



## Technology Strategy Board

### Minutes of the 52<sup>nd</sup> meeting

Held on 11<sup>th</sup> June 2015 at Cisco, Feltham

### Attendance

#### Board:

Phil Smith  
Tera Allas  
Mike Carr  
Stewart Davies  
Ruth McKernan  
Hazel Moore  
Sara Murray  
Ian Shott  
Bob Sorrell  
Harry Swan

#### Apologies:

Sir Christopher Snowden  
Doug Richard

#### BIS:

Amanda Brooks

#### Executive:

Kevin Baughan  
Anne Dixon  
Simon Edmonds  
Guy Rickett  
Linda Wallace

### Welcomes

1. The Chair welcomed the Board to Cisco and to the 52<sup>nd</sup> meeting. He passed on apologies from Chris Snowden. He welcomed Ruth McKernan as the new CEO. He congratulated her on her appointment as a fellow of the Academy of Medical Sciences. He noted that Ian Shott could only stay for the morning.
2. He reported that a recruitment exercise was underway for new members and that academics were included in the shortlist.
3. The Chair explained that the CEO had asked that the first part of the meeting be conducted as a closed session. Some members of the executive were due to join the Board for the afternoon session.
4. The Chair reminded the Board of the main issues to be discussed at the meeting and reminded 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 of interest. None were.

### Minutes of the 51<sup>st</sup> meeting: TSB2015-02-12

5. The Board **approved** the minutes of the 51<sup>st</sup> meeting.

### Update on political changes

6. Amanda Brooks gave an update on the changes in the political environment and the impact of the recently announced in-year cuts. The Board discussed its role and relationship with BIS.
7. The Board agreed that a further debate had to be held about its posture in respect of the arms length BIS relationship and what this means in the context of specific examples. It also saw a need to seek more clarity on remits
8. Industrial strategy should be brought closer to the innovation strategy and we need to be more vocal about this.

### New CEO's vision and first impressions

9. Guy Rickett withdrew for this item.
10. The CEO proposed a new format for Board meetings. She suggested that future meetings should start with a closed session during which the CEO's report would be presented, feeding back on operational matters. The later part of meetings will consider strategic, forward looking topics and members of the executive and their teams will attend as appropriate to the content. The Board agreed.

### Chief Executive's Report Paper: TSB2015-03-02

11. Ruth McKernan introduced her report. She highlighted the following:
  - a. The first few weeks had been very busy focusing on making first contact with key stakeholders, (in particular BIS ministers and Sir Mark Walport), and developing the case and positioning for the Comprehensive Spending Review. Inputs to the Dowling and Nurse reviews had also been a significant feature of the past weeks.
  - b. Simon Edmonds was leading on the Comprehensive Spending Review. Much closer cooperation with the research councils was planned. Close working with other government departments was proving harder in some areas. Relations with George Freeman and the OLS were very strong.
  - c. The meeting with treasury showed that it still needed convincing on the value and potential of SBRI. Amanda Brooks commented that The Cabinet Secretary remained very keen on SBRI and would be a strong advocate. The Board noted a suggestion that it might engage the most successful public procurement corporates and find ways of incentivising them to work with SBRI.
  - d. The work on the Grants system was moving forward on track. The team had met with Cabinet Office, which was taking a helpful close interest. Anne Dixon and Nigel Townley doing a great job on this programme, delivering a hardware upgrade in parallel.
  - e. Howard Orme had been very supportive on remuneration and the Business Improvement and Change programme.
  - f. **Finance** (paper TSB2015-03-03): Significant actions had been implemented to improve spend control and forecasting accuracy. Letters had been sent to the poorest forecasters. The letter in the pack was an earlier draft and the Board

requested circulation of the actual letter sent (**action**). It also recommended tracking the responses (**action**). The Board agreed that it was reasonable to be more assertive with grant holders over this and recommended that the next communication be more forthright in tone.

- g. The EMT dashboard was too complex for reporting to the Board and will be simplified before the next meeting (**action**)
- 12. The Board **approved** the proposal to move to making future payments on profile to universities, Catapults and research organisations.
- 13. The Board **approved** the proposal to move to annual “collars” for CR&D grants and recommended close monitoring to ensure that the move did not seriously impact grant-holders’ ability to innovate (**action**). It also recommended that companies affected by possible sanctions be given good notice so that they might take remedial action.
- 14. The Board noted that it had seen the EEN as its regional presence but it did not appear to be fully in place yet. It commented that other agencies also had regional presence and cooperative working on should be looked at. The Board requested an update on EEN progress to the next meeting (**Action**)
- 15. Harry Swan commented that the chemistry sector was not unwilling engage in the HVM formulation centre but was waiting for more clarity. Amanda Brooks commented that her team was working to secure budgetary cover for allowing the centre to move forward.
- 16. The Board discussed whether it might be useful in understanding its reputation to measure net promoter score.

**Anne Dixon, Simon Edmonds, Kevin Baughan and Linda Wallace joined the meeting at this point**

**Comprehensive Spending Review** Paper: TSB2015-03-04

- 17. Simon Edmonds introduced the paper. He described the 5 key points and summarised the main issues:
  - a. The specific process had not yet been set out to departments but there was a lot of preparatory work under way.
  - b. The budget on 8<sup>th</sup> July was expected to set the financial envelope for the Spending Review. The Innovate UK ambition was to ramp the programme to £1b/y by 2020. It was not yet clear whether a proposal to meet such an ambition would be allowed. The main programme was to demonstrate the case economic value past years’ programme as a value for money case for the proposed 5-point plan. The focus was on how to help companies grow faster. The overall cost was £4b.
  - c. There was an emerging theme across government on “making money work harder” and so there was a project underway to look at new business innovation support models for Innovate UK that went wider than grant giving such as offering equity and debt.

18. In discussion the following issues were discussed:
- a. The reference to growing more high-growth mid-sized companies needed clarification as to what specific new intervention was being proposed and to what end.
  - b. It was not clear that the “cost per job” metric was the most persuasive. The number (£30-40k) was mid-range and there was an assumption that the quality of jobs (in higher value added sectors) was expected to be higher. There were models to back up this claim.
  - c. It was difficult to understand the projected GVA estimates and assumptions.
  - d. It remained necessary to show that the employment in companies Innovate UK supports grows after their projects.
  - e. Previous programmes did not forecast jobs growth. It will be, depending on audience, necessary to show jobs growth, causality and other economic benefits.
  - f. There was still a need to understand whether to focus on a small number of areas or invest more widely across a wide range of fields. Kevin Baughan reminded the Board that his Challenge Programme working group was creating a set of principles to work out how to set priority areas. The Board discussed some of the possible priorities such as areas where the alternative is expensive importing against investing to leverage UK’s USP. The criteria should help to understand this tension.
  - g. TEKES and others already offer loans and other funding models.
  - h. More hard evidence was needed to show where innovate UK drives experts and inward investment. Anne Dixon reminded the Board that the full set of 40 questions for consistent and persistent data collection within and beyond the grant lifetime were now agreed and being put in place.
  - i. FCO and UKTI are getting better at supporting exports and inward investment. Innovate UK should ask explicitly about applicants’ export plans in grant applications). TEKES offers much stronger export support out of necessity as Finland has such a small home market.
19. Simon Edmonds reported that Sajid Javid expected to conclude the CSR process by mid-November. He agreed to return to the Board with regular updates, including additional telephone meetings between Board meetings if necessary (**action**)

**Comprehensive Spending Review Catapults and Clusters Paper: TSB2015-03-06**

20. Kevin Baughan presented the paper on clusters. He explained that past investment by Innovate UK and research councils could be used to highlight where clusters of excellence were emerging and then clusters could be asked to provide an analysis of what support would lift them to a higher level. Such clusters would emerge naturally but with extra support the process could be accelerated.
21. The Board noted the following issues:

- a. Whether such an approach would necessarily lower the competition standard for companies in clusters.
  - b. Viewed from outside, the UK is a cluster. The driving force should be about the existence of a centre of excellence.
  - c. It would be worth encouraging competition between clusters.
  - d. It was not clear how this process would add return on investment but Innovate UK will be told to do something along these lines.
22. Kevin Baughan explained that a bid for an additional £330M for cluster development was part of the overall plan.
23. The Board agreed that it would like a regular Board discussion on this as this idea develops (**action**).
24. Amanda Brooks reported that Jo Johnson had asked for research and innovation audits, on a place basis, setting out where there is a productivity gap with London.
25. Kevin Baughan presented the paper on the development of the next set of Catapults, which the Board discussed and endorsed. The Board noted the papers.

#### **Simplifying & Evolving the Innovate UK Brand** Paper: TSB2015-03-04

26. Linda Wallace gave a presentation on new ideas for Simplifying & Evolving the Innovate UK Brand and asked for feedback. Ruth McKernan explained that she supported all of the proposals and that some implementation had begun but that none were irreversible. The following comments were made:
- a. Regarding the line “can't stop thinking about the future” it was good to have a forward looking tagline but the double negatives was potentially difficult. The tagline should do more to say who we are and what we do than our name, which is already very strong. “We invest in the future” is the sentiment that should be sought.
  - b. Regarding the line “we work with Innovate UK”: this is very strong and clients and partners should be mandated to use it wherever possible.
  - c. The branding collateral is strong but should use “Innovate UK works” as a common theme in as many places as possible
  - d. When seeking a “halo” effect from other brands, make the Innovate UK logo as large as possible
  - e. Say something like “Innovate UK invests £30m grants a month to keep UK at the forefront of innovation”. Use the full name instead of “we”, wherever possible.
  - f. Some of the material looks more complex with more colours when the trend and the intention was to simplify.
27. In discussing whether to undertake a specific programme to raise the public perception of innovation and Innovate UK, the board agreed that this was necessary. It agreed to set an ambition to show the public the importance of innovation and Innovate UK. It endorsed the general approach and welcomed the presented ideas for such a campaign.

**Name Change in Royal Charter Paper:** TSB2015-03-04

28. Ruth McKernan proposed that the Board resolve to ask BIS to redraw its Royal Charter to confirm the new name "Innovate UK". The Board **agreed**.

**AOB**

29. The Board noted the paper on Cyber Security. It was suggested that an external advisor be appointed to monitor this. Sara Murray reported that she could recommend someone.
30. The Chair reported on the latest situation regarding the appointment of new Board members.
31. The Chair thanked departing members Stewart Davies, Sara Murray and (in absentia) Chris Snowden for their contributions.

**Summary of decisions and actions:**

No	Para	Action	Responsibility	Target date
1	12f	Circulate letter sent to poorly performing spend forecasters	Guy Rickett	June 2015
2	12f	Track the responses to letter sent to poorly performing spend forecasters and report back	Anne Dixon	July 2015
3	12g	Bring a simplified EMT dashboard to the next meeting	Nigel Townley	July 2015
4	13	The Board <b>approved</b> the proposal to move to making future payments on profile to universities Catapults and research organisations		
5	14	The Board <b>approved</b> the proposal to move to annual “collars” for CR&D grants		
6	14	Monitor the impact of the collar contracts on grant-holders’ ability to innovate and report	Anne Dixon	December 2015
7	15	Provide an update on EEN progress	Simon Edmonds	July 2015
8	20	Schedule between-meeting Board telephone calls to discuss CSR progress up to November.	Guy Rickett	June 2015
9	24	Schedule future discussion on clusters	Guy Rickett	July 2015
10	29	The Board resolved to ask BIS to redraw its Royal Charter to confirm the new name “Innovate UK”.		