



NOTE OF THE INTELLECTUAL PROPERTY OFFICE STEERING BOARD MEETING HELD ON WEDNESDAY 27 JANUARY 2016

Attendees

Non Executive Directors

Bob Gilbert (Chair)
Gary Austin
Iain Maclean
Tim Suter
Nora Nanayakkara
Andrew Mackintosh
Mandy Haberman

BIS

Paul Hadley

IPO

John Alty
Sean Dennehey
Rosa Wilkinson
Neil Feinson
Ros Lynch
Mike Fishwick
Neil Hartley
Simon Haikney
Kathryn Ratcliffe
Sally Jones
Karen Powell
Chris Evans
Rebecca Villis
Andrea Pearce
Sarah Whitehead

Chief Executive
Deputy Chief Executive
Director, Innovation & Strategic Comms
Director, International Policy
Director, Copyright & Enforcement
Chief Technology Officer
Director, Finance
Head of Strategy & Planning
Head of Secretariat
Secretariat
Head of Governance & Risk
Shadow
Shadow
Shadow
Observer

Apology

Louise Smyth

Chief Operating Officer

1. Chair's Introduction, Minutes and Update on Actions

1.1 Mr Gilbert welcomed everyone to the meeting. He congratulated the IPO on their success on winning the Cabinet Office Culture and People Way we Work Award, for #adaptive – which was excellent news.

1.2 Apologies were noted from Louise Smyth who was attending a BIS CEO/Chairs meeting.

1.3 The minutes of the meeting held on 25 November were approved. Actions were reviewed, (all of which had been completed).

1.4 Ms Nanayakkara informed the meeting that she was a NED at the National Police Chiefs Council – and declared an interest regarding any discussion on the funding of PIPCU.

Governance and Performance

2. Chief Executive's Report

2.1 Mr Alty highlighted a number of areas in his report. The BIS 2020 programme and Cabinet Officer included ambitious objectives on accommodation – looking at hubs and centres of excellence. The IPO and Companies House (and possibly others) would be part of a Centre for Business Services in South Wales – although no decisions had been made on the detail. It was also likely that the IPO London Office would have to move, as BIS would not be renewing the lease. The IPO was working closely with BIS and Companies House to identify opportunities and establish how best to take this forward. The SB would be updated as the work progressed. Ms Smyth was attending a BIS CEO

and Chairs meeting and was leading on communication to staff. It was important to keep staff updated to allay any concerns.

2.2 Mr Dennehey provided an update on EPO matters.

2.3 Mr Gilbert congratulated Mr Alty on his appointment as Chair of the Association of Chief Executives. Ms Lynch was also commended for the IPO's success on portability – which was good news.

3. BIS Update

3.1 Mr Hadley updated the Steering Board on BIS issues. With regard to BIS 2020 the department would be providing quarterly updates - an announcement was being issued to the CEO & Chairs meeting later that day and to staff the following day, (which was the first of the quarterly communication cycles).

3.2 Post Spending Review – the National Innovation Plan was being developed which would include input from the IPO. The outcome of the Nurse Review was also being considered.

3.3 Mr Gilbert noted that the communication from BIS was important and therefore the plan to update regularly was good news – particularly in relation to locations.

4. Finance Report

4.1 Mr Hartley updated the Steering Board on the IPO financial position as at the end of December. Income and expenditure continued to be down on budget and Finance were analysing the position in more detail to establish whether there were any trends. Mr Gilbert noted that the finance and budget report for the following year was important – and would be discussed as part of the Corporate Plan item.

4.2 The NEDs commented that the IPO's forecasting of EP Renewals was generally accurate – and if possible it would be good if the IPO could establish why customers were changing their behaviour – although there was limited time to try and establish whether it was a long term trend or not. The IPO had quarterly meetings with patent stakeholders and demand was a standing item for discussion – although this was a difficult area. There was a suggestion that Finance could contact the EPO as this was an area that they would also be looking at. Perhaps this was an indication that businesses were managing their IP Portfolios more carefully. From a policy perspective this was perhaps good news, i.e., the quicker patents not being exploited came off the register the better. In summary there was concern about whether this was a fundamental change in behaviour.

5. Corporate Performance Report

5.1 Mr Haikney updated the SB on progress against key targets – as detailed in the paper, noting that as part of the review of performance reporting the report had changed slightly to eradicate the duplication.

5.2 The NEDs made a number of comments in relation to the report. With regard to the introduction of the Designs Opinions Service consideration was being given to an alternative approach. This was a good objective and would be welcomed by designers on the assumption it was affordable.

5.3 The IPO Executive Board had discussed the good progress made on the EU copyright framework.

5.4 In relation to the Tripod Portfolio it was clarified that the work needed to move away from the Oracle platform was important but not in the same category as the IPO's need to exit the mainframe. The Tripod Board was in the process of considering these issues and the IPO Executive Board were also due to consider a paper in relation to Oracle.

5.5 An update was also provided on the Fees Review.

5.6 With regard to return to work interviews it was noted that it was unlikely that the target would be met. It was clarified that this was an aspirational target which had been introduced to drive up performance – which had been successful in changing behaviours – albeit the target might not be met.

6. Risk Management

6.1 Mrs Powell introduced this time and highlighted the changes to the Board Risk Register (BRR) since the last iteration – as detailed in the paper. A new risk had been added regarding the increasing demand for IPO to fund other work.

6.2 There was a suggestion that the work by Finance to establish whether the drop in renewals income was a trend could result in the need for an additional risk. (This was already detailed on the IPO Board Watch/Worries List and could result in an escalation to the BRR). This linked to the work being taken forward by Finance in relation to the budget and finance planning as part of the corporate plan process. There was a need to try and understand the reason for the shortfall. It was noted that there could be two risks as the reduction in income was wider than EPO income.

6.3 The NEDs commented on BIS 2020 risk noting that this was area of work was not proving as straightforward as perhaps initially thought. That said it was important to keep a sense of proportion and continue to work closely with BIS.

6.4 With regard to the Operating Committee Risk Register there was concern around the wording of action in relation to TM10 mitigating actions. It was clarified that there were issues with TM10 which were being addressed. It was also acknowledged that TM10 had transformed ways of working and overall had brought massive benefits.

6.5 With regard to Steering Board and the Audit and Risk Committee responsibility for management – following discussion by Mrs Powell and Mr Gilbert and Mr Austin (IPO Chair, ARC), it had been agreed that the responsibility for reviewing the content of the Strategic Risk Register would be delegated to ARC. A copy of the Strategic Risk Register would be included as an information paper going forward and if there were any risks that were causing concern – the ARC would escalate them to SB for full discussion.

Strategic

7. Corporate Plan

7.1 Mr Haikney presented draft of the Ministerial Targets and an outline document which set out the approach and style for the IPO's Corporate Plan 2016 – 2019. The SB was asked to comment on the targets and the proposed approach to the plan. The aim was to launch the plan early April and lay the Ministerial Targets laid prior to the Easter recess. The NEDs would be kept informed throughout the process and an extended teleconference week commencing 22 February would provide an opportunity for comments.

7.2 The NEDs made a number of key points:

- Ministerial Target 3 – faster handling of patent applications: it was suggested that the wording of could be amended to ‘maintain’ rather than offer as the target was the same as the current year (15/16).
- Ministerial Target 7 – HR and Payroll system. There was a question to whether this was under the right strategic goal. It was clarified given the strong link to staff morale it fitted here as it would maintain motivation levels amongst staff. There was a suggestion that the leadership programme corporate priority could perhaps be the Ministerial Target instead.
- Enforcement MT – Consideration was being given to a target on enforcement given its importance. Identifying something specific that could be measured was difficult and further consideration was needed.
- There was a query around the absence of technology enabled change (Tripod) and while corporate priorities had been identified further consideration on what was the right thing for in year delivery targets.
- With regard to Corporate Priorities there was a need to explain the Operating Model further. The Corporate Priority on education had an outcome on building relationships with the Department for Education - which needed to be clearer to what end. International involvement needed to be fleshed out as much as possible and it was noted that priorities needed to focus on output, not actions.

7.3 Mr Gilbert thanked Mr Haikney for the paper. Work would continue and a near final version of the plan would be circulated to NEDs for comment in advance of the NEDS teleconference.

Action

- **Mr Haikney to circulate the draft Corporate Plan to NEDs for comment in advance of the NEDS teleconference.**

8. Corporate Plan Financials

8.1 Mr Hartley updated the SB on the financial position for 2016/17 noting that after an initial review of income and expenditure for 2016/17 a deficit had been identified. Mr Hartley summarised the challenges ahead while noting that this work was at an early stage. As already discussed in the meeting Finance were doing a huge amount of work – Finance Business Partners were working closely with all Directorates and the Executive Board were discussing it as the work progressed.

8.2 The SB was very concerned about the possibility of a deficit budget for 16/17, which was discussed fully. The IPO was doing a huge amount of work in a number of different areas: cost reductions, capitalisation and use of reserves and fees. Further consideration and discussion was needed in relation to continuing expenditure and one off items, which were perhaps distorting the picture. Clearly the use of reserves provided flexibility for one off items e.g. Unified Patent Court – and in all cases had to be handled properly.

8.3 The NEDs noted the proportion of expenditure on staff costs and their concern in relation to income. There was however a view that not all benefits from digital investment had been accounted for. The investment in examiner resources had been the right approach and it was important to see this through. Clearly this was a difficult position but this work was at an early stage with all possible options being considered.

8.4 Mr Gilbert noted the NEDs concern regarding the possibility of a deficit budget for 16/17. It was agreed that the IPO consider the comments made and report back to the Audit Committee at their next meeting on 23 February. The NEDs were supportive of the proposed approach by the IPO.

Action

- Finance to take this work forward and report back to AC on 23 February. This would also be discussed at the next NEDs teleconference.

9. Steering Board Awayday 2015 – Actions Update

9.1 Mr Gilbert noted thanks for the comprehensive update regarding all of the work that had taken place following the SB Awayday in October.

9.2 With regard to the Taylor Wessing Survey the IPO had already done a lot of work to improve the design regime in the UK. In terms of scores – as detailed in the paper there was a very small difference between those at second and tenth place. The latest Taylor Wessing Survey was open and it would be interesting to see impact on score of all the work in this area.

9.3 The SB noted the update on Best Place to Patent Research – an internal piece of research to allow the IPO to better understand how the UK could maintain its reputation as the “best place to patent in Europe”.

9.4 Education and Awareness: As detailed in the paper the results from the Gov Delivery network were positive. There was a suggestion by NEDs to create links with other organisations. Gov Delivery helped with this and the IPO already engaged with others e.g. Companies House. Webinars held with Companies House had been successful.

9.5 Update on work to revise IPO Corporate Reporting: An iterative approach was being taken to this work and improvements had already been made to corporate performance reporting. The aim was to complete the review in time for the next financial year. Mr Haikney said that it would be useful if SB members could complete the recent survey circulated if they had not yet had the opportunity to do so.

9.6 Continue to develop NED profile with staff: The NEDs were supportive of the proposals and agreed to build on the work to develop their profile. This included:

- Amending some 2pm – 3pm sessions after Steering Board meetings to allow NEDs to spend time with people in their work areas.
- Corporate Plan Seminar on 5 April
- More NED blogs (possibly Mandy and Andrew doing a blog on their first impressions)
- Consider running Lunch and Learn sessions or seminars
- Consider taking on a coaching or mentoring role
- Secretariat to look at the feasibility of using Skype instead of teleconferences/meetings.

9.7 Review of SB Meeting Dates: The SB agreed option 2 – to hold an extended NED telephone conference in late September for NEDs and the CEO. The NEDs would be provided with a CEO Written Report and some performance information prior to telephone conference to help inform the discussion. Secretariat would minute the discussion.

Topical

10. People Survey Corporate Action Plan

10.1 Ms Reid introduced this item noting that the IPO was now within the top 25% of the Civil Service High Performer bracket for engagement – which was an excellent result. The IPO would continue to focus on leadership and managing change in 2016 and a local engagement network was being established to share engagement and best practice across the directorates.

10.2 The NEDs commented on the Corporate Action Plan and suggested that instead of quarterly Ask the Board – monthly sessions could be held with one Board member rather than the whole Board.

11. IPO IT Strategy and Roadmap

11.1 Mrs Smith introduced this item and summarised the key points in the report. The SB had already discussed a number of areas in the report earlier in the meeting e.g. TM10, Oracle.

11.2 The NEDs congratulated the IPO on the work on the new Payment Service Provider (PSP) which was expected to finish ahead of schedule. With regard to the work on the Network Virtualisation project – it was agreed that further information would be provided regarding the security implications and any additional spend not budgeted for. The proposal to introduce a Graduate Scheme was well received.

Action

- **IT to provide further details regarding security implication and additional spend relating to Network Virtualisation project.**

12. Women onboard – Developing Future Directors

12.1 Mr Gilbert had received a letter from Mr Russell (CEO, Shareholder Executive) regarding a pilot scheme to host a trainee on the IPO Steering Board.

12.2 Participation in scheme was agreed and Mr Gilbert would respond to Mr Russell accordingly.

Action

- **Mr Gilbert to respond to Mr Russell regarding the Women onboard scheme and the Secretariat to liaise on the detail.**

12.3 Mr Gilbert also informed the SB of a discussion he had had with Mr Landers (Companies House Chair) of the possibility of IPO NEDs attending CH meetings to see how things were done and vice versa. Mr Austin confirmed that he would be happy to attend a CH Board meeting in due course.

12.4 Mr Gilbert concluded the meeting by thanking everyone for their contributions.