

EUROPEAN & EXTERNAL AFFAIRS COMMITTEE

Date: 16 June 2005
Time: 09.00 - 12.30
Venue: National Assembly for Wales, Cardiff Bay
Title: Welsh Universities' contribution to European Objectives - Focus on European Research

Purpose

- To brief EEAC members on the impact on EU research funding in Wales
- To outline Welsh universities' position on the European Commission 'Proposal for a Decision of the European Parliament concerning the Seventh Framework Programme of the European Community for research, technological development and Demonstration activities (2007-2013)' of 6 April 2005 (FP7)
- To highlight the main issues with regard to improving Wales' contribution to achieving key objectives of the UK and Europe and improving European investment in RTD in Wales

Background

For information on current developments in the process of the creation of FP7 see the comprehensive paper submitted to the EEAC for this meeting by Liz Cassidy, Policy Officer Research, Innovation, IT and Energy, Welsh Assembly Government, European & External Affairs (Brussels Office).

The University of Wales, Bangor (UWB) was established in 1884 and is one of the three original constituent institutions of the University of Wales. It has a strong research base of international excellence covering a wide range of subjects, notably, Environmental Sciences and Ocean Sciences, Psychology, Electronic Engineering and Informatics, Sports Sciences and Business Studies. The institution has a turnover of over £75m.

Currently, an internal restructuring programme of institutional management is under way at UWB, as well as negotiations for close collaboration at academic as well as at management and administration level - in particular with University of Wales, Aberystwyth, but also with University of Wales, Swansea. These three institutions have provided a joint position paper on the European Commission Proposal for FP7 as a briefing to Eluned Morgan MEP (see annex 3). Wider collaboration across the whole Welsh HE sector with regard to European issues happens at officer level, mainly through the Wales European Liaison Officers (WELO) Group, an informal grouping under Higher Education Wales (HEW). A focus point for these activities has been the Wales European Office, and this will be continued through a new Welsh HE representation in Brussels in future.

Importance of EU funding/ Framework Programme

Wales is strongly engaged in the European research agenda. FP5 alone provided over £30m investment in RTD in Wales (annex 2). The foremost sector engaged in European research collaboration is the university sector, which draws down the majority of research funding from the EC to Wales. The extent of engagement is such that European funding has become a major support to research activities in Wales.

- In the Bangor area, for example, 188 projects were funded through programmes from DG Research since the beginning of the Framework Programme (FP) in the 1980s, of which 178 were in collaboration with UWB. Of these, 161 projects were funded through the Framework Programmes (FP1-6) alone. (Examples to illustrate Welsh HE engagement with European research for Aberystwyth and Swansea are not currently available but may be provided during the committee meeting.)

In addition to this, many research projects funded through programmes from other DGs of the European Commission, such as the European Social Fund and Structural Funds as well as the LIFE programme from DG Environment are run with Welsh HE participation. These programmes require strong relevance to regional political, social and economic objectives and inclusion of different sectors in the region, and thus immediate regional benefits from the engagement in international level research are achieved.

- At UWB about half of European research funding won by the institution originates from these programmes, the other half is won from the Framework Programme. These international level projects build additional capacity in the region, which the institution endeavours to share with other sectors in the region through further 3rd mission activities.

The amount of European funding attracted into Welsh universities has become important to support the international research portfolios of institutions and thus to demonstrate research excellence, as well as for the development of Centres of Excellence. This is reflected in the share of European funding of the total competitively won research awards.

- At UWB, currently about a fifth of funding for research originates from European sources (annex 1). In general, structural funds support activities resulting in capacity building and knowledge transfer to other sectors in the region, whereas the Framework Programme funds activities for knowledge creation and knowledge transfer into the region while at the same time showcasing Welsh international research excellence across Europe.

The data show the importance of European funding for high level research and innovation activities in Wales. Since all these projects require co-funding to some degree, the actual value of investment into research activities made possible through European research funding - and thus the value to Wales - is 25-50% higher than these figures indicate. The participating universities provide the co-funding from their core budget and other sources of income. This is a major strategic investment and a financial burden for the institutions.

Position on FP7

Annex 3 presents a position paper by the Universities of Aberystwyth, Bangor and Swansea on the European Commission proposal for FP7, which has been written as a briefing for Eluned Morgan MEP before the Commission published their 'Proposal for a Decision of the European Parliament concerning the Seventh Framework Programme of the European Community for research, technological development and Demonstration activities (2007-2013)' of 6 April 2005. This Commission document did not present any major surprises beyond issues discussed before the publication and therefore the Welsh universities' position paper is still valid in all points.

The institutions also agree with the main points of the Marimon report on the 'Evaluation of the effectiveness of the New Instruments of Framework Programme VI' (21 June 2004) and welcome the intention of the Commission to follow several of its recommendations, in particular to aim for continuity between programmes while clarifying the objectives of the different instruments and improving delivery and management.

The institutions agree with the UK and NAFW positions on the key objectives for research:

- Contributing to EU and UK research excellence
- Supporting industrial competitiveness
- Supporting evidence based policy-making

It should be stressed that all universities in Wales are able to and keen on making a full contribution to these aims.

Main issues for consideration

In spite of a high level of activity in European collaborative research, comparison with other regions of the UK shows potential for further improvement (annex 2).

- How can the Welsh share of European funds, in particular from the Framework Programme, be maximised?
- How can Wales ensure that the rules for participation in the European programmes - especially FP7 - are favourable for its institutions?

In order to allow institutions to increase their participation - or investment - in European research they need high level academic expertise, experience with the application process and a substantial capacity for financial investment and risk taking. Whereas the first two issues do not pose a problem - all Welsh universities have research areas of international excellence and have built considerable expertise in participation in EU funded programmes - the last point poses problems for at least some of the smaller institutions. Thus we are left with a situation where existing expertise can not be used to its full potential for lack of financial resources.

The Welsh HE sector is trying to pool and build capacity through strategic collaboration, at academic level (there are for example several collaborative efforts between Aberystwyth and Bangor and Bangor and Swansea) and also at managerial and administrative level (for example between Aberystwyth and Bangor) in order to maximise its potential.

It should be noted, however, that the general funding level of the HE sector in Wales is much lower than that of their direct competitors in England and Scotland, which leaves universities in the region with a smaller margin for investment. This does not only refer to the level of QR funding, but also to specific support for FP proposal preparation such as is available in Scotland.

An UK specific issue with regard to funding from the Framework Programme is the introduction of Full Economic Cost (FEC) to research funding in UK universities. The required change in accounting methods may force these institutions into a different cost model. While the financial impact of this move is not clear at this stage, the strategic impact could be considerable, putting further obstacles in the way of HE participation in FP7.

The creation of a European Research Council (ERC) offers opportunities to participate in international research at the very highest level. We have to make sure that Wales allows all its top researchers to compete for ERC funds - by providing the right supportive financial environment and by getting involved in the setting-up of the ERC from the start.

The Commission Proposal for FP7 suggests the use of structural funds in Less Favoured Regions for building research capacity and nurturing Centres of Expertise in these areas in order to allow their eventual full participation and competitiveness in FP7. Wales has to prepare for the possibility of still falling into the category of in 'Less Favoured Region' in 2007-2013. If this is the case, it is crucial to incorporate the Commission suggestions by creating regional programmes that allow research active organisations to build capacity. This will maximise opportunities for leverage of other EC funding, such as FP7. All Welsh universities are keen to engage and take an active role in this process either directly through wide consultation, or through a dedicated HE contact on the relevant committees.

Annex 1

Importance of European Funding for Welsh Research Capacity - University of Wales, Bangor (UWB)

	All European programmes (incl. structural funds)	Framework Programme
UWB research awards won from EC 1999-2004	£13m	£4.5m (total of £5m from FP5)
Contribution to total UWB research award	18.4 %	8.4 % (=48% of all EC funding)

Number of Projects from the European Framework Programmes for RTD with UWB Involvement

Programme	Number of projects	...of which co-ordinated by UWB
FP6	4 (so far registered)	1 (so far registered)
FP5	50	14
FP4	50	12
FP3	32	4
FP2	17	4
FP1	7	2

Annex 2

Welsh Participation in FP5

(based on data by Eryl McNally, former MEP Southeast England)

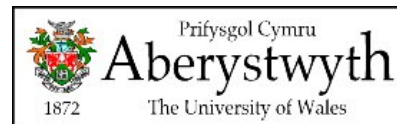
FP5 Programme theme	EC financial contribution to Welsh participants	Welsh share of total financial contribution to the UK
LIFE	£9.6m	3.3%
IST	£6.2m	1.7%
GROWTH	£4.5m	1.4%
EESD	£5.2m	2.7%
INCO II	£1.5m	6.3%
INNOVATION SME	£0.7m	5.7%
EURATOM	£0.6m	2.4%
IMPROVING	£2.0m	2.0%
Total	£30.2m	2.3%

Annex 3

Welsh Universities' Position to the European Commission Proposal on FP7



PRIFYSGOL CYMRU ABERTAWE
UNIVERSITY OF WALES SWANSEA



Welsh Universities' Position to the European Commission proposal on FP7

This paper represents the view of key institutions in the University sector in Wales, namely the University of Wales, Bangor; University of Wales, Aberystwyth and University of Wales, Swansea regarding the Commission proposal 'COM(2004) 353 Science and Technology, the key to Europe's future - Guidelines for future European Union policy to support research', and the subsequent draft report of the European Parliament's Committee on Industry, Research and Energy.

The Universities recognise their responsibility in contributing to the delivery of the Lisbon Strategy and the establishment of a European Research area. This is reflected in the Mission Statements of all the Universities, which prioritise research within each Institution, to ensure that they reach and maintain standards of international excellence. In order to maximise their contribution, the institutions wish to communicate their position on the future European Union policy to support research.

There are two main issues the Welsh Universities would like to highlight:

1 Balancing the promotion of research excellence in Europe and building research capacity in less favoured regions

1.1 This issue is of particular relevance to the situation of Welsh Higher Education Institutions. They host some world class research groups, which are expected to compete for research funding in Europe at the highest level

The sector welcomes the creation of a "European Research Council" for basic research as a means of funding and promoting excellence and creativity in Europe. This mechanism will ensure long-term progress in European S&T and will challenge the best researchers in Wales to further raise their standards in the international research arena and will stimulate further development in Wales. For

example, it is expected that Senior Researchers from within the Universities will aim to become members of the key Peer Review Panels of the ERC

- 1.2 At the same time the institutions are situated in a less favoured region and the sector receives less funding than competing institutions in England and Scotland (the estimated funding gap is about £25mio - £44mio (ca €66) for recurrent funding and £20mio (€30mio) for capital funding). This leads to comparative weaknesses in some areas in particular with regard to investment in infrastructure and strategic development of research areas with a consequent reduction in the capacity of excellent research teams to fully participate in the Framework Programme.

The institutions therefore welcome the Commission proposal to complement research support through the Framework programme by using Structural Funds to co-finance the development of research capacity. They hope this mechanism will apply to all less favoured regions across Europe.

This will be as important for Wales as for many of the new Member States, who will benefit from the Cohesion fund, as they will be aiming to build their research capacity. Like the New Member States, Welsh Universities aim to feed into the policy making process at a number of levels to ensure favourable conditions to allow investment in research

To ensure effective implementation of this support, it is imperative that the Commission proposal is reflected in the priorities set to deliver regional economic growth as well as within the rules and guidance for regional administration of the next structural funds programme. In order to achieve this and ensure relevance for S&T in Wales, Higher Education Institutions need to be included in preparation of Structural Fund priorities and measures as well as rules for participation for the region. The Institutions plan to be working closely with the Welsh Assembly Government towards this aim.

- 1.3 The support of research through the Structural Funds should not be to the detriment of infrastructure and human resource development in FP7. Instead it should enable institutions in less favoured regions to participate in this activity, not only as a user of facilities abroad, but of sharing their own facilities and expertise and thus enhancing international research capacity in the regions.

The institutions agree that Structural Funds should cover local research infrastructure, where this can contribute to the Lisbon goal of increasing investment in research, as well as 'soft measures' such as funding human resources, collaboration and networking across the region and seed-funding for new initiatives/ chairs as well as 3rd mission activities.

- 1.4 In addition, the institutions regard it as important to keep FP7 accessible for emerging centres of excellence to make use of newly created capacity in less favoured regions. This can be achieved by allowing more flexibility in the choice of instruments and avoiding narrow thematic prescription. They suggest defining

wide enough topics to allow emerging research centres to propose new ideas when they are ready and to avoid one-off thematic opportunities.

2 Funding Level

- 2.1 Funding levels for research activities under the Framework Programme are supported at 50% and demonstration activities at 35% of eligible cost. Co-funding these grants at this level has always been difficult for Higher Education Institutions and will remain so in the future, as QR funding¹ is not prioritised to co-fund European research. This makes participation on the Framework Programme unsustainable for small institutions, even though a lot of them have relevant international research expertise and are keen to contribute to the collaborative European research effort.
- 2.2 Under the new Full Economic Cost (FEC) regime, national UK funding will become increasingly financially attractive and the funding deficit for FP projects will be highlighted. In connection with the drive for concentration of QR funding in fewer and fewer institutions, many will have to make strategic decisions about their further participation in the Framework Programme. This can lead to a dramatic loss of UK contribution to the programme, with the corresponding lack of close integration of these institutions and their researchers in ERA. This issue is particularly relevant in Wales where world class research groups are situated in small institutions with comparatively small budgets.
- 2.3 The sector is also concerned that FEC itself may create another financial deterrent to broad participation in the programme, as the requirement to implement the TRAC methodology of accounting is likely to force the Higher Education Sector to adopt the Full Cost Model because the condition for derivation from FC will not apply any more. It is not clear at this stage whether this will be further detrimental to the funding levels of Framework projects, however if this turns out to be the case while FP7 is running, UK participation levels will drop.
- 2.4 Consideration should therefore be given to remedy or ease this situation either by
- a) adopting a more flexible approach in the permissibility of the Additional Cost model for the European Higher Education sector or the non-commercial research sector
 - or - preferably
 - b) increase the European financial intervention for research to a higher percentage at least for the European Higher Education sector or non-commercial research sector, at least for projects without direct commercial application but for the 'public good'.

¹ QR funding in the UK is the block-grant for research the government allocates to Higher Education Institutions

Other issues:

3 Creating European centres of excellence through collaboration between laboratories

The institutions welcome the proposed objective, which allows them to extend on collaborative pan-regional initiatives in Wales, aimed at pooling resources (infrastructure and expertise).

4 Mobility - Making Europe more attractive to the best researchers

The institutions welcome this objective as an effective measure to increase their research and training capacity. It enables them to:

- a) attract young researchers to a Less Favoured Region
- b) transfer of knowledge through staff exchanges
- c) develop opportunities for partnership and future international research collaboration

In order to further facilitate mobility they suggest to improve:

- a) timeliness and quicker turnaround of applications/ contracts,
- b) introduction of a science visa to 3rd country researchers
- c) transferability of benefits and support for families
- d) the introduction of support for sabbaticals for experienced staff through more flexible rules in Transfer of Knowledge Fellowships

Consideration should be given to provide more support for Early Stage Training, including Individual Fellowships, to foster a culture of international mobility at an early stage in the research career.

5 Participation of SMEs

In order to increase the participation of SMEs the institutions suggest continuing the CRAFT scheme, while creating a less complex set of participation rules. In addition, they suggest allowing RTD performer to retain IPR in return for lower funding levels. This would enable the participation of SMEs who can not participate at level of investment that is currently required.

The participation of SMEs could be enhanced, if a mechanism was created that would add an international dimension to successful national schemes such as the UK Knowledge Transfer Partnerships.

6 Management

It is imperative to achieve more efficient and effective administration and delivery of the programme. In particular further simplification and clarification of the rules for participation and the guide to financial issues, and a reliable reduction of time to contract, especially for MC fellowships, are required.

In addition, a fully functional IT based application system that avoids the need for repeated provision of the same information during the application process would be welcomed.

The institutions appreciate the introduction of a 2-stage application process for the more complex instruments, as this presents an improved cost/ benefit ratio for the application process. In this context, the extension of the proposal preparation time for second stage proposals, as seen in some cases under FP6, is beneficial to the development of excellent projects.

We recommend extending the time between publication of calls and their deadlines to be extended to 6 months or more for all calls. In addition, call dates and project preparation times should take into account major public holidays such as the Christmas and Easter periods, which in effect reduce the preparation time.

7 Increase in funding

The institutions support a doubling of the Framework budget as long as the committed funding is additional to existing national and international research funds. A substantial increase in funding reflects the importance of S&T for Europe and underpins the Lisbon strategy.

8 Continuity/Duration of programme

The institutions welcome the creation of a longer programme as this would increase continuity, reduce the danger of funding gaps between programmes and reduce efforts and cost related to the development of new programmes and instruments. A longer programme does, however, increase the significance of built-in flexibility and regular review of instruments and thematic priorities. The institutions stress the importance of continuity in the instruments and thematic priorities from previous Framework programmes in order to use experience built over recent years.