

# Technology Strategy Board

Driving Innovation

## Governing Board Meeting

### Minutes of the 41<sup>st</sup> Meeting

The meeting was held on 30<sup>th</sup> July 2013 at the RSA, London.

#### Attendance

**Board:**

Phil Smith  
Mike Carr  
Stewart Davies  
Iain Gray  
Colin Paynter  
Ian Shott  
Bob Sorrell

**By invitation**

David Grant  
Jonathan Kestenbaum

**Apologies:**

Mark Glover  
Andrew Milligan  
Hazel Moore  
Sara Murray  
Doug Richard  
Chris Snowden

**Executive:**

David Bott  
Simon Edmonds  
Graham Hutchins  
Guy Rickett  
Anne Shaw  
David Way

**BIS:**

Paul Crawford

**For CDE Catapult**

Nick Appleyard  
Neil Crockett  
David Dowe  
Warren East  
Andy Green

**For Low Impact Buildings**

Ian Meikle  
Richard Miller

#### **Welcomes**

1. The Chair welcomed the Board to its 41<sup>st</sup> meeting and gave apologies from Mark Glover, Andrew Milligan, Hazel Moore, Sara Murray, Doug Richard and Chris Snowden.
2. The Chair reminded the Board that Jonathan Kestenbaum, Andrew Milligan and David Grant had reached the end of their Board membership terms in June 2013 and reported that BIS was in the process of extending membership for Andrew Milligan and David Grant, while Jonathan Kestenbaum had not requested a further extension. He explained that Jonathan Kestenbaum and David Grant were attending the current meeting at his invitation.
3. He led the Board in thanking Jonathan for his service as a Board member and member of the Remuneration Committee since the Board's formation on 2007. Jonathan responded in thanking the Chair for the invitation to the current meeting and commented that the organisation and its governing Board had made enormous

and rapid progress since 2007; a change accelerated by the change in chair in 2011. He commented that the current organisation was now unrecognisable from that which was established just 6 years earlier and remarked that it had been a privilege to serve on the Board.

4. The Chair reminded the Board of the main items on the agenda being approvals for the Connected Digital Economy Catapult and the Low Impact Buildings Innovation Platform.

#### **Minutes of the 40<sup>th</sup> meeting** (paper: TSB2013-03-08)

5. The Board **approved** the minutes of the 40<sup>th</sup> meeting. It noted that there was a risk of confusion when referring to “the Technology Strategy Board”, “the Board” and “the TSB”. It also noted that one of the actions in the previous meeting had not been assigned a target date.

#### **Chief Executive’s report** (paper: TSB2013-04-02)

6. Iain Gray introduced his report:
7. **Spending review:** He reported that the spending review had been a great success for the Technology Strategy Board in both profile and budget. The announced uplift of £185M had been at the top end of the request for 2015/6 and a further £22M in capital had been promised. He had not yet received a BIS confirmation letter and there may remain some internal BIS conversations that need to take place to confirm the precise application of these funds. Some actions had already been taken to spend these funds including the 4<sup>th</sup> round of the Biomedical Catalyst and scaling up of Smart. He said that a full implementation plan would be brought to the October meeting. Paul Crawford explained that BIS needed to receive a final allocation letter from Treasury before it could complete its 2015/16 budget but he expected the Technology Strategy Board’s uplift to be safe as it had been confirmed internally. He expected the firm allocations in the autumn.
8. The Chair asked that a description of how the two new Catapults became the priority and also a picture of the future priorities for the next set be provided in October (**action**).
9. David Bott remarked that it was necessary to start recruiting the staff needed to develop the programmes announced in the Spending Review.
10. **Cabinet Secretary visit:** Iain Gray reported on successful discussions with the Cabinet Secretary, Sir Jeremy Heywood and Tim Luke, who had visited the office at the end of July. Sir Jeremy had been upfront in the meeting that he had received conflicting reports about the Technology Strategy Board, most of which had been very positive but he had also received critical reports from the previous Special Adviser, Rohan Silva. He had come to see for himself and form his own opinion. It was clear that Sir Jeremy was not aware of the full extent of Technology Strategy Boards activities across sector, across different sizes of business and across government Departments. Much of his knowledge had been based around the Tech City development briefings and he was unaware of the breadth of the Technology Strategy Board’s activities. The visit went well and he left agreeing to help further with alignment of BIS activities and Technology Strategy Board activities on Industrial Strategy and to facilitate a meeting with Jeremy Hunt and small businesses to understand how to adopt SME innovation into the NHS. The Chair reported similar feedback from Hazel Moore who had attended the meeting on behalf of the Board. The Chair also reported on his own meeting with Sir Jeremy, which had taken

place ahead of the visit, at which he had formed similar impressions. He planned to follow up with Sir Jeremy after the vacation period.

11. **Industrial Sector Strategies.** Iain Gray reported that the Technology Strategy Board was mostly well plugged in to the main industrial sector strategies in development in BIS. He commented that the Technology Strategy Board can play a unique role in joining things together which is why it must be involved in the leadership councils. It also has the business support tools that should therefore not need to be created elsewhere. In discussion the following comments we made:
  - a. Ian Shott was working on a chemistry “partnership” which was a new chemicals industry group, operating across a traditionally fragmented landscape, speaking with a single voice. The CIA and the CIKTN had been driving this and Will Barton had been actively engaged.
  - b. The ATI was no longer looking like becoming a Catapult. There will not be a physical centre. The Technology Strategy Board now looks like taking on a fairly conventional delivery partner role.
  - c. The Technology Strategy Board had been less engaged in the Oil and Gas strategy document until late on in its development. It seemed to overplay the Technology Strategy Board’s plans as set out in the delivery plan although there is strong engagement in supporting technology areas such like materials. This was an interesting opportunity with Michael Fallon’s ministerial roles in both DECC and BIS. He seemed keen on business impact metrics, so they should be developed. It would make sense to ensure that Michael Fallon became better apprised of the Technology Strategy Board and its contribution.
12. **Catapults:** Simon Edmonds reported that the ONS questionnaires on Catapults had been submitted to BIS. The initial response was that the Catapults looked like being classified as public sector bodies. This was primarily due to most of the senior appointments having been made by the Technology Strategy Board in order to establish the Catapults, and also, the majority of Catapult funding comes from the Technology Strategy Board in the early years. If they are to remain clearly in the private sector, it will be necessary to rewrite some of the main documents, place more of the control in the grant funding agreements and tackle the non-executive appointments process. Classification as public bodies would mean that their accounts would have to be consolidated in BIS, and Cabinet Office constraints would be applied to communications and staffing contracts. David Grant reported that he knew some of the senior ONS people and offered to help with introductions.
13. **KTN optimisation:** David Way explained the developments in the KTN optimisation process. This had been informed by earlier Board discussions and other inputs. He explained that the intention was to build on the current strengths and increase cross-boundary communities through bringing the KTNs under a single grant contract, engineering a company limited by guarantee to head the overall activity. There was a meeting scheduled with the KTN chairs on the 10<sup>th</sup> September to discuss the changes. The communities would broadly be built around Technology Strategy Board priority areas and we would expect to continue supporting KTN communities in all the current areas except financial services. Using the KTN to deliver community engagement for knowledge transfer within and across the key financial service communities had not been a success, principally through the unwillingness of the community to engage in this way; this view was supported by ESRC who currently co-funded the Financial Services KTN. David Way agreed to circulate a note about the rationale for not continuing the FS KTN (**action**) and reminded the Board that there was still a lot of work that the Technology Strategy Board would be doing with the Financial Services business communities. He also reported that he

intended to work closely with two of the more effective KTN directors, to set some standards and spread best practice. In discussion, the Board commented that moving to a single entity to lead the KTNs was a good idea and that this policy area had clearly moved forward well since the last discussion.

14. **Narec:** Simon Edmonds reported that the KPMG work to understand the Narec position was now complete. This had exposed a significant financial shortfall and demonstrated that government, if it wanted Narec to continue, would need to fund some £15-25M support over 5 years. Narec now accepted that it could not be self sustaining. KPMG had looked at a number of scenarios for future models, none of which was very attractive. The Offshore Renewable Energy Catapult was looking at constructing a combined business case after its Board had reviewed the KPMG report. Ministers were content that a merger between the two bodies be evaluated. KPMG was working on this to see whether the combination would reduce, increase or not impact the scale of the need for subsidy.
15. **Communications:** reported on the developments in communications approach since the last meeting
  - a. 57 success stories had been written up in journalistic style and were ready for deployment through a range of channels.
  - b. Branding consultants had been engaged and were working on a brand audit.
  - c. The Board focus group was scheduled to meet soon.
  - d. The digital presence was developing but was still constrained.
  - e. The Innovate exemption case for 2014 was already approved.
  - f. Interviews had been held for a new Director Communications and Innovation Networks
16. He thanked Board members for their support in developing the communications function. In discussion the following comments were made:
  - a. The Royal Academy of Engineering was looking at innovative applications of engineering and looking specifically for case studies; this may be a useful channel for the success stories.
  - b. There was a need to identify a future date for a re-launch with a re-branding at the end of the process. Lloyds' impending re-launch of the "TSB" Bank brand made this all the more necessary. The Board requested sight of a plan for this at the October meeting (**action**).
17. **Process review:** Iain Gray reminded the board that he had an action to deliver a root and branch review of process and finance and that he would report on the outcome of that at the October meeting.

### **Connected Digital Economy Catapult Paper: TSB2013-04-06**

18. The Chair welcomed the Connected Digital Economy Catapult team to the meeting. He reminded the Board that it had approved the Catapult in principle in October 2012 and that the task before it now was to consider the approval of the proposed business plan, which had been scrutinised by and recommended by the Executive. He further reminded the Board that funding approval would also be required in BIS and Treasury.
19. Andy Green introduced the Catapult team. He reminded the Board that this was a hugely important area for the economy but it was also a very broad area so requiring serious thought about where the Catapult's focus needed to be. He was currently

building a non-executive board and was seeking expertise in the creative industries as well as in the relevant technologies.

20. Neil Crockett presented the details of the business plan. In discussion, the Catapult team gave some further clarification:
  - a. The staffing model was a challenge, managing consultancy income and critical mass. Skills will change as this is a fast moving field. Recruited staff will be at a senior level. Secondees will do consultancy alongside the recruited staff. A lot turns on the ability to attract secondees. But the Catapult must be wary of being caught stranded with obsolescent skills.
  - b. There was an imperative not to focus on income at the beginning. If there is an imbalance of too much commercial income then it will be addressed later. The Catapult is aimed at pre-commercial activities so, It should avoid becoming too commercial or it may begin to compete with its clients, for commercial and grant funding
  - c. This level of investment was a substantial sum which should enable a higher level of risk taking than was possible in an SME or university. The Catapult had to restrict itself to only work in areas where money would not otherwise flow.
  - d. Current skills and education infrastructure is formed in 3 year cycles. The Catapult had the opportunity to break that cycle and change the perception of the pace for re-skilling. If it does not, it will move too slowly.
  - e. It was important to create a UK champion for creative business to balance the technical data focus. Other data domains (e.g. healthcare) were not yet showing the same level of demand. The data value chain approach created a need to cover the other areas eventually.
  - f. An experienced high-quality senior team with good antennae, well-connected globally, will find it relatively easy to identify the priority areas in the presence of a lot of other “noise”. Some of the standards bodies were generating a lot of noise with little signal. Working with the Technology Strategy Board will also help to identify priority areas.
  - g. Secondees were expected to come from both universities and industry. The industrial leads will not be seconded but, at the leading edge, the skills will be as important as the experience. So long the right projects are offered, good people will be attracted. Bigger companies might see it as a defensive play to offer secondees.
  - h. Creating a network and community around the Catapult will be central to locking the value into the UK. Unlocking value from data was an open innovation activity. It will be impossible to stop people from moving. If there were a global lift in this area, UK economic activity would benefit directly.
  - i. Technology Strategy Board IP guidelines would be used at the start. The assumption was for openness. The Catapult would be trying to take the friction out of IP. It would seek to own IP to keep it open.
  - j. The Catapult would benefit from a strong position in the Technology Strategy Board, keeping the Catapult family together and keeping the brand strong. The Technology Strategy Board had to have faith that it understands the sector and give it the room to get on with the job.
21. The Catapult team withdrew.

### **Connected Digital Economy Catapult Closed session**

22. Paul Crawford noted that the request was some £10M greater than when approved in October. BIS was now looking at approving a collective envelope for the remaining three Catapults from the original allocation. In discussion, the following comments were made:
- a. The team had addressed this challenge very well. It could be genuinely transformative.
  - b. The quality of the people and the approach were very good and clear.
  - c. The relationship with the communities was a key part of this which had been addressed well.
  - d. There was a challenge about obtaining the required commercial income and the risks associated with going after it.
  - e. External grants were not a problem in competition but EU grants may be problematic as the timescales were so slow.
  - f. They should not be allowed to get themselves into trouble on the hook of the 30:70 secondees model.
23. The Board **approved** the Business plan and recommended it to BIS.

### **Low-Impact Buildings Innovation Platform Paper: TSB2013-04-07**

24. The Chair welcomed Ian Meikle and Richard Miller to the meeting. He reported that Chris Snowden had written to him before the meeting to express his support for the proposed Innovation Platform extension.
25. Ian Meikle presented the paper. He highlighted the following:
- a. The Design for Future Climate (adapting current buildings) report had influenced >£2b of building work.
  - b. The Retrofit programme had set a grand challenge based on carbon reductions. This had resulted in a big set of new insulating techniques.
  - c. The proposal was to change the focus from zero carbon and performance monitoring towards addressing the new technologies, regulations and opportunities, climate resilience, industrialisation, and sub-assemblies.
26. He suggested that if the UK doesn't act, that would threaten UK business but if it does, it would present significant export opportunities. In response to some questions the following comments were added:
- a. The programme will help supply chains come together in ways that it was difficult to do in normal competition. A Catapult wasn't a solution because there no case for a single centre of excellence, as several others already existed. The communities were convened through competitions. Most of the budget will go into the competitions.
  - b. This had been a very successful programme which had been very influential on the construction advisor. The Construction Sector Strategy was being built on this platform.
  - c. Retrofit remained a key part of the programme and about half the funds would go that way. Industrialisation of retrofit was central. That challenge is not finished. The Technology Strategy Board will not have a further specific programme for building performance monitoring because the intention was to

make businesses do it as part of their normal development and allow them to use the Technology Strategy Board's repository or to keep the data closed for the development of their own products.

- d. The main activities were helping companies into BIM, working on supply chains and more composite products, integrated off site.
27. The Board **approved** the extension to the innovation platform and asked that its comments be taken into account in taking the programme forward. It further commented that the team had demonstrated a high level of capability and sector knowledge. David Bott undertook to circulate the paper with some revision to reflect the Board's comments (**action**).

### **Oversight Committee for Catapults** *Paper: TSB2013-04-03*

28. Ian Shott introduced the paper. He explained that the current remit of the Oversight Committee for Catapults was advisory to the Technology Strategy Board and developed to be relevant at the programme construction stage. It was not yet compliant with the Hauser suggestion of a management body. He saw the role as more supervisory than management and that any change now should be seen as more of an interim one to reflect the changing situation. In discussion the following comments were made:
- a. David Grant, outgoing Chair of the Oversight Committee endorsed the need for a change and the direction suggested in the paper.
  - b. Given that the first set of Catapults would soon be up and running with approved programmes, it was the right time to look at what was required of the oversight function
  - c. There was merit in obtaining external, non-UK views in this area.
  - d. It was not clear what any change meant for accountability or what was in scope for the proposed new committee. There was a large budget in this area and it would be closely scrutinised.
  - e. Catapults will be a very visible physical, but arms' length, instantiation of what the Technology Strategy Board does. It needed significant Board input. It was not clear whether the Board should do that or if it needed another layer.
29. It was made clear that the business plans for the Future Cities and Transport Systems Catapults would come to the Board for approval at the October 2013 meeting.
30. The Board agreed to consider a proposal on whether the Committee should be a formal subgroup of the Board and whether it should have delegated authority. Ian Shott agreed to consult a number of Board members and develop some terms of reference to be reviewed at the next meeting (**action**).

### **Senior Structure Committee** *Paper: TSB2013-04-04*

31. Anne Shaw joined the meeting
32. The Chair introduced the paper explaining that the group had met once and was addressing the issues facing the Board with the need to restructure the senior team and recruit to a new structure, including the eventual appointment of a CEO. Iain Gray pointed out that the Committee was due to run until October 2014.
33. The Board **approved** the terms of reference.

**Finance Paper: TSB2013-04-05**

34. Graham Hutchins presented the paper.
35. He reported that he had now received a final budget allocation for this year from BIS. At £502.9M, this was slightly different from the paper.
36. Ian Shott noted that there had been a systemic problem in the process. Monitoring and supervision issues meant that predicting outturn was very problematic.
37. The Board noted that the Audit Committee would be looking at the root and branch process review.

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38. The Board noted the paper listing the members of the Catapult Boards, KTN Boards and other advisory bodies. This was seen as an important set of people who should be brought together at some point. It was suggested that they all be invited to an event at the Design Museum while the Technology Strategy Board exhibit was still there (**action**).

**Summary of decisions and actions:**

No	Action	Responsibility	Target date
1	Provide a description of how the two new Catapults became the priority and also a picture of the future priorities for the next set [ <b>paragraph 8</b> ]	David Bott	October meeting
2	Circulate a note about the rationale for not continuing the FS KTN [ <b>paragraph 13</b> ]	David Way	August ( <b>complete</b> )
3	Provide a plan for a re-launch and rebranding event on a specified date [ <b>paragraph 16b</b> ]	David Bott	October meeting
4	The Board <b>approved</b> the Connected Digital Economy Catapult business plan and recommended it to BIS [ <b>paragraph 23</b> ]		
5	The Board approved the proposed extension to the Low-Impact Buildings Innovation Platform [ <b>paragraph 27</b> ]		
6	Circulate the amended proposal for the Low-Impact Buildings Innovation Platform [ <b>paragraph 27</b> ]	David Bott	October 2013
7	Consult Board members and bring proposals for revised membership and terms of reference for the Oversight Committee for Catapults to the next Board meeting [ <b>paragraph 30</b> ]	Ian Shott	October meeting
8	The Board <b>approved</b> the terms of reference for the Senior Structure Committee [ <b>paragraph 33</b> ]		
9	Look into feasibility of organising an event with all the members of the advisory bodies, KTN boards and Catapult Boards at the Design Museum during Technology Strategy Board exhibition [ <b>paragraph 38</b> ]	David Bott	September 2013