



Ein cyf/Our ref VG/0633/21

Paul Davies MS  
Chair  
Economy, Trade and Rural Affairs Committee

13 December 2021

Dear Paul,

Thank you for your letter of 16 November requesting information on questions not reached by the Economy, Trade and Rural Affairs Committee during its general scrutiny session on 11 November.

**What are your priorities for research and innovation policy in the interim period between now and the new Commission for tertiary education and research being established?**

In terms of the remit of the Commission, we have five priorities, namely;

- Ensuring Wales has a fair share of available research, development and innovation funding, at least equivalent to those we received historically, via the European Union.
- Deploying research, development and innovation capacity to support our *Programme for Government* focus on climate change, environmental recovery and decarbonisation
- Building our research, development and innovation capacity in health and life sciences while ensuring Wales is a full partner in delivering the UK Life Sciences Vision.
- Developing a new cross-Welsh Government innovation strategy, with a particular focus on driving impact.
- Continuing to grow Wales' capacity for excellent research by launching the next phase of Sêr Cymru.

Although the remit of the Commission is for research and development within educational institutions, the Welsh Government has a wider commitment to bring research and innovation closer to market, supporting Wales' industrial, business and environmental needs. This includes collaborative R,D &I which is carried out by the private, public and third sectors. Our priorities here are;

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:  
0300 0604400

Bae Caerdydd • Cardiff Bay  
Caerdydd • Cardiff  
CF99 1SN

[Gohebiaeth.Vaughan.Gething@llyw.cymru](mailto:Gohebiaeth.Vaughan.Gething@llyw.cymru)  
[Correspondence.Vaughan.Gething@gov.wales](mailto:Correspondence.Vaughan.Gething@gov.wales)

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

- Deploying research, development and innovation capacity to support our Programme for Government focusing on climate change, environmental recovery and decarbonisation;
- Building further on Welsh research, development and innovation capacity in the Health and Life Sciences;
- Developing a cross-Welsh Government innovation strategy for growth and skill development in our established research and innovation base;

Our new integrated innovation strategy will allow Welsh Government to address opportunities and challenges to build on the momentum in public and private sector innovation caused by the Covid-19 pandemic. It will also include work to address carbon measurement so that we can fully understand the impact we have on carbon reduction.

With the majority of Welsh Government's Innovation funding being ERDF, follow-on funding will be essential to continue this work, as a result of structural funds ending in Wales.

### **What action will you be taking on the Reid review recommendations to improve the competitiveness of Welsh research and innovation?**

We have made significant progress with regard to the 2017 Reid Review. We have established the London Office as recommended by Reid, to ensure Wales has a platform and link to decision-makers and UK research community there. We have delivered on the recommendation to reinsert an innovation fund, £15m has been allocated through this in 21/22, alongside £88.3m for quality research (QR), which goes above the £71m level recommended by Reid.

We have allocated £4.25m to the Higher Education Funding Council for Wales (HEFCW) this year to support postgraduate incentives bursaries, which have a particular focus on STEMM, a key driver in enhancing our current and future research community and culture.

Following the subsequent Reid Review in 2020, universities in Wales have established the Wales Innovation Network (WIN) to support the development of collaborative bids in research and innovation, raising the prominence of Wales' capabilities in a number of important areas for business and community development. HEFCW have invested £1m in WIN over three years, and an interim director has just been appointed.

Work is underway to develop, with Welsh partners, a new cross Government Innovation Strategy. In devising the strategy there is a need to focus innovation effort towards recovery and growth. Professor Reid's review is one source of evidence which will inform this work, however under this term of Government our priorities and focus have, out of necessity, also evolved, taking into account current funding constraints.

We will continue to work with UKRI and Innovate UK and are committed to growing research and innovation with increasing emphasis on RD&I closer to market and aligned with Wales' industrial, business and societal needs.

The fact remains, however, that the UK government continues to operate in a way that doesn't engage devolved governments. It is unclear what the announcement of the recent budget of £22 billion by 2026/27 means for distribution in Wales and it is essential we secure funding levels at least equivalent to those Wales received historically via the EU, as well as to address historic underfunding from both competitive and non-competitive UK investment sources.

### **Considering the challenges around Covid-19 and climate change, and the role research and innovation play in tackling these, to what extent is Welsh Government prioritising**

## **research and innovation funding and activity and aligning it with its goals in these areas?**

### **Covid-19**

Last year, our newly established Critical Equipment Requirement Engineering Team (CERET) identified the needs of NHS and care sectors, including supplies of PPE, Infection Control methods, testing equipment, and sanitisation techniques. WG set up a £5.5m RD&I Support Scheme, an accelerated process using our SMART suite of innovation support and our procurement challenge processes. Over 40 applications from Welsh businesses were approved including;

- Production lines within 6 Welsh businesses with the capability to produce 18m face masks per month.
- 800,000 thumb loop gowns units per month
- The accelerated design, construction and initial validation of a working ventilator capable of being produced in large numbers.
- Supported university and industry collaboration to evaluate Covid-19 Rapid Test Protocols.
- 2 Welsh distilleries using their expertise to meet the demand for ethanol in the production of hand sanitiser - 7,000 litres per month.
- Online support to help a Welsh supplier of vaccine refrigeration technology deliver effective infection control in developing nations.
- A platform to track coronavirus test results, providing real time, geo-mapped results to help deploy critical resources such as healthcare staff, PPE, diagnostic tests, medicines and vaccines.

The operation has also supported organisations to diversify their business, retaining employees who would otherwise have been furloughed, creating new jobs and a more flexible business model that puts them in a better place now and provides resilience for the future.

Our Small Business Research Initiative (SBRI) also supported the delivery of a Rapid Ambulance Sanitisation project to help speed up the time taken to clean ambulances and other vehicles, and ultimately save lives in the national battle against the pandemic.

### **Climate Change**

Our current SMART Cymru and Expertise operations have supported 144 Low Carbon and Biodiversity projects with a total project value of £27.2 Million and a grant contribution of £12 Million. Last year, we issued 2 separate calls specifically for decarbonisation projects from Welsh businesses, awarding £447,000 towards total project costs of £860,000 from the 11 best proposals.

Our SMART Productivity and Design service, alongside our SMART diagnostics and innovation vouchers, have helped over 4,000 businesses with lean techniques, process configuration, new designs including materials, packaging, and eco-design, resource efficiency and waste management, all contributing towards environmental sustainability strategies and cleaner, digital processes.

Our co-ordinated & agile response during this incredibly difficult time showed the vital role innovation has to play for the businesses, academia and the people of Wales.

In terms of outcomes, we need to bear in mind that R&D and innovation are incremental processes and major breakthroughs take time. Areas like decarbonisation often require complex systems adjustment, an understanding of how things interconnect, and an eagerness for adoption by both businesses and citizens. To this end, our new innovation strategy will include work to address carbon measurement so that we can fully understand the holistic impact we are having on decarbonisation.

That said, we will continue to deliver our innovation agenda:

**As a co-investor and risk-sharer in business RD&I.** Our current programmes help businesses develop new low-carbon products and processes. All applications are assessed against the WG's Wellbeing of Future Generations goals.

**As a stimulant to new public procurement practice.** We partner with the UK Government's Innovate UK, in developing SBRI competitions which enable public sector bodies to seek innovative solutions to their intractable issues, many of which relate to the decarbonisation agenda; e.g., helping Cardiff Council run a competition for portable renewable energy generation so it can reduce the need for diesel power at major events in the city.

**As a deliverer for UK innovation facilities.** Work with teams in Housing, Energy and Skills was key to securing the UK Challenge Fund's £36m Active Building Centre for Swansea. The centre is developing next-generation products and techniques that generate, store and release energy. This builds on the work of the SPECIFIC Institute, also in Swansea, which recently developed one of the first positive energy classrooms.

**As a horizon scanner of national, European and global best-practice.** Through our work within international innovation partnerships, many of which are with other EU regions.

Yours sincerely,



**Vaughan Gething AS/MS**  
Gweinidog yr Economi  
Minister for Economy