



Technology Strategy Board

Minutes of the 51st meeting

Held on 24th-25th March 2015 at the Transport Systems Catapult, Milton Keynes

Attendance

Board:	BIS:
Phil Smith	Keith Hodgkinson
Tera Allas	Gareth Davies (Wednesday morning only)
Mike Carr	Executive:
David Grant	Kevin Baughan
Hazel Moore	Anne Dixon
Sara Murray (Wed only)	Graham Hutchins
Ian Shott	Mark Glover
Sir Christopher Snowden	Simon Edmonds
Bob Sorrell	Guy Rickett
Harry Swan	Nigel Townley
	Linda Wallace
Apologies:	By invitation:
Stewart Davies	Ruth McKernan
Doug Richard	Nigel Walker (SME Growth item)
	Dan Hodges (metrics item)
	Mark Young (communications)

Welcomes

1. The Chair welcomed the Board to its 51st meeting. He passed on apologies from Stewart Davies and Doug Richard. He welcomed Tera Allas, a new Board member to her first meeting. Tera Allas introduced herself. The Chair also welcomed Ruth McKernan, the new CEO, due to start on 1 May.
2. The Chair congratulated Chris Snowdon on being appointed vice-chancellor of the University of Southampton.
3. The Chair updated the Board on the on-going processes for recruitment of new Board members.
4. The Chair 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 50th meeting: TSB2015-01-098

5. The Board **approved** the minutes of the 50th meeting.

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

6. David Grant presented his report. He invited directors to talk through a number of key issues in the report:
- a. **Transforming Our Grants Systems programme:** Nigel Townley described the latest developments in the "Transforming Our Grants Systems" programme and how it now aligned with Cabinet Office and BIS requirements, following GDS service standards. The Board noted that the alpha phase would need to be signed off by BIS before the beta phase could commence.
 - b. The Board discussed the move of its web information to the Gov.uk web site and expressed concern that customer experience remained poor. Linda Wallace reported that while the sites very prescriptive rules made it difficult to be creative and interesting, it was receiving better traffic flow as a result of better search engine optimisation.
 - c. Nigel Townley thanked Hazel Moore and Ian Shott for their input to this process.
 - d. **Precision Medicine Catapult:** Simon Edmonds gave an update on the on-going process to agree and announce a location for the precision Medicine Catapult. A key meeting with Vince Cable was due the following day. The timing of the location announcement had been moved to take place after the election.
 - e. **Energy Systems Catapult:** Simon Edmonds reported that Birmingham had been announced in the Budget statement as the location for the Energy Systems Catapult as expected. It had been announced alongside a £60M energy accelerator proposal by a number of Midlands-based universities.
 - f. **Budget output and Spending Review:** Keith Hodgkinson reported that BIS officials were now working hard on the forthcoming Spending Review and the related strategic questions. Innovation was a high priority for BIS and papers had been produced and BIS workshops would be run to explain the proposals across BIS.
 - g. **Nurse Review:** David Grant reported that Innovate UK would be organising a meeting with business groups to make input to the Nurse review and was also putting together an independent submission.
 - h. **Dowling Review:** David Grant reported that Innovate UK had given evidence to the review. [Ruth McKernan declared an interest as a member of the review group. She also reported that she would be stepping down from the group when she takes up her Innovate UK post.] One issue emerging from the review was an external perception that Innovate UK scheme branding was confusing. Linda Wallace reported that she had a Task Force working on a simpler brand architecture and would report back soon on the outcome.
 - i. **UKTI:** Mark Glover described progress on the development of a strategic and more formal relationship with UKTI. The Board discussed the UKTIO

relationship, including their role in co-sponsoring Innovate 2015 and resolved to invite Dominic Jerney to future meeting (**action**).

- j. **Dashboard:** The Board noted that the executive dashboard was being redesigned. It commented that the dashboard was too complex and too internally focussed and needed more about output and delivery included
7. The Board **noted** the report

Finance and Risk Paper: TSB2015-01-03

- 8. Bob Sorrell gave an overview of the current financial position, the changes since the previous report and projected year-end position. He was comparatively content with the outcome but emphasised the need to address some underlying causes of weak prediction and control.
- 9. Graham Hutchins presented more of the detail in the paper. Keith Hodgkinson commented that at the moment in BIS the outcome was in line with their expectations.
- 10. The Board noted that the actions taken would have impacts in future years.
- 11. The Board discussed the top five items in the Risk Register. The following comments were made:
 - a. Narratives were required for future funding scenarios including possible budget reductions.
 - b. There was a strong case that innovation spending should have longer-term certainty like science infrastructure and transport infrastructure. A case should be made about how this would deliver more efficient use of funds and should be simple to make to Treasury, given the scale of the budget.
 - c. A robust position on system vulnerability was needed to give customer confidence and the cyber penetration testing work could provide the evidence for this. The executive was asked to bring forward a paper on cyber security with input from members of the Audit and Risk Assurance Committee (**action**).

Lunch

- 12. Steve Yianni, CEO of the Transport Systems Catapult, welcomed the Board and described the site's progress to date.

New Financial Controls Paper: TSB2015-02-04

- 13. Anne Dixon presented the paper. She reported that payment on profile for universities and catapults had been discussed with NAO who had expressed contentment with this approach. The Board suggested that a focus group of bigger companies (where a large part of the forecasting problem sat) could be convened to look at the options for better forecasting (**action**). The Board agreed that it was reasonable to expect a high standard of reporting but recommended gradual implementation and careful communication.

Board member strategic presentations

14. Each board members presented ideas prepared by themselves under the heading “the next five years”. The Chair also read out ideas provided by Stewart Davies who was unable to attend.
15. The Secretary agreed to write up the inputs and discussion as a report setting out the emerging questions and pull together an agenda, based on these for the executive management team to develop ideas in response and bring them back to later meetings (**action**).

Agenda and strategic engagement

16. Linda Wallace introduced Mark Young from the marketing team. She explained that her broader approach to communications had balanced the emphasis of competition communications support, aimed at the businesses we support, with the development of thought leadership through strategic engagement with key stakeholders who influence Innovate UK’s “licence to operate”. She reported that the team had established an internal stakeholder management group, crafted a new set of key messages based on a bank of evidence and proof points, developed an “Agenda” document to express Innovate UK’s “point of view”. The media team was refocusing into thought leadership and also looking at the current news agenda and through a new, fleet-of-foot, reactive capability.
17. **In confidence:** She set out a post election strategy leading up to the Spending Review, focusing on using the new CEO opportunity, seeking engagement in the new parliament, with new ministers and with key stakeholders relevant to the specific Innovate UK spending review targets.
18. In discussion the following comments were made:
 - a. A simpler narrative from the “fund support connect” approach was needed. It will be important to debate and agree the new brand hierarchy and to be sure that the Catapults participate
 - b. Communications alignment with research councils would be useful
 - c. Board members’ media and other connections should be exploited
 - d. **In confidence:** It would be useful to identify and target MPs with good links into Treasury.
 - e. Innovate UK should seek to build a media reputation for innovation similar to that of the Science Media Centre which is often seen as the “go-to” place for understanding science stories
19. Mark Young demonstrated the parliamentary mapping tool that plotted the location of Innovate UK funding and described the level interest shown by MPs, all of whom had been sent a link. He described the plans for developing the tool for other geographical boundaries, collaboration information, for other information about innovation that could be expressed geographically. He also described plans to make it more social media friendly. The Board agreed that this was likely to have an important impact and asked for a link to be provided for Board members (**action**).

Wednesday, 25th March:

Discussion with Gareth Davies BIS DG for Knowledge and Innovation

20. Gareth Davies thanked the board for inviting him to the meeting. He described his experiences in his short time in the role and reported that the main business for BIS was the preparation for the Spending Review. He described the challenging fiscal environment in which the Spending Review would take place and reiterated the importance of demonstrating impact, and how Innovate UK could be used to help government manage pressures and demands through innovation, attracting advocates in other departments. He agreed too few people know about the great work that Innovate UK does, limiting the government impact it can have with its expertise. He agreed to help to get Innovate UK representatives into departments' permanent Secretaries and DGs. He expected the next government, of any possible composition, to bring local interests to the top of the agenda and suggested that Innovate UK had to get on to the front foot on this and develop a local contribution to national strategy.
21. **In confidence:** He recommended the formalisation of a spending review communications strategy using the Chair, CEO and other Board members to take the argument out to key advocates and raise a reasoned debate and engage interest.
22. Simon Edmonds and Keith Hodgkinson left the meeting.

CSR and Strategic Plan: Networking Strategy Paper TSB2015-02-06

23. Mark Glover introduced the paper and explained the main goals of the networking strategy. In discussion the following comments were made;
 - a. Some clusters are known but there is no national asset register for everything. It would be a good idea to draw up quickly map that captures around 80% of national innovation cluster and other network assets as a first showing of what Innovate UK can do in networking at national and local levels and perhaps to overlay it on the constituency funding map. The Board agreed that this would be a useful first step to be delivered as soon as possible (**action**).
 - b. This should also be linked in with mapping work in the CSA office, IPO mapping of IP assets and leadership councils' mapping of their interests. There is also data coming out of REF that could also be mapped in this way. The Board recommended discussions with HEFCE to see if there were useful research excellence cluster data that may make another useful overlay (**action**). It may also be useful to look at overlaying data on the innovation investment scene.
24. Mark Glover commented that the major final step remained the integration of EEN and KTN and there was still a lot to do where there were some risks in making the networks behave as intended. In discussing EEN/KTN work the following comment were made:
 - a. There was a need to simplify communications and branding for these networks.
 - b. EEN was not a common topic in the KTN discussions. It would be useful to have some illustrative case studies for the KTNs to show what EENs can do
 - c. The "Team Finland" model of providing a range of business support services through a unified service was a compelling approach.

CSR and Strategic Plan: Local engagement Paper: TSB2015-02-08

25. Mark Glover presented the paper, describing the two elements of the local engagement strategy: using the reformed innovation networks to better connect the local, national and international innovation agenda, help SMEs navigate the innovation system and help local bodies to deliver services aimed at raising SME innovation capability in their areas; to work with the local bodies to identify regional strengths, support their development of smart specialisation strategies and to identify and support cluster development through connection into the Challenge Programme. In discussion the following points were made:
- a. There was a big difference between regional development and funding the best highest potential projects. Innovate UK should pick the best. Kevin Baughan commented that this approach would use the existing toolkit but competitions would be scoped differently to attract strong bids from emerging clusters and would be judged on the ratio of economic return versus investment rather than an absolute level of economic return. The former would ensure that Innovate UK would remain responsive to geographic opportunities. The latter would ensure that smaller emerging clusters could compete on equal terms with established ones whilst recognising that this might incur an increase in overheads from a larger number of smaller bids, rather than a smaller number of larger bids. The goal of the proposal was to have well-considered options in place, ready for the incoming Government.
 - b. This approach would not make sense without more money from the Spending Review bid or a clear steer from government that local development was a new criterion.
 - c. It would make sense to look at a corporate version of SBRI as a way of large corporates promoting clusters through procurement, as they had always done in the past?
26. Gareth Davies left the meeting

Transport Systems Catapult Visit

27. The Board visited the facilities and projects of the Transport Systems Catapult and had a discussion with Asset Mapping, an SME working with the Catapult.
28. In separate discussion the Board noted that better branding in Catapults for Innovate UK would be good for innovate UK. The Board agreed to mandate as far as legally possible that all marketing literature arising from its programmes should include Innovate UK branding (**agreed**). Linda Wallace reported that Innovate already provides a publicity toolkit to SMEs that included branding but recognised that it would be possible to ask them formally to use it.

Metrics report Paper: TSB2015-02-05

29. Dan Hodges introduced the paper and described the main activities in the evidence, economics, portfolio work strands. He explained how it was now possible to make evidence-backed statements about the outcomes of Innovate UK programmes that supported the case for the current set of interventions.

30. The Board agreed that the economics and evidence activity had delivered tremendous progress and evidence that could be used in the spending review. In discussion the following points were made:
- a. Grants don't only add value where the project would not otherwise have gone ahead. Some grants reduce risk and increase probability of success
 - b. It would also be useful to look at: returns to capital (profitability) as well turnover measures, impact on exports, technology readiness. Profit or EBITDA data would be difficult to interpret but was worth looking at. It would be interesting to look beyond the effectiveness of tools to how well they are used by the customer.
 - c. A simple study of the economic outcomes of grants awarded 5 years ago may be informative. It would be useful to track economic outcomes as to how they contribute to government economic strategy.
31. The Board noted that a new contract had been awarded to Grant Thornton to provide decision support data in the form of follow-on private investment. This will provide near-term feedback on the effectiveness of the Challenge programme in order to support portfolio decision-making in the Challenge Working Group that will have members from the Board and Innovation Programmes to represent the perspectives of Industry, Research and Government.
32. Dan Hodges reported that team was working closely with communications to ensure that the key messages were well backed by evidence.

SME Growth Support Programme Paper: TSB2015-02-09

33. Nigel Walker gave his presentation. On how Innovate UK was working to improve SME commercial success. He explained that the client base was typically innovative and often high-growth but, with technology often the core competence, there were often gaps in commercial capability.
34. The Board discussed the programme and the following comments were made:
- a. Getting the wording right to customers will be really important. "Requiring" them to speak to growth experts about help may be the wrong approach. How the growth manager/expert is described is also important.
 - b. User generated evaluation of growth experts should be collected and communicated. This was **agreed (action)**.
 - c. It will be important to differentiate the needs of different sized companies that fell within the micro and SME categories. Anne Dixon reported that the new grants system would allow companies to self-select their requirements.
 - d. Training of the Socratic questioners will be very important if they are to build good relationships and be effective.

Innovate UK 15/16 Delivery Plan: Budget overview Paper: TSB2015-02-07 and Challenge programme Paper: TSB2015-02-10

35. Kevin Baughan described the challenge programme's financial issues, how the 2015-16 budget was agreed and then later modified by BIS. He explained that the paper

placed on the record the details of the revisions necessary to the 2015-16 spending agreement as a consequence of these impacts. He went on to outline the multi-year Challenge programme financials in order to demonstrate that the projected future spend was now within budget.

36. Mark Glover reminded the Board that with the remaining budget uncertainties BIS had agreed that Innovate UK should budget on the basis of the figures in the paper but recommended that it should retain some flexibility to cope with changes.
37. The Board agreed to budget on the basis set out in the paper but noted that a further amount was likely to be transferred into 2015/16 in order to bring the spending in on budget. Graham Hutchins agreed to recirculate the final figures to be used for clarity (**action**).
38. Anne Dixon reported that Innovate UK would start to publish its application success rates from the coming financial year.

Sara Murray

39. Sara Murray presented her ideas to add to the discussion the previous day.
40. The Board agreed that this approach to developing new themes for strategy had worked well and resolved to repeat the process. It asked the executive to come back with a set of themes, questions, responses or agenda items emerging from this discussion (**action**).

Closed session:

41. In closed discussion the Board discussed;
 - a. The “arm’s length” relationship with Government as it related to recruitment, communications, IT projects and remuneration.
 - b. The respective roles of the executive and the non-executive Board
 - c. The senior team capability to handle ambiguity and to manage the right tone with the customers
 - d. Board coverage for CEO presence in London outside BIS.
 - e. The role of Board members in supporting the development of new ideas.
 - f. Executive attendance at the Board
42. The Board resolved to look in future meeting at development plans for the various directorates (**action**)
43. The chair expressed his thanks and those of the Board to David Grant for his contribution as interim CEO in the past few months.

Summary of decisions and actions:

No	Action	Responsibility	Target date
1	<u>Paragraph 6h</u> : Invite UKTI leadership to a future Board meeting.	Guy Rickett	June 2015
2	<u>Paragraph 11c</u> : bring forward a paper on cyber security with input from members of the Audit and Risk Assurance Committee	Nigel Townley	June 2015
3	<u>Paragraph 13</u> : convene a focus group of bigger companies to look at options for better forecasting	Anne Dixon	June 2015
4	<u>Paragraph 15</u> : produce report and action plan on members' presented ideas.	Kevin Baughan	July 2015
5	<u>Paragraph 20</u> : circulate link to constituency funding map	Guy Rickett	March 2015 (complete)
6	<u>Paragraph 24a</u> : draw up a map of national innovation cluster and other network assets as a first showing of what Innovate UK and overlay it on the constituency funding map	Kevin Baughan Mark Glover	July 2015
7	<u>Paragraph 24b</u> : discuss with HEFCE how REF data may be useful to map onto innovation assets	Mark Glover	July 2015
8	<u>Paragraph 29</u> : The Board agreed to mandate as far as legally possible that all marketing literature arising from its programmes should include Innovate UK branding	EMT	immediate
9	<u>Paragraph 35b</u> . Collect and communicate user generated evaluation of growth experts	Mark Glover	June 2015
10	<u>Paragraph 38</u> . Recirculate final budget tables	Graham Hutchins	April 2015
11	<u>Paragraph 40</u> . Bring a set of themes, questions, responses or agenda items emerging from the Board member initiated discussion items	Guy Rickett	July 2015
12	<u>Paragraph 42</u> . Schedule discussion of development plans for each directorate in forthcoming meetings	Guy Rickett	July 2015