Technology Strategy Board
Driving Innovation

Governing Board Meeting

Minutes of the 43rd Meeting

The meeting was held on 4th December 2013 at the Grange Tower Bridge Hotel, London.

Attendance

Board:
Phil Smith
Mike Carr
Stewart Davies
David Grant
Iain Gray
Sara Murray (morning only)
Hazel Moore
Christopher Snowden
Bob Sorrell
Ian Shott

Apologies:
Andrew Milligan
Colin Paynter
Doug Richard

BIS:
Amanda Brooks

Executive:
Simon Bennett
Mike Biddle
David Bott
Simon Edmonds
Mark Glover
Graham Hutchins
Guy Rickett
Aileen Thompson
David Way

Welcomes

1. The Chair welcomed the Board to its 43rd Meeting. In particular he welcomed Simon Bennett, interim Director of Knowledge Exchange and Mike Biddle, Interim Assistant Director of Innovation Programmes to their first meeting.

2. He conveyed apologies for absence from Andrew Milligan, Colin Paynter and Doug Richard.

3. He reminded the Board that David Way and David Bott were attending their last Board meeting. He thanked them on behalf of the Board for their contributions since the Board's inception and wished them well for the future.

4. He reminded the Board of the main items of business for this meeting: Communications, Finance and Risk, 2014 Delivery Plan and the forward Catapults strategy.

Minutes of the 42nd meeting (paper: TSB2013-05-16)

5. The Board discussed the way that the minutes had recorded the approval of the Future Cities Catapult Business Plan and noted that the final agreement had been

that the Catapult should be approved, as it needed to start recruiting and programmes, but that it had also asked the Catapult to return with a more ambitious revenue plan in the next 6 months. The Chair reported that he had discussed this with the CEO of the Catapult who had been happy to take this on board. Simon Edmonds reminded the Board that income targets for the Catapults were included in the CEO's report.

6. The Board **approved** the minutes of the 42nd meeting.

7. The Board noted that the Offshore Renewable Energy Catapult and Narec joint merger proposal and business plan would be considered in January by a sub group of the Board with the Board's authority to approve on its behalf.

Chief Executive's report (paper: TSB2013-06-02)

8. Iain Gray introduced his report. The following issues were discussed:

9. **Budget:** He explained that the Technology Strategy Board had not yet received formal confirmation of budgets for the next 2 years. The indicative budget that had previously been provided for 2014/15 was already difficult to live within, given the announced and expected, but as yet unconfirmed 2015/16 uplift of £185M. He reminded the Board that there were strong political sensitivities about the significant budgetary problems in BIS over next 2 years. The result was that the Technology Strategy Board had been asked to consider how it might absorb reduced allocations (compared with planning figures) for the next 2 years. He had a clear idea about how to handle this in 2015/16 as there had been a clear internal view of the priorities in the additional bids made to the spending review. However, he believed that any reduction to the 2014/15 plan would be very difficult to absorb as 90% of that year's allocation had already been committed so even a small reduction would result in significant delay and/or cancellation of already announced programmes and make ramping up to the higher level in the following year much more problematic. He had already planned to "run hot" in 2014/15 to allow for this ramp-up.

10. He described a number of scenarios being considered, and confirmed that he had a view as to what the priorities were in a range of cut situations. Amanda Brooks confirmed that BIS was facing a number of financial challenges. Some very sensitive negotiations were taking place and had been made more difficult by leaks to the media, which had resulted in a clampdown on internal information flow. She confirmed that BIS was fully aware of the likely impact of cuts to the Technology Strategy Board budget and that the Secretary of State had asked for and received Iain Gray's response to these challenges. Most partner bodies were facing similar challenges and at this stage it was difficult to predict the outcome. She reminded the Board of the difficulties that leaks caused and asked for its support in keeping the details confidential. In discussion the following comments were made:

a. It was essential to be able, early in the process, to say exactly where cuts would fall and their impact. It was tactically wise not to show any elasticity to absorb cuts without consequences. In particular, it was a good idea to have a clear line on what cuts would mean to high profile programmes such as Smart.

b. It was important for the Technology Strategy Board to develop a narrative about why it was cutting or delaying programmes.

c. Earlier planning for how to manage budget cuts should be re-examined.

d. The problem in 2014/15 was bigger than a simple cash cut because there was already a problem of having a large capital allocation in that year although the requirement was for resource.

e. Other bodies, including research councils, had been running scenarios on budget cuts but, as a result of the Spending Review outcome, the Technology Strategy Board had been planning for uplift.

11. Amanda Brooks confirmed that encouraging external lobbying to BIS on this issue would not be helpful but suggested that where Board members had direct relationships with ministers, reaffirming the impact of cuts may help.

12. Iain Gray asked the Board for its support of his position of pushing back against cuts in 2014/15 as unmanageable but seeking to help BIS through more flexibility in 2015/16. The Board **agreed**.

13. **Recruitment plan**: Iain Gray reported that the senior director posts – Director Technology & Innovation and Director of Operations – had now been advertised. The broader recruitment programme was ongoing and, despite the budget issue, had the same target. However, budget changes may impact the required speed of the process.

14. The Chair questioned whether it would be useful to investigate implementing a graduate programme. He took the view that working at the Technology Strategy Board would be a good opportunity for graduates. Iain Gray agreed to look into this (**action**).

15. **KTNs**: Simon Bennett reported that the KTN transformation project was on track. He had held meetings with some of the more vocal communities and they were now mostly on board. The timeline remained tight. An update on the outline business plan would be given at the January Board meeting.

16. **Industrial Strategy and the 8 great technologies**: Iain Gray explained that the Technology Strategy Board was the main place where the Industrial Strategy was joined up with efforts to promote the 8 Great Technologies. Amanda Brooks agreed that there was a gap in the Industrial Strategy in the area of the need for better technology approach. She reported that this was being worked on in BIS and commented that there was a need for better communications in this area.

17. Hazel Moore commented that Jeremy Heyward had felt that the Technology Strategy Board was not present in some of the key discussions on industrial strategy. Iain Gray reported that the Technology Strategy Board was now very well represented on the sector leadership council meetings but there were other areas where we could be more influential. The Technology Strategy Board is unlikely to be engaged in "corridor conversations" between No 10 and key departments so there was a need to get our experts closer to government and having influence. The Board agreed to invite Sir Jeremy Heywood to a future Board meeting (**action**).

18. The Chair commented that there was an urgent need to demonstrate to David Willetts the links between the Technology Strategy Board programmes and the 8 great technologies. Amanda Brooks agreed and suggested that he be given lots of examples and made aware of how much is spent in these areas (**action**). She agreed to channel this material to David Willetts. She also noted a need to show how the Technology Strategy Board was influencing across government.

19. **Catapults**: The Board noted that there was pressure to create Catapults from existing centres which may not fit with strategy and agreed that future Catapults should emerge from strategic need, not response to political pressure.

Finance and Risk Paper: TSB2013-06-03

20. Graham Hutchins introduced the paper. He reminded the Board that this was the October report and that the Audit and Risk Assurance Committee the following week would look at anything new emerging in the November report. He described the causes of the current under spend and took the view that these did not amount to a reason to deviate from current forecasts. He described the in-year budget risks.

21. The Board discussed the changes in grant holder behaviour resulting in them starting slower but spending more. He described some of the steps being taken to predict spend better and to make it more predictable.

22. The Board noted that some planned major capital spend through Catapults would bring spend back on target along with a major planned payment to the Future Cities demonstrator.

23. The Board noted that the top risks in the paper should now include the budget risk discussed earlier. Graham Hutchins reported that he planned to discuss this in more detail with the Audit and Risk Assurance Committee.

Delivery Plan Paper: TSB2013-06-06

24. Mark Glover introduced the paper and described the four main areas for discussion.

25. **Delivery Plan content:** He explained that the Delivery Plan 2014 would be informed by the current strategy and would build upon the current programmes. The Board noted that "administration" was closely specified for these purposes. It also noted that the paper was not a draft plan but an indication of a direction of travel. The full plan would describe the shape of the coming programme and also provide some synthesis and a picture of how the various elements would amount to an integrated business support programme to deliver growth.

26. **Process improvement**: Mark Glover explained the approach to the process improvement activity. He explained that in a period of significant organisation growth and political uncertainty, it was necessary to maintain and improve processes and ensure that they are less function driven and more business driven, but not at the cost of becoming too internally focussed. He planned to bring a paper to the April 2014 meeting on the precise elements under review. In discussion it was commented that better financial reporting and control would be a welcome outcome, as would a stronger focus on customer engagement, even though many engaged SMEs appeared happy with their Technology Strategy Board relationship.

27. **Measuring Impact**. Mark Glover reported that the coming year would see an increase in effort to evaluate Technology Strategy Board's impact, analyse its portfolio and understand better the knowledge that could be derived from innovation research. He had recently hired an economist to look at these issues and the paper set out the work programme.

28. David Grant commented that there were many groups studying this area and asked how groups would be selected to work with. Mark Glover reported that links had already been made with specialists in Manchester and Cambridge and that ESRC was looking at funding a social science innovation laboratory, placing experts on retainer to respond to policy questions. David Grant commented that there was a need to benchmark the suppliers carefully and offered to advise on the benchmarking. Iain Gray undertook to take up his offer (**action**).

29. The Board discussed the Companies House data study and noted that while the report was not conclusive about impact, there were some interesting findings about

engaged companies. Mark Glover agreed to share the report with members
(**action**). He also reported that for many companies, especially younger ones,
Companies House did not have useful data, and that while HMRC did have the data,
it was citing Data Protection Act difficulties in sharing it. He reported that some of
these issues could be overcome and that negotiations with HMRC were continuing.
The following comments were made:

a. Support from Sir Jeremy Heywood might be useful in negotiating with HMRC.

b. Other methodologies were possible such as asking the companies themselves
about project impact, an approach that several earlier evaluations had used.
Plans were already in place to ask grant holders a range of impact questions
during and beyond the life of each grant as a matter of routine. Whilst this
approach would take time, in three years, useful time series data would be
available. This would be useful even if less objective than formal published
records.

c. REF exercise data will have some useful information that, if carefully sifted,
could show where academic connections with Technology Strategy Board are
formed. Graeme Reid in BIS was also interested in looking at this.

d. Other groups of companies could also be examined to understand the factors
impacting growth including the Technology Strategy Board. These might be
the Fast Track 100 and FT top 500.

e. There was a need to re-energise the Board level discussion on measuring
impact. The failure of the Companies' House study to measure impact was a
significant development which had not been promptly- communicated to the
Board.

30. The Board noted that the Metrics & Measures Working Group had had a major effect
on getting out the dashboard but the impact measures end of the work had slipped.
The recruitment of an economist was a good moment to restart its discussions. Iain
Gray agreed to implement a series of meetings early in 2014 (**action**).

31. **Catapults:** The Chair commented that the growth of the Catapult programme will
reshape the innovation ecosystem, in coming years and suggested that the Board
should discuss and agree what its own role should be in this changing landscape.
He gave a short presentation on this. The major question here was the balance
between the independence of the Catapults and their integrated role in the wider
Technology Strategy Board and innovation ecosystem. In discussion the following
comments were made:

a. This is a fundamental discussion for the Technology Strategy Board.

b. There would always be a need for a central body. Catapults could never be the
sole provider of technology and innovation strategy although they might often
be consulted as experts in their areas.

c. The Technology Strategy Board needs to be clear that it is the UK's lead
"Innovation Agency" and get across its duty to provide a network of Catapults
and other innovation support mechanisms. These could be held together
better with a stronger central brand with sub brands such as TSB-Catapult,
TSB-Network, etc. It was necessary to move quickly on this.

d. There was a need to debate about where new Catapults could add value and
what the formal strategic process would be for formulating new ones.

e. Faradays were not sustainable in their original model because of lack of
strategy. The Technology Strategy Board and BIS needed to create a finite

number of Catapults; a sustainable set that would always need core government funding and they must be an integrated part of the joined-up Technology Strategy Board ecosystem and should not be allowed to have complete autonomy.

f. There was a need to engage the current Catapults and demonstrate to them their potential influence in a coherent well-integrated network.

g. A key principle was that Catapults must be an integrated part of the Technology Strategy Board.

h. It would be useful to have a simple diagrammatic way of showing where Catapults sit in the innovation support landscape.

32. The Board agreed that it was necessary to get a clear picture of its own priorities in this area before the Hauser review reported in June 2014. Iain Shott asked for Board support to discuss this further with Catapults and seek to move them in a direction of strong cohesion, with limited autonomy within their sectors. The Board **agreed.**

33. The Board also agreed that there was a need to move quickly to include Catapults in the Technology Strategy Board brand architecture and to provide strong communications backup to this (**action**).

34. The Board agreed to have a broader strategic discussion including the cohesion and autonomy of Catapults in the April 2014 meeting (**action**).

Catapults strategy terms of reference Paper TSB2013-06-05

35. Simon Edmonds presented the paper and reported that he had been discussing the need for a Catapults strategy with BIS for some time. He reported that Hermann Hauser had agreed to do this and Amanda Brooks reported that he would have a support team in BIS. It was expected to report in June 2014. In discussion the following comments were made:

a. The paper did not explicitly mention skills. This was an omission as this was an important aspect of the HVM Catapult.

b. The review should also do some work on asking what success looks like for a Catapult and how it should be measured?

Communications Plan Paper: TSB2013-06-04

36. The Chair reminded the Board of the background to this discussion and the need to improve communications and branding. Aileen Thompson explained that it was necessary to take the Board through the thinking of the presentation of who it was and who it was not, what it did, why and how. She felt that getting this part of the communications activity right was critical to its overall delivery. She explained that the process had used well tried, straightforward marketing and branding models but these were a new approach for the Technology Strategy Board.

37. David Bott took the Board through the process of how the approach to storytelling had been developed with two external consultants and presented its findings. He reminded the Board that communications and brand building required an appreciation of the emotional aspects of the relationship with the audience, which was often not a natural approach in an organisation strongly focused on the rational. He explained how the process had led to the adoption of a "persona" for building the

Board's communications to business, constructed from three archetypes: the "mentor", the "guardian" and the "visionary". He reported that he had previously taken the Chair and Doug Richard through the process and they had agreed with the approach and that the whole Board needed to buy in to the agreed Technology Strategy Board persona and story. The proposal was to develop simpler and more consistent communications that both challenged and supported the Board's business audiences. Aileen Thompson proposed that the next steps included developing the key messages including a master story, implementing strong internal message discipline about who we are and how we add value, developing a better visual brand and getting the Catapults to use the same material, language and story. She did not expect costs to be high but suggested that there would be significant work to do on the web site and _connect. There would also be a need for significant internal communications to deliver consistent and effective messaging and appropriate behaviour. In discussion the following points were made:

a. The diagram plotting intervention complexity against closeness to market was a good way of expressing the Board's activities although but needed some tidying up. It would also be useful to express the Board's work in a geographical way and in relation to the challenges it is addressing; expressing the organisation as the antidote to specific problems.

b. It would be useful if the messaging expressed the link between organisational values and the problems being addressed.

c. The internal culture will need to adjust to accept the messaging discipline.

d. There remained a need to develop further capability in the Communications Team.

e. Much of the messaging discussed was being designed for a business audience but BIS and other non-business stakeholders were important too. It would be necessary to be sure that story and messages were the same for, and would work for, all audiences, recognising that they may need to be delivered in different ways.

f. BIS was an important target audience for the message that the Technology Strategy Board does more than simply hand out money.

g. It will be possible to put a strong Technology Strategy Board brand on the Catapults but it will be a different challenge to engage Catalysts with Technology Strategy Board branding as they also belong to other bodies

h. It would be helpful to stop describing Technology Strategy Board interventions as tools. They needed a slightly more sophisticated narrative about an integrated system approach.

38. Aileen Thompson reported that work had started in developing some conceptual stories, but these were not complete. The idea was to create an agreed one-page template on who we are, what we do, why and how, using the language of the values to drive it and then to play everything else from the one-pager. The immediate next steps included developing the words with which all will feel comfortable. The Chair suggested that it may help to develop the words around a literal interpretation of the personas using the emotional strength suggested by "the mentor" and "the guardian" etc. as this may help audiences recognise the entry points to the Technology Strategy Board.

39. Iain Gray explained that a point had been reached in the process beyond which progress could not be made without Board agreement and buy-in. The Board **endorsed** the overall approach and the direction proposed and recognised the need

for all to agree the words and stand by them. Aileen Thompson agreed to complete the process of developing the story and setting brand architecture (**action**).

Briefing on LaunchPad Showcase event

40.   David Bott described the history of the LaunchPad concept and how they developed to put a stronger focus on allowing companies time to obtain the investment necessary for matching funding, using the Technology Strategy Board support as a strong attractor for investors. He strongly encouraged Board members to visit the showcase event immediately following the Board meeting.

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41.   The Chair reiterated his and the Board's thanks to David Bott and David Way for their contributions. The Board warmly endorsed that.

42.   The Chair requested that some major standing items should be implemented for future meetings. These should initially be: branding, impact and evaluation, organisational development, finance, business access to the Technology Strategy Board, recognising that this was partly branding (**action**).

Closed session

43.   The Board discussed organisation/recruitment, interim arrangements and the build up to a strategy discussion at the April Board meeting.

Summary of decisions and actions:

No	Action	Responsibility	Target date
1	**Paragraph 14:** Look into establishing a Graduate programme.	Iain Gray	April 2014
2	**Paragraph 17:** invite Sir Jeremy Heywood to a future Board meeting	Guy Rickett/Phil Smith	Early 2014
3	**Paragraph 18:** provide Amanda Brooks with material illustrating examples of Technology Strategy Board involvement in the 8 Great Technologies to channel to David Willetts.	Aileen Thompson	March 2014
4	**Paragraph 28:** Seek help from David Grant on benchmarking economic and innovation research advisers.	Mark Glover	March 2014
5	**Paragraph 30:** implement a new series of metrics & measures Working Group meetings in the new year	Mark Glover	January 2014
6	**Paragraph 33:** move quickly to include Catapults in the Technology Strategy Board brand architecture and to provide strong communications backup	Aileen Thompson/ Simon Edmonds	January 2014
7	**Paragraph 34:** have a broad strategic discussion including the cohesion and autonomy of Catapults in the April 2014 meeting	Guy Rickett/Mark Glover	April 2014
8	**Paragraph 39:** The Board **endorsed** a new overall approach to communications and branding		
9	**Paragraph 39:** complete the process of developing the story and setting brand architecture	Aileen Thompson	April 2014
11	**Paragraph 42:** Implemented major standing items for future meetings; initially: branding, impact and evaluation, organisational development, finance, business access	Guy Rickett/Iain Gray	January 2014