Minutes of the UKRI Board Meeting

Date: Wednesday 20 March 2024
Location: Old Staff Common Room, Lanyon Building, Queens University Belfast
Time: 09:30 – 15:30

Board Members and Observers	
Sir Andrew Mackenzie (UKRI Chair)	Professor Nola Hewitt-Dundas
Professor Dame Ottoline Leyser (UKRI, CEO)	Siobhan Peters (UKRI, CFO)
Professor Sir Ian Boyd	Nigel Toon
Dr John Fingleton	Ruwan Weerasekera
Professor Sir Anthony Finkelstein	Alexandra Jones (DSIT)
Priya Guha	

Attendees	
Emma Lindsell (Executive Director, UKRI)	Thomas Bentham (Independent Audit) item 8
David Rogers (UKRI Deputy Director)	Catherine Stalker (Independent Audit) item 8
Mel Knetsch (UKRI Deputy Director of Research Financial Sustainability and System Impact) item 6	Jo Allison (UKRI Deputy Director of UKRI Strategy, Governance & Performance) item 10
Patrick Rigby (UKRI Lead Analyst, Analysis of the UK Research and Innovation System) item 6	Caroline Batchelor (UKRI Head of Corporate Planning and Performance) item 10
Dan Shah (UKRI Director of Investment Strategy and System Insight) item 6	Julia Dickinson (UKRI Corporate Performance Lead) item 10
Alasdair Taylor (UKRI Head of Policy – Research Financial Sustainability) item 6	Rick Hamilton (UKRI Evaluation and Performance Lead) item 10
Kate Turton (UKRI Interim Head of Research Sustainability and Engagement) item 6	Tripti Rana Magar (UKRI Planning and Performance Specialist) item 10
Rosie Cornelius (UKRI Deputy Director Analysis and Performance) item 7 and 10	Alice Summers (UKRI Senior Risk & Assurance Business Partner) item 11
Ed Neave (UKRI Partnership Lead) item 7	

Secretariat	
George Madden (Board Secretariat)	Samantha Richardson (Board Secretariat)
Tim Russell (UKRI Head of Governance & Secretariat)	Hannah Berriman (Board Secretariat) via Zoom as an observer ahead of her return next month

Note: HERA requires that the Board consists of at least nine and not more than twelve other members in addition to the Chair, Chief Executive Officer and Chief Finance Officer. However, the validity of any proceedings of the Board is not affected by a vacancy or a defective appointment. Recruitment campaigns are ongoing to fill the vacancies created by the departures of Professor Julia Black and Lord David Willetts on 29 October 2023 and 7 November 2023 respectively.

1. **Welcome and Introductions**

   1.1. Andrew Mackenzie welcomed members to the meeting and thanked Nola Hewitt-Dundas for hosting the meeting at Queens University Belfast. Andrew reminded Board members to update their Declaration of Interests ahead of the register being published at the end of March 2024.

   1.2. Andrew summarised the recent and ongoing recruitment campaigns noting that Professor Louise Heathwaite joined UKRI on 11 March as the Executive Chair of the Natural Environment Research Council (NERC).

   1.3. Andrew provided an overview of his recent UKRI activities, including a visit to the National Physical Laboratory, meeting with Minister Griffith and attending the opening of the new MRC Laboratory of Medical Sciences building.

2. **a) Minutes of 17 January 2024 UKRI Board meeting; b) Action Log; and c) Forward Schedule**

   2.1. The Board approved the minutes of 17 January 2024 Board meeting.

   DECISION: The Board approved the minutes of 17 January 2024 Board meeting.

   2.2. The Board noted the action log and forward schedule.

   2.3. Calum Kennedy provided an update on the Friday Communication Roundup. The Board noted that the Friday Communication Roundup has been extremely valuable and should continue.

   2.4. Anthony Finkelstein provided a verbal update on the Research Security DSIT Independent Advisory Board, noting that the Advisory Board has met once and focussed on high-level strategic questions, including the type of partnerships the UK wants and needs.

3. **Board Committee Updates**

   a) Audit and Risk Assurance Committee (ARAC)

   3.1. Ruwan Weerasekera (Chair of ARAC) provided an update on the Committee, noting that ARAC had met on 11 March 2024 at the National Oceanography Centre, Southampton. The Committee discussed the annual reports and accounts, receiving a verbal interim report from the National Audit Office (NAO). Ruwan noted that funding assurance continues to be an area of focus for ARAC and the NAO.

   3.2. Andrew Mackenzie thanked the members of ARAC for their excellent work and noted that the Board is unable to review all principal risks in the time available. Andrew noted the important role ARAC needs to play in reviewing principal risks and identifying which risks should be raised to the Board.

   ACTION: The Audit and Risk Assurance Committee will have screened and identified the most important risks to be brought to Board.

b) Board Investment Committee (BIC)

3.3. Priya Guha (Chair of BIC) provided an update on the Committee noting that a BIC meeting took place on 23 January 2024. The meeting included discussions on the Infrastructure Advisory Committee, Digital Research Infrastructure and the evolution of UKRI's strategic investments. Priya noted discussions on UKRI's Mega Projects and the challenges with regard to OpEx funding and appropriate capability and capacity to deliver these projects.

c) Organisation Change Committee (OCC)

3.4. Nigel Toon (Chair of OCC) provided an update on the Committee, noting that the Committee met on 15 February and 6 March 2024. Nigel noted that good progress continues to be made to address the challenges with the delivery of the SHARP (Services for HR, Accounting, Reporting and Procurement) Programme. The recently appointed Chief Information Officer (CIO), Christine Ashton, has undertaken a review of all processes which has enabled greater confidence in what is needed to get to release 1 <withheld from publication>.

3.5. Nigel noted that a solution to the issues with the different data structures used in IUK has now been identified, so that IUK's grant system processes can be accommodated.

3.6. The Board noted that delays to programme implementation can result in risks to skills retention, and that resource plans need to be in place to ensure continuity. The Board highlighted the importance of retaining the technical expertise and knowledge from those that are working on the project, noting that some of the work was being carried out by contractors and it is particularly important to keep those people informed of how long they will be needed to work on the project. The Board noted the need for OCC to review IT system risks, in collaboration with ARAC, to ensure adequate mitigation has been identified.

ACTION: Secretariat will have scheduled a joint ARAC and OCC meeting to review IT system risks.

4. **CEO Priorities**

4.1. Ottoline highlighted the change programme and new operating model, noting that their successful implementation requires a change in culture which is now being witnessed throughout UKRI. The programme is harmonising processes and policies and creating communities of practice to support collaborative working across the organisation. The time required to implement change, coupled with reduction in staff numbers running ahead of the programme's efficiency gains means that high workloads are impacting staff. UKRI continues to prioritise and support wellbeing activities to create a healthy workplace that supports the wellbeing of UKRI staff.

4.2. Ottoline noted the EPSRC Centres for Doctoral Training investment announced as part of the Secretary of State Skills Speech on 12 March. This is a £1billion doctoral training investment supporting 65 Centres for Doctoral Training which will train more than 4000 doctoral students. The centres will address key challenges including net zero, AI, defence and security, healthcare and quantum technologies.

ACTION: Isobel Stephen will liaise with Frances Burstow to identify future Board discussion topics in relation to doctoral training.

4.3. The Research Commercialisation interactive brochure, highlighted to the Board in November 2023, supplemented with investor-focussed content as suggested by the Board and has now been published. Research England has published an implementation plan for their actions included within the Government response to the Independent Review of University Spinouts. This implementation plan, discussed with DSIT, includes reference to the ongoing work reviewing the Higher Education Innovation Funding and proposals for developing shared Tech Transfer Offices.

4.4. Ottoline and Andrew Mackenzie recently met with Louis Taylor (CEO) and Stephen Walton (Chair) of the British Business Bank, to discuss joint interests and approaches. IUK and the British Business Bank have drafted a Memorandum of Understanding (MoU) to build on existing close working. This MoU will focus on collaboration between IUK, wider UKRI and the British Business Bank.

4.5. In response to a specific recommendation in the Grant Review, DSIT has started a strand of work to review and simplify the UKRI objectives as set out in the Framework document. This includes simplifying and reducing the number of objectives from ten to five. The UKRI Reforms Board has been engaged in the early stages of this refresh. Ottoline noted that the emerging objectives remain very much in line with UKRI's vision and five-year strategy.

5. CFO Update

5.1. Siobhan Peters noted that UKRI's financial position will be within budget at the end of the financial year. A lessons learned activity on the 23/24 financial year should be conducted to aid planning for future years. Siobhan noted the challenges with regard to the uncertainty surrounding OpEx and Change budgets and noted the ongoing work with DSIT to confirm budgets.

5.2. Siobhan noted the ongoing business planning work, including the recent activity analysis undertaken to understand the distribution of activities and roles across the organisation. The analysis will feed into organisation design work within the FTE boundaries we have been set. Siobhan noted that a voluntary exit scheme has been signed-off by the Cabinet Office and the scheme would be deployed in a highly targeted way to support the new organisational design.

5.3. Andrew Mackenzie noted the continued aspiration for outreach Board meetings to take place across the UK, including outreach events and site visits ahead of the Board meetings.

ACTION: Secretariat will have communicated to Board the planning of future Board meetings.

6. Financial Sustainability of the Research System

6.1. Emma Lindsell introduced the item noting that the paper follows on from the discussions held during the January Board meeting. The paper outlines three areas of focus for UKRI to deliver over the next year.

6.2. The Board noted the financial challenges that universities and institutes are facing resulting from multiple convergent factors such as acute issues around international student recruitment and inflation. The Board identified that UKRI should consider worst-case scenario planning for both local and system level events to help plan for incidents.

6.3. Focus should be given to the scenario of a university "exiting the market" and how UKRI might respond to such an incident. UKRI needs to ensure it is protected and that mitigations are in place.

6.4. The Board noted that consideration should be given to UKRI's role within the financial sustainability landscape. The Board noted that impacts arising from the financial challenges in the sector could lead to detrimental, uneven impacts for example across different disciplines, protected characteristics, and risks to meeting Net Zero targets due to cuts in investment. It is important that UKRI policies and practice align with and incentivise good practice in universities and institutes,

6.5. The Board commended the evidence base that has been developed to understand better the financial challenges facing the higher education sector and how the work has prompted wider sector discussion and supported DSIT's work in this area. The Board agreed the three areas proposed for delivery over the next year.

7. Fiscal Events and Spending Review Planning

7.1. David Rogers introduced the item on Spending Review (SR) preparations across the identified four areas. SR preparations are ramping up to equip UKRI with the tools needed to effectively navigate and influence an environment characterised by uncertainties, challenges and opportunities. The Board supported the principles identified within the paper and encouraged strengthening relationships with DSIT as mature and mutually supporting partners to create a clear, shared sense of direction.

7.2. The Board noted UKRI's wealth of evidence including evaluations, case studies, deep dive reports and the ability to interrogate and derive insights from data. Work continues to equip UKRI to evidence robustly the impacts we have made, from efficiency gains achieved through the organisational change programmes, to the economic and productivity impact of our investments.

7.3. The Board noted the need to be aware of the possible interests of a future Government and the need to promote the impacts of long-term investments. Furthermore, the Board noted that UKRI's unique position in the research and innovation system should be highly visible in any submission. The Board requested that Financial Sustainability and Fiscal Events are discussed at each Board meeting in 2024 and that emerging points are provided for Board members to use when discussing the future SR with key stakeholders.

ACTION: Secretariat will have included Financial Sustainability, Fiscal Events and Spending Review Planning within 2024 Board meeting agendas.

ACTION: David Rogers will have provided emerging points (elevator pitch) for Board members to use when discussing the future Spending Review with key stakeholders by May 2024.

8. Board Effectiveness Review

8.1. Catherine Stalker (Independent Audit) introduced the Board Effectiveness Review report noting the significant amount of work UKRI has achieved to date. Catherine noted the challenges surrounding succession planning and DSIT's role in making the process less cumbersome.

8.2. The Board noted that the report supports the current direction of travel of UKRI, and that several of the suggestions have organically been implemented through discussions and

activities since the review. The Board discussed areas of focus, including Governance and the need to ensure strong connectivity throughout the Councils. It was noted that the report didn't contain any surprises to the Executives and was welcomed by the Board. Independent Audit left the meeting.

8.3. Alex Jones noted that DSIT is keen to see the report and will be pleased to know that UKRI is taking and acting on external advice. The Board identified the value of interaction between the UKRI Board and DSIT Board.

ACTION: Secretariat will have considered and presented how best to create opportunities for UKRI and DSIT Board to interact by May 2024.

ACTION: The Board and ExCo Effectiveness Review report will have been released formally to DSIT by May 2024.

9. UKRI's Framework for Performance: 2023-24 Quarter 3 Progress and Performance Report

9.1. Emma Lindsell introduced the item, noting that the report tracks delivery of strategy against a range of agreed measures. The report is used to identify areas where further investigation may be required, which in turn can inform actions to improve delivery. The report is part of a suite of documents that inform development of the performance section of the 23/24 Annual Report and Accounts.

9.2. The Board noted the excellent work that has gone into creating the Progress and Performance Reports, which demonstrate a well organised organisation. The Board noted the need for a deep dive into co-investments. A likely contributing factor to lower co-investment is the pivot toward SME support, which has lower matched funding requirements.

9.3. The Board noted the positive downward movement of grant processing times. However, the metric used does not include the time to issue an award letter, which is currently slow as we transition to the new Funding Service. Assurance from the Funding Service is needed, as well as close monitoring to understand the impact of current laboursome workarounds on staff across the organisation.

10. . UKRI Board Risk Paper March 2024

10.1. Siobhan Peters introduced the item, noting the Principal Risk Register had been updated through UKRI Executive Committee evaluation to reflect the impact of geopolitical risk on our international collaborations. The Staff Capacity and Capability risk remains in focus given the ongoing OpEx pressures.

10.2. The Board noted the updates to the UKRI principal risks and deep dive summaries presented. The financial sustainability deep dive presented the financial pressures on the research system and the expected short and long-term impacts of these. The Board queried the financial sustainability risk score following discussions during the meeting. The Board approved the principal risk quadrant, subject to ARAC and the Risk team reviewing the risk scores of the principal risks, including financial sustainability.

DECISION: The Board approved the principal risk quadrant, subject to ARAC and the Risk team reviewing the risk scores of the principal risks, including financial sustainability.

ACTION: The Risk team will review principal risks with respective executive risk owners, including financial sustainability. ARAC will assure itself in relation to the outcomes of this review.

11. AOB

11.1. The Board noted the following:
- Monthly Finance update
- 2023 Gender Pay Gap Report
- Audit and Risk Assurance Committee minutes – 11th January 2024
- Board Investment Committee minutes – 24th January 2024
- Executive Committee minutes – 12th December 2023
- Executive Committee minutes – 30th January 2024
- Nominations and Remuneration Committee minutes – 15th November 2023

12. Non-Executive Session

Meeting End