



## Technology Strategy Board

### Minutes of the 49<sup>th</sup> meeting

Held on 2<sup>nd</sup> December 2014 at the Innovate UK office, Swindon

#### Attendance

**Board:**

Phil Smith

Mike Carr

Stewart Davies

Iain Gray

Hazel Moore

Sara Murray

Doug Richard

Ian Shott

Sir Christopher Snowden

Bob Sorrell

**Executive:**

Kevin Baughan

Anne Dixon

Graham Hutchins

Mark Glover

Simon Edmonds

Guy Rickett

Nigel Townley

Linda Wallace

For Independent living item:

Zahid Latif

**BIS:**

Amanda Brooks

For Engaging Sub-Nationally item:

Richard Miller

By Invitation

David Grant

#### Welcomes

1. The Chair welcomed the Board to Swindon and its 49<sup>th</sup> meeting. He welcomed David Grant who was attending at his invitation. He thanked David for stepping up as interim CEO to cover the period from January until the arrival of the new CEO in the Spring.
2. He also conveyed apologies from Chris Snowden who had to leave the meeting early.
3. He reminded the Board that this was Iain Gray's final meeting as CEO and, on behalf of the whole Board, thanked him for his enormous contribution nurturing the organisation to life and building it into the success it has become.
4. The Chair reminded the Board of the main items of business for the meeting and the opportunity to meet the operational teams.
5. He asked members to declare any personal or professional interests that they may have in the business of the meeting and to withdraw should any of those constitute

conflicts. Sara Murray reported that her company operated in the area covered by the Independent Living Innovation Platform and that she chaired its Steering Board.

### **Minutes of the 48<sup>th</sup> meeting: TSB2014-05-11**

6. The Board **approved** the minutes of the 48<sup>th</sup> meeting.

### **Science and Innovation Strategy**

7. Amanda Brooks reported that the Science and Innovation Strategy was now due to be published on Monday 8<sup>th</sup> December. [SECRETARY'S NOTE: In the event, the Strategy was eventually published on 17<sup>th</sup> December]. She noted that some things had already appeared in the media and that other elements would be announced in advance, in the Autumn Statement. The Strategy would be short, around 50 pages, and focussed on high-level ambition and aspiration. The themes were not new, and were continuing the emphasis on making the UK the best place for science and business growth. There would continue to be a focus on Industrial Strategies and the 8 great technologies. It would emphasise 5 principles: Excellence, Agility (ability to respond at pace), Collaboration, Place (the sub-national agenda) and Society/openness- people
8. Announcements in the autumn statement were expected to include the science capital consultation outcome out to 2020. She was also anticipating some announcements of new HVM Catapult funding STEM and postgraduate and a lot on skills. Linda Wallace was working with BIS communications to manage HVM Catapult publicity.

### **Chief Executive's report Paper: TSB2014-06-02**

9. Iain Gray presented his report. He highlighted the following issues:
  - a. **InnovateUK2014:** Linda Wallace presented the videos from the KTP awards and the Innovate UK 2014 event. She reported that 9 objectives achieved from the original exemption case had been delivered and others would be monitored over time. There had been strong feedback from participants. She also reported that the revenue target had not been met although the revenue generated was highest yet and both UKTI and Innovate UK had been able to offset costs of the event by £150k each. The intention was to make an early exemption case for 2015 and to develop an early plan to attract big corporates as sponsors and more investors as participants.
  - b. Members made the following comments: the acoustics between the main hall and the main stage were a trade-off between having a desirable "buzz" in the main hall and too much background noise in the main stage area. This may need to be rethought. The venue was great but the downstairs on the first day lacked signposting so the footfall was lower than ideal. This would be a great place for SMEs to show their wares and a possibility to attract paid exhibitors. This event had been a big step up from the past and major success. It would also be good to seek to attract design-based innovative exhibits.

- c. **The Walport Review of Innovation:** The BIS paper on the analysis of the Walport Review data had included some useful statistics about benefits on grant support for innovation and also the value of collaboration. There was a need to find ways of publicising these results. John Kingman from Treasury had been involved and indicated his support for the findings.
- d. **Hauser review:** The Board noted Treasury scepticism that the Hauser review was sufficiently independent. It agreed that there was a need for a stronger programme of getting out regular stream of good news stories from Catapults, branded Innovate UK and extending beyond the HVM Catapult. It also agreed that future reviews needed to be more visibly independent.
- e. **Catapults – political pressure:** Iain Gray reported that he was coming under political pressure to accelerate the announcements of the chairs and locations of the 2 new catapults. The Autumn Statement prioritisation process had also led to some strong political and financial pressure to place one of them in a specific location. He sought support from the Board properly to complete the due diligence process before announcements were made. The Board agreed.
- f. **BIS PFR Deep Dive:** the review had broadly gone well. This would be looked at in the forthcoming Audit Committee meeting. An action had been accepted to deliver reports back in January on BIC, finance and Project FF:OCUS contracts.



- h. **Scotland:** Iain Gray reported that his scheduled meeting with John Swinney had been put off as Swinney had been involved in the Smith Commission negotiations. Having met senior officials he reported that Scotland saw innovation as a key part of its growth agenda and was setting up a

Swinney-led innovation forum onto which Innovate UK would be invited. 2016 was to be year of innovation in Scotland. They had also announced a Scottish business bank. Scottish official had also indicated a preference for a full-time Innovate UK presence in Scotland. The Board agreed that it had to be leading the discussion on this issue in Scotland, other devolved areas and English cities. It agreed to have a discussion in Q1 2015 on this issue (**action**).

10. The Board **noted** the report

**Finance and Risk Paper: TSB2014-06-03**

11. Bob Sorrell reminded the Board that he had been meeting Graham Hutchins regularly to monitor the progress on reducing the projected overspend. This currently sat at £14.6M, an increase of around £1M from the previous month. He did not see that drift as a big concern but was trying to understand the underlying reasons. He reported that the planned measures to reduce the over spend to the target of zero were progressing well. £9M of bankable savings had been identified leaving £5.6M needed to solve with realistic options identified to resolve it all. He felt that this was too close for comfort but recognised that there were secondary and tertiary options available. He was also aware of a risk of overshooting and under spending. There was a meeting of the Audit and Risk Assurance Committee scheduled for Thursday when the preliminary November figures would be available.
12. Graham Hutchins presented the paper and gave more details on the progress to date. He reported that some of the solutions would cause problems in later years. In particular the recovery programme had moved a significant portion of the thematic programme into later years removing flexibility for new programmes and creating later financial pressures, which would now need to be addressed. There would be formal agreements in place with funding partners to set out when some of the swaps are paid back. He reported that the option of applying a Q4 spending freeze was still available but would be a drastic act and ministers would need to be warned and involved. The Board noted that Bob Sorrell would maintain his monitoring role and would report back if a spend freeze option became a likely prospect. In discussion the following comments were made:
- a. There was a danger of being underspent, which could also lead to a significant reputational risk. Catapults were currently £50M behind plan but forecasting on target. This needed to be looked at much more closely. Audit Committee planned to look closer at Catapults on capital especially to reassure on-target budgets.
  - b. There was a need to be robust when agreeing to accept new programmes, particularly on the appropriate allocation of capital and resource.

**Meet the teams**

13. Linda Wallace drew the Board's attention to the customer survey results. She and Anne Dixon led a tour of the Business Support Group, the Operations teams and the Finance team.
14. Chris Snowden left the meeting.

**Process Simplification: Paper: TSB2014-06-06**

15. Anne Dixon introduced her paper, which she described as an update on the Business Improvement and Change programme (BIC) and an operations manifesto. She said that the forthcoming Audit and Risk Assurance Committee meeting would include a look at operational error and risk. In January 2015 she and Nigel Townley planned to bring a full business programme to the Board. She reminded the Board that agility had to be part of the requirement, and that the Walport review outcome would create demand for further rationalisation. At the same time there would be more BIS and Cabinet Office scrutiny on grant giving. She told the Board that Nigel Townley had secured Cabinet Office approval for a £250k programme to build a wireframe prototype as a core for future systems. The plan was to become central in a cross-government grant ecosystem as an exemplar of grant-giving operations. She also explained the latest discussions with the Research Councils on possible development of shared systems.
16. Anne Dixon said that the best current estimate for the full system was £8m over 3 years with a preliminary accommodation for £2M in FY15/16. The Board wondered whether completion over 3 years was too slow. With so many manual processes and the fraud risk, such an extended time would incur a high, possibly unacceptably high, risk of further data loss and fraud. In discussing the critical path, the Board noted that progress was limited by the capacity to map the requirement and securing the necessary financial resource. The Board requested inclusion of a scenario in January setting out the resource requirement to deliver at the ideal speed (**action**).
17. Consideration should be given to how to simplify programmes and reduce the volume and diversity to reduce the demands on the system rather than the current “scattergun” support for SMEs. Kevin Baughan commented that at the moment there was no decision support data on how to simplify the programme. However, the process to collect economic evidence for programmatic design support had started. The Board commented that job creation data reflected policy priorities and Innovate UK had a good story to tell in this area. The Board resolved to insist on receiving the best available data on jobs (employees on PAYE) and turnover growth for supported companies and to continue to collect that over time (**action**).

**Delivery Plan: Paper: TSB2014-06-05**

18. Mark Glover reminded the Board that it was required each year to publish a Delivery Plan. He expected the 2015/16 plan to be largely shaped by the programme set out in the previous plan plus the programmes awarded to Innovate UK in intervening fiscal events. He also pointed out that programmes announced in the plan would have cost implications in subsequent years and that it was necessary to make an assumption about future budgets. The Board agreed to plan on the basis of a 2016-17 budget at the BIS-advised reference point of £488M, recognising that no particular budget could be guaranteed (**decision**).
19. Mark Glover reminded the Board that it would be prevented from publishing the plan in the 6-week run up to the 2015 General Election because of the pre-election communications restrictions. This presented a question of when to publish. Post-

election publication would allow a better match to the priorities of an incoming administration.

20. The Board discussed the publication date in the context of advice from the Cabinet Secretary and advised that pre-purdah publication of a significantly ambitious manifesto setting out projected economic impact with supporting charts and figures, telegraphing a post-election delivery plan, may have a significant impact. It agreed that such a document needed to be out by beginning of March to avoid election distraction and should be targeted at key policy stakeholders. The emphasis should be on clear, evidenced messages without getting into too much detail (**action**).

**What is an Innovation Platform?** Paper: TSB2014-06-07

21. Mark Glover presented the paper. Iain Gray reminded the Board that the Independent Living proposal was essentially to start a new innovation platform, despite the overlap with the past Assisted Living programme.
22. In discussion the Board expressed concern that such proposals were being presented without alternatives and outside the context of a wider programme portfolio discussion. The Board also questioned whether it would still be possible to stop this programme in a year's time when the full programme had been developed. Kevin Baughan remarked that it was certain that the programme could be stopped at the full approval stage but he hoped that would not be necessary. Kevin Baughan also reported that work was now under way to allow better-informed choices of allocations across the thematic portfolio. He agreed to present an update at the next Board meeting (**action**).
23. The Board asked about the current pipeline of other potential platforms. Iain Gray reported that the Paul Mason group was constantly looking at this and accepted that it was now timely for this activity to be better exposed and that the executive re-engage the board in the debate about the whole wider portfolio. However, he reminded the Board that it had already decided to support a healthcare theme, so the question before it was whether this was an appropriate programme within that theme.

**Independent Living Innovation Platform (ILIP):** Paper: TSB2014-06-08

24. Zahid Latif presented the answers to the questions raised at the previous meeting. The Chair summarised that he felt that the proposal now suggested a good market, high UK capability, a buildable supply chain and the need to move now. The Board noted that the financial commitment at this stage was £100k work to build a new programme over the coming year. In discussion the following comments were made
  - a. This was certainly a big market. However, other areas of the case had not been significantly progressed.
  - b. The first 2 small competitions did not need to wait for a year for the rest of the programme to be developed.

- c. This was a big initiative and there remained a need to engage a range of communities on a large scale.
  - d. Going into consumer high-value market was a good move.
  - e. The programme needed to develop some specific market and economic goals, some of which could be usefully aligned to political interests such as jobs created.
  - f. The case was difficult to articulate, as the programme was potentially very wide and hard to define. Over the next year it would need to be defined to an increased level of granularity.
  - g. There was a clear stop-go stage gate and a strong steering board. It should be capable of developing a strong programme.
  - h. A clear roadmap will be required at the end of the development phase and potential partners and participants know that this is an area of promise into which some significant investment is potentially available.
  - i. The proposal is unique in that it seeks to create a closed loop in this space to prove that these markets can be developed and won and also to energise and amplify the opportunity.
  - j. The team should be encouraged be more explicit about being bold and set a challenging target and charge after it.
  - k. A useful target for the first year could be to define bold criteria for success and create a closed loop micro community working towards definable goals
  - l. A previous sensors and photonics programme had been rejected because this programme was anticipated.
25. The Board approved the proposed development phase of the Innovation Platform **(action)**

**Engaging sub nationally:** Paper: TSB2014-06-10

26. Mark Glover presented the paper. He explained that in the context of the Scottish devolution debate, the city deals and wider localism politics, it was important for Innovate UK to show how its business support offerings and innovation networks could be deployed to help those seeking to build growth programmes in specific parts of the UK. While innovation had not been a core part of the devolution and localism debates, and Innovate UK was a national body seeking the best companies and ideas, a link between innovation and location-based growth programmes was inevitable. The forthcoming EEN offering was already going down well with LEPs.
27. He reported that a 1-page strategy was in development for how Innovate UK would support the in-place innovation agenda. The team had written to all LEPs offering to help with building innovation support capabilities with a broadly positive response. Support for growing existing clusters also made sense locally. This was addressed through Launchpad competitions and a thematic Regional Collaborative R&D proposal had been created to fill the gap between local Launchpads and national competitions.

28. Amanda Brooks reported that within BIS innovation was not seen as part of the devolution agenda. Some LEPs had proposed deals with innovation inside their programmes but these had been turned down. Several growth deals remained to be announced and these may create space for Innovate UK to move into.
29. In discussion the following comments were made:
- a. We need a clear local and national convening offer to all the geographies.
  - b. We should use the win of the EEN contract as an excuse to show support for complementary national and local support, working with LEPs.
  - c. We should work with BIS to develop a joint-funded network model for working with LEPs, which should deliver value for both sides and encourage LEPs to ask for our support.

**Defining our role as an Innovation System Architect** Paper: TSB2014-06-04

30. Mark Glover presented the paper explaining that this was an attempt to articulate better the concept discussed at an earlier meeting. The purpose was to develop ideas for a more thought leadership and central role for the organisation in advance of the Strategic Plan and Comprehensive Spending Review in 2015. A lot of this vision of the future included activity that cannot be delivered by Innovate UK in the current situation. In discussion the following points were made:
- a. This proposed direction constituted a measured change, not seeking to take over the world, but necessary if Innovate UK is to be where it needs to be to be effective, at the heart of the system and the go-to organisation for innovation.
  - b. The direction works but it needs some explicitly defined strategic goals to attract more influence and have something clear to aim at.
  - c. This could benefit from different language. It should be described as reaching the minimum critical mass to do the job that Innovate UK has been set. There are too many things that are required that are currently beyond Innovate UK's scope. So it is necessary stretch to reach the full potential. This should not be presented as a statement of ambition but of minimum competency.
  - d. Research councils deliver great research results but they are poorly connected to application and innovation. They need to be helped to ask about business needs and grand challenges. The academic research support culture was wrong and Innovate UK could change that.
  - e. No10 thinks Innovate UK is not "at the table". Redesign The Innovation system could put us in the driving seat. Leading the thinking was necessary before someone else chooses to do it. The whole public sector offer for innovation and business growth could be a lot better job if the elements are joined up. Innovate UK now has the executive structure to deliver this.
  - f. SBRI for corporates instead of public sector customers was a possible early win. Enterprise Ireland already did this. For conventional SBRI, more work

is being done to ask departments to articulate their main challenges in the right way.

31. The Board supported the direction of travel and members agreed to continue to support the executive in the development of ideas in this space (**decision**).

**Stakeholder Engagement Paper: TSB2014-06-09**

32. Linda Wallace presented the paper. She explained that the stakeholder engagement work sat alongside a repurposing of the media function in focusing on building a thought leadership programme to grow the organisation's reputation, providing an assertive vision about who Innovate UK are in the innovation landscape and managing its licence to operate. The emphasis of this paper was the work with political stakeholder. She reminded the Board that the organisation was practically unknown in policy circles beyond those with direct responsibility for innovation policy. There was a need to improve this. She described the programme's objectives and progress to date.
33. She asked the Board to provide their access and advice to this programme and to get directly involved. In discussion, the following comments were made:
- a. No 10 had made it clear that more should be done to make Innovate UK more visible, central and heard. It would be useful for Board members to have a page of key messages and evidence for when they are faced with such opinions.
  - b. A strong London presence would help with the profile and access to the key conversations, voicing the Innovate UK message.
  - c. There was a need to think about the interests of MPs and senior civil service so that the message about track record and future potential can be delivered.
  - d. This was a classical marketing challenge: Who are the audiences and what are the messages? We need to deploy the high tech companies we have helped as our advocates. We need to understand better whom the Government goes to for advice and identify them as key stakeholders.
  - e. A multidimensional social media strategy was needed, especially using Twitter.
34. Linda Wallace undertook to report on a new data driven marketing activity (**action**).

**Any Other Business**

35. The Chair led the Board in reiterating its thanks to Iain Gray for his effective leadership and outstanding contribution to building and growing the organisation and its impact on innovation across the UK. The meeting closed.

**Summary of decisions and actions:**

No	Action	Responsibility	Target date
1	Investigate more closely the implications of the KTP system weakness in Audit and Risk Assurance Committee [ <i>paragraph 9g</i> ]	Bob Sorrell	Dec 2014
2	Organise a Board discussion on actions relevant to the devolution agenda [ <i>paragraph 9i</i> ]	Mark Glover	2015 Q1
3	Bring a process improvement paper including a scenario setting out the resource requirement to deliver at the ideal speed [ <i>paragraph 16</i> ]	Anne Dixon, Nigel Townley	January 2015
4	Develop a reporting process based on the best available data on jobs (employees on PAYE) and turnover growth for supported companies and continue to collect that over time [ <i>paragraph 17</i> ]	Mark Glover	May 2015
5	The Board <b>agreed</b> to develop the Delivery Plan on the basis of a 2016-17 budget at the BIS-advised reference point of £488M [ <i>paragraph 18</i> ]		
6	Publish a significantly ambitious manifesto setting out projected economic impact with supporting material in advance of the Delivery Plan [ <i>paragraph 20</i> ]	Linda Wallace	March 2015
7	Provide an update on the decision support data activities in support of allocations across the thematic programme [ <i>paragraph 22</i> ]	Kevin Baughan	January 2015
8	The Board <b>approved</b> the proposed development phase of the Independent Living Innovation Platform [ <i>paragraph 25</i> ]		
9	The Board <b>supported</b> the direction of travel set out in the Innovation Architect paper [ <i>paragraph 31</i> ]		
10	Report on a new data driven marketing activity [ <i>paragraph 34</i> ]	Linda Wallace	March 2015