use the staff to process the rest of the organisation as they had been in danger of not meeting their payroll. Mr Orme had informed the BIS Executive Board that the transition to Steria would be delayed by up to 6 months. Mr Gilbert noted the importance of being able to negotiate directly with Steria and while the situation was not ideal - it was a positive that the IPO had been asked to assist.

7.4 The political climate in Europe was a cause for concern and reference was made to the information paper which had been provided – which was generally upbeat – although the information in the Performance Report was downbeat. Clearly there was huge amount of uncertainty generally in Europe which was difficult and impacted on the IPO's ability to

influence and maintain credibility. As such the IPO would have to do more globally – which linked to the work Mr Alty was doing with the B+ Group. A more immediate piece of work was around the IPO ability to influence effectively until the referendum.

7.5 With regard to the IPO's financial position Mr King reported that a full mid-year review had been undertaken to update headline figures and performance to date was strong. Expenditure on projects had been problematic from the outset – in terms of capitalisation, but the position was better than had been anticipated. There was also more work to be done to mitigate the position including the development of an 18 month rolling forecast. In terms of the IPO's cash reserve – £35m was already committed which included £25m for the BIS Innovation Fund (accountancy rules around this made it difficult for BIS to use this).

7.6 The National Audit Office would be undertaking an interim audit early December and the IPO would be making a case for more project capitalisation. With regard to expenditure a large part of it would come out toward the end of the financial year – as some things had to come out at this point.

7.7 Mr Maclean had provided comments to Mr Gilbert in advance of the meeting. With regard to the Forward Look Mr Maclean noted concern that only one area was green (all others red or amber/red). The aim of the report was to try and flag up the potential i.e. the worst case scenario. It was also suggested that it could mean value for money in terms of the economy e.g. PIPCU. The NEDs welcomed the inclusion of this concept and noted that it had been done in a very honest way.

7.8 Mr Gilbert thanked Mr Rogers and Mr King for the update.

## **8. Risk Management**

8.1 Ms Powell summarised the changes to the Board Risk Register since the last iteration: The Hargreaves risk had been closed; UPC IT risk was being managed within the project; 4 new risks had been added following the Risk Workshop held in July.

8.2 Mr Gilbert thanked Ms Powell for the update noting that the NEDs were aware of the additional risks. With regard to funding for PIPCU – which was scheduled for discussion as part of the Enforcement Roadmap paper The NEDs questioned whether the Risk Register reflected the aftershocks of Hargreaves and it was acknowledged that other things were likely to come up.

8.3 With regard to the Watch/Worries List it was clarified that the IPO would successfully deliver what it said in terms of raising awareness of IP as a financial asset – the issue related to the uptake and changing behaviour. Car parking continued to be an issue and the IPO was doing everything possible to resolve the issue. The NEDs acknowledged that this was an extremely emotionally charged issue. This issue would be solved over time although not quickly enough. A temporary solution included the use of Tredegar Park which closed at dusk. Car sharing schemes and cycling had been exhausted and a shuttle bus would also be used.

## **STRATEGIC**

### **9. Corporate Strategy Review: Outcomes**

9.1 Mr Gilbert introduced this item noting that he had found the strategy work challenging because to a large degree the IPO's agenda had been dictated by the delivery of

Hargreaves. It was difficult to find the ambition in what had been produced and following this piece of work there was a need produce the IPO's Business Plan, (which was why the process had been started earlier). Mr Gilbert's ambition for the IPO was to get Ministerial approval of the Corporate Plan at the right time ensuring that the IPO's earned autonomy was retained. The political climate was uncertain – but whatever the outcome of the election an ambitious Corporate Plan (signed off) would allow the IPO to retain control over the organisation.

9.2 Mr Dennehey reinforced the importance of ensuring the Corporate Plan was approved early March – to provide a clear direction for the IPO. In terms of the Corporate Strategy clearly the Corporate Plan needed to build on it and it was important to have a good idea of what the IP framework should look like. That said – a new Government should not be ruled out and the fact that two reviews of IP had been completed in the previous 7 years would not mean another review would not happen. With regard to government spending it was suggested that the privatisation of some Government Departments was not off the agenda.

9.3 The SB discussed the work on the Corporate Strategy Review at length – including the timing issue given that the Corporate Plan needed to be signed off without having a fully articulated Corporate Strategy. Clearly the ongoing work on the Corporate Strategy would need to inform the Corporate Plan. There was also a need for some external interaction with stakeholders without being too explicit. In terms of ambition – often at a strategic level it could come across as banal and the ambition would come through in the detail of the potential areas for focus. Mr Feinson said that he recognised the need for ambition and that it was not quite coming through, as it would need to be expressed in concrete terms. Mr Gilbert said that this reflected Mr Maclean's comment about it being turgid – but this was a direct result of being part of the early process.

9.4 The following points formed the key points of the discussion:

- The tone of the Corporate Plan was important – it needed to use Lean in a technical sense – to show that the IPO was capable of running a lean organisation under much more stringent financial environment.
- The Corporate Strategy document was outwardly facing which was good. This raised the question as to whether the goal was to change the IPO becoming a much tighter organisation. Mr Dennehey said that goals relating to skills and capability, and the efficiency and value for money goal – linked to the IPO being a different organisation. In the areas of focus an attempt had been made to reflect the challenge about the need to being a different organisation. Mr Gilbert noted that some of this had been reflected in some of the sub headings and externally would be reflected in the Business Plan.
- There was an acknowledgement that the goals were good and outward focussed – they provided the building blocks but what would the IPO need to do in terms of trade offs and transformational change was not yet clear. How would these tradeoffs be made? Mr Feinson flagged the need to separate the Corporate Plan discussion with this discussion on the Corporate Strategy. The Corporate Plan had to be finalised by March – but the completion of the Corporate Strategy would have to be left until after the election. This discussion would provide a steer for the IPO to get that resolution into the Corporate Plan and the real reconciliation would have to come into the finalised Corporate Strategy. Mr Gilbert added that the IPO was working through two different dynamic exercises. The work to date on the corporate strategy would inform the Corporate Plan in so far as it could. The decisions on timing, investment,

transformational change and the tradeoffs needed at an operational level would form part of the next iteration.

- Mr Dennehey said that if the view was that the strategy was too broad something could be done - if not the work could continue. The next issue for the IPO was around prioritisation and what would come first.
- There were clear challenges in taking this work forward. In terms of ambition the document could be said to be dynamic and broad ranging – or it could be read as being incredibly safe. The IPO had the ability to lead the debate and influence how others think of the issues. The first challenge linked to the infrastructure which would be changing and the second challenge was the need to build the analytical capability needed to deal with external challenges.
- Areas for further consideration included enforcement and the need to have a direction. Another area for consideration could be the 53% income the IPO received externally. Currently the organisation was not paying its own way and this income might not always be there. (This was an important strategic question which linked to the need for ambition).
- There was a need to draw out the overarching aims, priorities and core principles of the IPO's Statement of Purpose. The reference to maximising economic growth in the strategy document was a bold statement and would need more detailed explanation.

9.5 Mr Gilbert concluded that the SB agreed that these were the right goals and outcomes and approved next steps. The Corporate Strategy would be a dynamic document and it was important to have had an in depth discussion on it and the implications for the IPO. In terms of timing while not ideal the Corporate Strategy document could be developed while also informing the work on a detailed Business Plan which was more urgent. Going forward this would be a standing agenda item.

9.6 Mr Gilbert asked NEDs to provide any detailed comments on the paper directly to Mr Feinson. Mr Gilbert also noted thanks to Mr Feinson and Mr Mason for all of their in progressing this piece of work which had not been easy.

#### **Action**

- NEDs asked to provide any further comments on the content of the corporate strategy outcomes document directly to Mr Feinson.

### **10. SB Awayday Action Plan**

10.1 Ms Ratcliffe summarised the work completed since the SB Awayday: actions had had been grouped into themes and a draft timeline completed detailing when agreement of the deliverables.

10.2 The NEDs said that the timeline seemed to indicate that a number of things discussed at the Awayday had been passed to the Executive Board to take forward which was slightly demoralising e.g. funding model. It was clarified that all of the areas discussed would be coming back to the SB – some through the Corporate Plan process – which the NEDs would be actively involved in.

10.3 Mr Gilbert concluded that the NEDs could be involved at any point via teleconference - discussion did not have to wait for scheduled SB meeting. The SB endorsed the actions and timeline subject to making the SB involvement clearer.

**Action**

- Ms Ratcliffe to ensure the level of SB involvement is clear in the timeline.

## **11. Corporate Plan Timetable**

11.1 The timing of the ongoing corporate planning process had been discussed throughout the meeting. In terms of timing the aim was to have the Corporate Plan signed off early March and to ensure that NEDs were involved throughout the process. Executive Board members would be working closely with individual NEDs e.g. – Mr King and Mr Austin would be working on the Funding Model.

11.2 Mr Gilbert emphasised the importance of keeping NEDs sighted on the progress of the Corporate Plan, having that early sight was essential rather than being presented with a final draft. It was important that NEDs had input into the preparation by e-mail, teleconferences and at the next SB meeting. Additional conference calls could be scheduled if needed. At the Awayday agreement had been reached on NED and Executive Director one to one input. Mr Gilbert concluded that it was important that the Corporate Plan was completed in time for ministerial sign off.

**Action**

- Executive Board members to work with individual NEDs as part of the corporate planning process to allow for input by NEDs and early sight of the work as it progresses. (This can be done by e-mail/phone and additional teleconferences if needed).

## **12. SB Effectiveness Review**

12.1 Mr Gilbert noted that broadly the recommendations from the SB Effectiveness Review had been implemented. The only outstanding item was to prepare a questionnaire to be used for an annual review of the SB. A questionnaire would be produced and circulated to NEDs and Executive Directors in advance of the July SB meeting – for discussion at that meeting.

12.2 Mr Austin and Ms Smyth had worked together to produce a note on “how we work” to clarify the mutual expectations of NEDs and the Executive Board. This was a starting point for discussion and the document was well received, subject to a small number of points made: Was there a need to invite NEDs to provide advice and give as much notice? There were occasions where a short unscheduled telephone conversation was useful – either from the NEDs or Executive Board. The skills matrix was useful although as part of the skills needs the focus for Mr Gilbert and Mr Alty was more about what skills were needed.

12.3 With regard to visibility of SB members Ms Smyth suggested that further work was needed to develop a programme of different activities (including perhaps the NEDs covering John’s Blog on occasion). It was also suggested that it would be useful to see what shadows thought of meetings and what they would like to see come out of it.

12.4 As part of the BIS review of sponsorship Mr Gilbert suggesting the possibility of Mr Davies attending a SB meeting.



12.5 Mr Gilbert thanked Mr Austin and Ms Smyth for producing the “how we work” document - which was approved. It was agreed that this would form part of the annual review of the SB. With regard to improving the visibility of NEDs there was agreement in principle with the commitment. As there was a need for a range of options (rather than short video clips by NEDs after each meeting) it was agreed that further work was needed. Ms Smyth agreed to come up with range of options.

**Action:**

- Ms Smyth to produce a programme of different activities for consideration - to increase visibility of NEDs.
- Secretariat to produce a questionnaire for the SB Annual Review, and ensure the “way we work” document is also reviewed as part of the process.

### **13. Enforcement Roadmap**

13.1 Ms Lynch summarised the work done since the SB Awayday noting that a draft strategy would be come back to the SB possibly at the next meeting.

13.2 Mr Gilbert said that the paper reflected what had been discussed at the Awayday on how this work would be taken forward. A good objective would include the decoupling of the IPO from PIPCU. The IPO was funding a significant amount for PIPCU and there was a need monitor how it was used – this was taxpayers money and the SB needed some accountability.

13.3 The NEDs were clearly concerned about the governance arrangements. Ms Lynch explained that a new Memorandum of Understanding would be put in place from May 2015 setting up completely different arrangements which would allow the IPO to input. The NEDs said that who would have the final say on spending should be set out clearly in the MoU. This would make the IPO’s role more active and strategic and in doing so could make it very difficult to convince the Home Office to take on funding as planned. Mr Gilbert highlighted the importance for the SB to understand how the work progressed and that it was going right.

13.4 An end of term report would be produced at the end of April 2015 detailing what had been delivered, (and this would be tied in with the financial planning process). Ms Lynch said that a paper could be produced for the SB on a quarterly basis if needed. Mr Gilbert confirmed that the Audit Committee could look at it in terms of value for money and thanked Ms Lynch for the update.

## **TOPICAL**

### **14. People Survey 2014**

14.1 Ms Smyth reported on the high level results of the People Survey which were very positive. Detailed comments had not yet been received which would help inform how the work was taken forward.

14.2 The response rate of 80% was good and the engagement score had increased again by 2% and increases within directorates against the Civil Service Average. The results on pay and benefits were good which linked directly the Pay Pilot. The management score was down slightly which was disappointing given the work done in this area – although it was perhaps too soon for The Key – people manager development programme to have had an

impact. It was often difficult to know the underlying reasons for responses – this could link to the impact of shared services.

14.3 With regard to the patent examiners score on engagement – although it had gone up – the score was always lower than other areas. This was similar to other organisations with specialist groups.

14.4 Mr Gilbert thanked Ms Smyth for the update.

## **15. IT Roadmap Update**

15.1 Mr Taylor highlighted a number of areas in the report:

- Orphan Works had been successfully launched – this was the first scheme of its type in the world that offered a purely digital licensing service for orphan works.
- The UPC prototype had had a very positive response from external stakeholders.
- The IPO had switched mainframe providers successfully, which would result in significant savings for the Office.
- A Capability Review was underway and the Executive Board was scheduled to discuss the results in November.
- While the day to day contact with GDS had lessened the IPO continued to develop relationships with GDS. Mr M Bracken was scheduled to visit which Ms Nanayakkara was also attending.

15.2 Mr Gilbert thanked Mr Taylor for the update.

## **16. BIS Chair's Meeting Readout**

16.2 This had been discussed previously in the meeting. Mr Gilbert added that it had not been very well attended.

## **17. Non Executive Directors – Round Table Update**

17.2 Mr Gilbert asked NEDs to inform Secretariat of periods where they could not be contacted.

17.3 Mr Austin said that he had received a call from Indigo Blue regarding portfolio governance which had been difficult as the briefing had been minimal.

17.4 Mr Suter was due to chair the second meeting of the Copyright Advisory Panel in December.

## **18. Information Papers**

18.1 Mr Gilbert noted thanks for all the information papers with particular reference to the final Hargreaves Update. Mr Gilbert congratulated Ms Heyes on an exemplary piece of work – she had delivered and reported exactly what the SB had wanted throughout the programme.