

Welsh Government response to the report of the Enterprise & Business Committee: 'Horizon 2020: Stage 1 Report'.

September 2012

Negotiations on the Horizon 2020 budget are not complete. We understand that the EU's overall budget may not be finalised before early 2013 and so the scale of programme elements such as Horizon 2020 will not be known with certainty until then.

Detailed Responses to the report's recommendations are set out below:

Recommendation 1

The Welsh Government should, *through the UK Government's voice in Council*, seek an amendment to the Horizon 2020 draft proposals so that the Marie Curie Actions budget for 2014 is at least the same as for 2013. (paragraph 15)

Response: Accept

The Welsh Government is keen to promote researcher mobility across borders and between sectors and research areas. It is also supportive of measures to enhance career development for researchers. Such activities will strengthen the European Research area. Researchers from and in Wales have benefitted from funding through the Marie Curie Actions.

The budget for Horizon 2020 is dependent on the outcome of the negotiations on the overall EU Multiannual Financial Framework for 2014 – 2020. The UK Government has stated that its top priority in these negotiations is budgetary restraint, but considers that research and innovation should receive a proportionately larger share of a budget that, at most, increases by inflation. Across the wider EU there is a general enthusiasm for maintaining funding for research and innovation at relatively high levels too, as against other programme areas, with or without an increased budgetary envelope.

The Deputy Minister for Agriculture, Food Fisheries and European Programmes has written to the Minister of State for Universities and Science, who is responsible for this area, asking for this amendment to be sought.

It is possible, however, that through fiscal constraints from the difficult economic conditions the final budget might be below the €80 million that the EU Commission propose. Until the budget allocated to Horizon 2020 is certain it is too early to know in detail the level of funding for particular areas.

The proposed profiling of Marie Curie monies is such that, while there would be this small dip in profile in 2014-15, the profile overall is for a rise in funding of 6.5% over the programme period, which is to be welcomed.

Financial Implications

None for the Welsh Government.

Recommendation 2

The Welsh Government should seek clarity on how research in the social sciences, arts and humanities will be supported by EU proposals, and how they sit within Horizon 2020 in particular. (paragraph 16)

Response: Accept

The EU Commission's proposals seek to mainstream research in the social sciences, arts and humanities throughout Horizon 2020 which the Welsh Government sees as a positive move. Research in these areas can complement and add value to technological research and innovation in areas such as the adoption of technology and behavioural change. Further, the agreement in the Council 'Partial General Approach' to divide the sixth societal challenge ('Inclusive, innovative and secure societies') into two should now provide social sciences, arts and humanities researchers with clearer access to funding in several key areas. The new societal challenge - 'Europe in a changing world: inclusive, innovative and reflective societies' – will focus on how to create cohesive European societies, which tackle inequality, are open, prosperous, and acknowledge their diverse cultural heritage.

The UK Steering Group on Horizon 2020, led by BIS for the UK Government meets again in September and a senior Welsh Government official attends to represent Welsh interests and views.

Financial Implications

None.

Recommendation 3

The European Commission should be encouraged to publish profiles showing the regional breakdowns of applications to, and successful projects funded from, the Framework Research Programme (FP7) and Horizon 2020. (paragraph 18)

Response: Accept in Principle

The European Commission's Annual FP7 monitoring report contained tables showing participation rates, by member state. The most recent report (for 2010), however, also contains information on the regional dimension, using the NUTS 2 regions. It includes a table of the 50 top-performing regions. This includes 5 English regions and one Scottish region. All are areas where major research-intensive universities and large companies undertaking research are found. It does not cover applications but only successful participations and the rate of funding.

The EU Commission has strict confidentiality rules for Framework Programme data which we do not think will be relaxed. The data is drawn from the EU's CORDA database. Member state representatives (in the UK's case the Department for Business, Innovation and Skills (BIS) and certain others can access e-CORDA, a six-monthly snapshot of CORDA data. This can be shared with certain other stakeholders, including regions. This could be made public but only in aggregated form. Individual proposals and/or applicants must not be capable of being identified through it. Provided this can be accomplished, then the Welsh Government will obtain this data for Wales and make it public. We would not be able to publish

application data for other regions for comparison. Universities would not be able to benchmark performance from this. We will also write to the UK Government asking them to ask the EU Commission if they will consider publishing some application rate data, but the confidentiality rules will mean that this would not be detailed, to prevent individual applicants being identified.

Financial Implications

None. The Welsh Government would be able to process this data, relying on BIS staff to provide it, within existing budgets and with publication on the Welsh Government website.

Recommendation 4

In response to the conclusions and recommendations of our report, the Welsh Government should publish a statement that sets out its position on the Horizon 2020 proposals. We urge Welsh Ministers to advocate its position with the UK Government and through the European Parliament.

Response: Accept in Principle

The *Wales and the European Union* document which is the Welsh Government's EU Strategy, published in May, sets out our broad approach to Horizon 2020 and to the European programmes and budget more widely. A letter was sent to the UK Minister of State for Universities and Science from the First Minister, earlier in the year, expressing the Welsh Government's support both for the simplification agenda and for the focus on SMEs in Horizon 2020. The call to advocate the position through the European Parliament would be addressed through our regular briefings and contacts with Wales' MEPs.

Financial Implications

None.

Recommendation 5

The Welsh higher education sector should provide information on the levels of participation in the 2013 call under FP7, which will provide the first opportunity to assess whether dedicated support for drafting and submitting funding bids is bearing fruit. (paragraph 25)

Response: (Not addressed to the Welsh Government, but see Recommendation 15 below, which is related.)

Recommendation 6

The higher education sector should clarify how its approach in focusing on four research groups will work effectively with the focus on three "grand challenges" in the Welsh Government's *Science for Wales* strategy. (paragraph 27)

Response: (Not addressed to the Welsh Government, although we note that the Chief Scientific Adviser for Wales has spoken with the Vice-Chancellors of all of Wales' Research-intensive Universities on taking forward the "grand challenge"

priorities. They are happy working within the three 'grand challenge' areas in regard to the Welsh Government's Sêr Cymru plans within *Science for Wales*.)

Recommendation 7

The Welsh Government should, in discussion with the Welsh higher education sector, explore the potential for developing a CoFund Initiative under Horizon 2020 for continuous professional development of academic staff. (paragraph 28)

Response: Accept in principle

The CoFund Initiative currently operates as part of the Marie Curie Actions and will form part of the Horizon 2020 programme in the future. Opportunities for the development of a CoFund Initiative will be considered with the higher education sector as negotiations on Horizon 2020 progress and the rules to be applied to any new funding become clearer. There is also the potential to explore the use of Sêr Cymru money (for the graduate school element) as part of a CoFund initiative, although the Sêr Cymru programme has objectives beyond continuous professional development, such as researcher mobility and research quality enhancement.

Financial Implications

There would need to be match funding attached to any CoFund initiative Wales took part in. A range of funding sources would need to be considered by all organisations involved in the scheme. Until scoping work is undertaken and a possible initiative identified, no figure could even be estimated. Sêr Cymru funding is already allocated within the Welsh Government.

Recommendation 8

The Committee recommends that The Welsh Government should articulate how exactly it will align funding from Horizon 2020 with EU Structural Funding to achieve synergies for improving Wales's performance in winning research, development and innovation funding and in commercialising that activity. (paragraph 33)

Response: Accept

The Welsh Government will set out how Structural Funds in Wales will be aligned with Horizon 2020 as part of the Structural Funds programming documents. These are being developed in partnership with organisations across Wales, including the higher education and business sectors. A public consultation is expected at the end of 2012 / early in 2013.

Dr Grahame Guilford has also been commissioned by the Deputy Minister for European Programmes to undertake an independent review of the way in which the Structural Fund programmes are implemented, which will include a review of the scope for strengthening the integration of EU funding streams.

We would not want to pre-judge the outcomes of the partnership process and implementation review; however, we can expect synergies to be identified in programming documents alongside a description of the processes being put in place to help achieve those synergies. This alignment and any coordination

mechanisms will also be articulated in the Welsh section of the UK Partnership Agreement.

Financial Implications

None known at present.

Recommendation 9

The Welsh Government should drive forward a smart specialisation strategy, in consultation with key stakeholders, which aims to create a real culture of innovation throughout academia and industry in Wales. (paragraph 35)

Response: Accept

A consultation process is currently underway for the production of a Welsh Government Innovation Strategy which will fulfil the EU's requirement for a 'Regional Innovation Strategy for Smart Specialisation' for Wales. An external Task and Finish group has been invited to assist the Welsh Government in this process. The group will be co-chaired by Professor Kevin Morgan and Dr Adrian Healy of Cardiff University, who gave evidence to this committee and are involved in advising the European Commission on smart specialisation.

Financial Implications

No new implications. The cost of consultation and producing the strategy will be met from existing budgets. The financial implications of actions in the strategy will not be known until the consultation process is completed, which is expected to be by the end of 2012.

Recommendation 10

The Welsh Government should, in its review of WEFO, set out how more effective and more accessible support will be made available in the future to develop the expertise and capacity of Welsh higher education institutions and businesses in preparing applications under Horizon 2020. (paragraph 41)

Taken with:

Recommendation 12

The Welsh Government should, as part of its review of the management arrangements for EU programmes, establish mechanisms to encourage and support academics and companies in Wales in bidding for European research and innovation funding, including support for the travel and transnational networking and partnership costs associated with developing successful consortia. (paragraph 43)

Response to 10 & 12: Accept in Principle

Dr Grahame Guilford has been commissioned by the Deputy Minister for European Programmes to undertake a review of implementation approaches for structural funds. The second part of that review will look at WEFO's potential role in

promoting and facilitating access to a wider range of EU funding opportunities (in addition to the structural funds), including the various EU sectoral programmes.

We would not want to pre-judge the outcomes of this review (due to report in February 2013). However, given research and innovation funding through Horizon 2020 will be one of the largest EU sectoral programmes, any potential role for WEFO in facilitating access to Horizon 2020 can be expected to be fully explored. Any recommendations will need to consider and learn the lessons from the experience of the Wales European Collaboration Fund (WECF), which provides financial support for travel, networking and partnership costs.

Financial Implications

None known at present.

Recommendation 11

The Welsh Government should encourage all Welsh higher education institutions to employ a technical transfer officer, and should request regular reports on universities' performance in relation to the numbers of research and development funding applications submitted and projects commercialised. (paragraph 42)

Response: Accept

The Welsh Government believes that at least one technology transfer officer is presently employed by all higher education institutions in Wales. Not all have the same title but the responsibilities are the same or similar. They have an established network (Wales Industrial Liaison Officers or WILOs) with two or three meetings a year and much more regular informal contact. Currently funding from HEFCW Research, Innovation and Enterprise Committee (RIEC) supports such staff and Welsh Government officials attend their meetings as appropriate. Universities, because of the support they receive from HEFCW, already report a certain amount of data on R&D funding and commercialisation. The Welsh Government will request that HEFCW investigate how best to acquire sufficient data to enable reporting on these areas, without increasing the regulatory burden on Universities. The annual UK Higher Education – Business and Community Interaction Survey (HEBCIS) captures a wide range of activity on business, commercial and wider community engagement, including Welsh Universities. It does not break this down, however, to show EU funding sources separately.

Financial Implications

None for the Welsh Government. Any actions would be met from within existing budgets.

Recommendation 13

The Welsh Government should consider a wide range of innovative methods to promote awareness of European funding opportunities in order to engage small and medium-sized companies more effectively. (paragraph 46)

Response: Accept in Principle

The Welsh Government understands that the EU desires to increase the involvement of SMEs in its research, development and innovation (RD&I) programmes and that this will be the case with its Horizon 2020 programme.

Within the Business, Enterprise Technology & Science (BETS) department of the Welsh Government, the Innovation Division operates a communications function to raise awareness of EU-funded RD&I opportunities. It uses an appropriate marketing mix of events, literature, case-studies & meetings to reach Welsh businesses. Where Framework Programme Seven invitations for funding may sometimes be too academic for many SME's, ERDF or ESF-funded EU Innovation programmes may be more relevant for the applied innovation projects of SMEs. The awareness-raising methods of the Welsh Government need to highlight the wide spectrum of EU funding opportunities to SMEs in Wales.

Financial Implications

None at this stage, beyond existing activity which is already funded.

Recommendation 14

The Welsh Government should work with stakeholders on building connections and access to international expertise and major company activity in order to engage with knowledge and innovation communities post-Horizon 2020. (paragraph 50)

Response: Accept in Principle

The National Research Networks being established in Wales may be an effective way to get appropriate Welsh businesses and research institutions involved with present and future knowledge and innovation communities (KICs). Part of the role of these Networks is to encourage greater Welsh participation in EU opportunities. The present three KICs are under the umbrella of the European Institute of Technology and led by major Universities on a European scale. The Welsh Government feels that, while Welsh higher education institutions are unlikely to be core partners in a KIC programme, we can continue to encourage them to engage with these networks, whenever possible. We note that at present only one Welsh institution – Aberystwyth University, is so involved – as an academic affiliate partner of the Climate KIC. We are not aware of any Wales-based businesses involved.

Financial Implications

None – any activity to encourage appropriate Universities and businesses to become involved in present or future KICs will be met from existing budgets, such as the existing funding for National Research Networks under Sêr Cymru.

Recommendation 15:

The Welsh Government, together with higher education institutions, should identify how best to collate and coordinate accurate data on the national and international collaborations and networks involving organisations from Wales that bid for funding under Horizon 2020, and should monitor Wales's relative performance in this area. (paragraph 53)

Response: Accept in Principle

The Welsh Government has commented on the related aspect of application data under its response to recommendation 3 above. Beyond this acquiring central information on network participants will not be easy. Universities within Wales can share information through their own networks, principally the Welsh Higher Education European Liaison Officers Group, so they know who is active in a given area and who they, in turn, are working with. Other potential applicants for FP7 and future Horizon 2020 funding are at liberty to advertise for partners. The Enterprise Europe network is one way of advertising. The confidentiality rules in place for CORDA/e-CORDA prevent publication of data at a level that will allow the identity of applicants to be known. We will write and ask if the EU Commission can be prevailed upon to publish more data, including on applications (as stated in the response to 3 above), but it will not be useful for capturing all of the players in a given collaboration, because of the confidentiality requirements. The expertisewales.com website could be used to advertise for potential collaborators or others active in a given field of research.

Financial Implications

None. Any activity in this area can be met from within existing budgets.

Recommendation 16

The Welsh Government should promote the participation of individuals from Welsh higher education and business sectors as expert advisers in the FP7 and Horizon 2020 programmes and in EU level research, innovation and technology networks and platforms established in Brussels, to improve Wales's profile and performance in this field. (paragraph 55)

Response: Accept

Science for Wales and other documents, such as the HEFCW Research, Innovation and Enterprise Committee Report on Research and the Ministerial Report on Research have already advocated far greater involvement in respect of UK funding bodies and the need is equally great for these EU Research programmes. The Welsh Government will continue to encourage these individuals and the institutions or businesses they come from to get involved at all levels. Success is ultimately reliant on individuals with appropriate backgrounds and commitment coming forward to give their time and talents. This remains a pressing challenge

Financial Implications

None for the Welsh Government. Any work to encourage such involvement will be undertaken within existing budgets.