

Position on the Future of European Research and Innovation Funding

European Research and Innovation Forum

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Introduction

Stakeholders in the South West of England welcome the opportunity to respond to the European Commission's Green Paper, 'From Challenges to Opportunities: Towards a Common Strategic Framework for EU Research and Innovation Funding', which was published on the 9 February 2011. We acknowledge the European Commission's efforts to improve, develop and simplify the existing policy, and are eager to contribute to this debate from the South West of England's perspective.

This response was drafted by the South West European Partnership led European Research and Innovation Forum (ERIF), a working group set up to facilitate the participation of stakeholders in the South West of England in the debate about the future of research and innovation policy post-2013. Membership comprises of stakeholders from the following organisations: local authorities, the South West Regional Development Agency, the region's universities, the South West European Partnership¹.

This paper contains **5 key messages** for the European Commission in response to its Green Paper and attached consultation questions. These messages are accompanied by a series of concrete recommendations for the future direction of research and innovation funding on a European level.

The 5 key messages from the South West of England regarding the future of research and innovation funding post-2013 are discussed under the following headings:

- 1. Simplification**
- 2. Greater SME engagement**
- 3. Coherence with other programmes**
- 4. Increased flexibility**
- 5. Alignment with the Europe 2020 strategy**

1. Bristol City Council, Bournemouth University, Combined Universities Cornwall (CUC), Cornwall Council, Cornwall Development Company, Devon County Council, Dorset County Council, Somerset County Council, Torbay Development Agency, The Marchmont Observatory, University of Bath, University of Bristol, University of Exeter, University of Plymouth, University of the West of England (UWE)

1. Simplification

Stakeholders in the South West support the continued efforts of the European Commission towards simplification of the Framework Programme, including mechanisms for reducing the complexity of the administrative and financial systems and the structural design of the programme. Simplification of the instruments is not only crucial for cutting the red tape that has become associated with the programme, it is also important for increasing the efficiency, effectiveness and visibility of EU programmes as well as their understanding and uptake by the research and innovation community.

Application, monitoring and evaluation procedures remain onerous and complicated. The actions proposed in the recently published Communication on Simplification will address many of these problems given time. However, other measures could also be drawn to alleviate the administrative burden and to encourage participation.

Benefits in reduced administration could result from the re-introduction of fixed dates for call publication and deadlines. The current 12 week period provided for the formation of international consortiums and the production of a fully-costed project bid is considered too short. Even releasing a draft programme of call deadlines would significantly alter the current situation and enable applicants to plan their activities. This would significantly decrease the management burden for prospective participants and would encourage participation and enable greater engagement with SMEs.

Reducing the administrative burden on applicants could take the form of carefully planned call staggering to avoid periods of intense activity followed by quieter spells. Currently, practitioners experience problems with preparing bids at certain times of the year, e.g. just after the Christmas period when staff are not available. Were deadlines to be more predictable or known in advance, stakeholders could plan their time to maximise input into the bid.

Simplification of the Electronic Proposal Submission Service (EPSS) to make it more user-friendly would also be greatly welcomed.

Though change for the purposes of simplification and the creation of a Common Strategic Framework is considered necessary, contributors to this position paper also feel that change could also hamper simplification. Streamlining and creating synergies between existing programmes would be highly beneficial, but the creation of a completely new system would be time consuming for practitioners who would have to learn a new set of rules to those with which they are now accustomed. Consistency is also key. It is for this reason also that stakeholders feel that the length of the new programme should not be shortened from the current 7 years.

Key Recommendations

- Consistency on the Commission's part in terms of call publication and the setting of deadlines would be a welcome means of simplifying the application procedure as would the staggering of calls.
- Application, monitoring and evaluation procedures remain complicated. Simplification of the EPSS to make it more user friendly would be a useful first step in resolving this.
- Despite the need to streamline, consistency is also key. This would prevent practitioners from having to learn a completely new system for the next round of funding.

2. Increasing SME engagement

In the South West of the UK, participation in the current Seventh Framework Programme is heavily dominated by universities, research centres and other public bodies. In the first two years of FP7, €110 million of funds went directly to South West. Of this, €46 million went to universities compared to the €14 million that went to businesses (€7 million to SMEs).

The group suggests that the application procedure, the technical nature of the calls and the onerous and inflexible administrative rules often deter business participation in the Framework Programme. This, combined with a lack of Intellectual Property protection, is particularly damaging for SME participation. Yet SMEs are the foundation of the EU economy, with 99% of businesses falling into this category². SME engagement in European research and innovation programmes is, therefore, vital if, in line with the EU 2020 Strategy, Europe is to secure the transition to a more smart, sustainable and inclusive economy.

The apparent market failure in SME engagement in FP7 leads the group to advocate the positive encouragement of large-scale participants, such as industry and universities, to incorporate SMEs into future bids. Quotas however, should be used sparingly, due to the administrative burden they could place on larger participants when very small SMEs lack the capacity to perform their share of the work.

A particular challenge is engaging SMEs in the mainstream strands of the next Framework Programme. SMEs currently tend to be marginalised to support roles or "special" programmes such as Capacities which, while attempting to address the issue, have so far not succeeded in changing mainstream behaviour. Universities and large research-active enterprises with the capacity to engage in Cooperation programmes could be encouraged to include SME research engagement as a strand of their project proposals. Engagement activities could range from

² http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/index_en.htm

broad dissemination activities to very specific and specialist involvement in leading key research strands, and might include mechanisms such as jointly-funded PhD or postdoctoral research posts such as those successfully implemented in the UK through Knowledge Transfer Partnerships.

The Group also advocates a stronger facilitation service for EU research and innovation programmes post-2013. This should include more proactive and comprehensive contact points with the aim of encouraging SME engagement, supporting the development of relevant connections and partnerships, and advising on the application process. The introduction of programme information and guides specifically tailored to SMEs would also facilitate their participation.

To allow sufficient flexibility to respond to SME requirements, a broad range of activities would need to be defined. Eligible activities might include:

- research revenue costs including the costs associated with appointing and supporting fixed-term project staff (but not core research capacity)
- knowledge exchange and transfer activities, including support for the capacity of SMEs to engage in these
- capital investment in project-specific equipment and facilities, or the means to access these if, for example, geography is a barrier for some SMEs
- networking and dissemination activities to build links with other centres and SMEs engaged in similar research

Case Study – Combined Universities Cornwall (CUC)

The experience of the Cornwall - a Convergence region that has invested significantly in higher education - has shown that regional universities and research centres in less-well performing regions often have good SME links. This is usually due to the relative lack of large research-intensive businesses in their regions. Centres such as Combined Universities Cornwall could be used to drive the growth of the knowledge economy in those regions through carefully planned investment. They are a proven and effective route for involving SMEs in EU-funded research.

Case Study - Knowledge Escalator South West

Universities in the South West have been commissioned by the South West RDA, along with the ERDF Competitiveness and Convergence programmes, to deliver the new three-year Knowledge Escalator project which began on 1st October 2008. This collaborative business engagement initiative aims to further strengthen the higher education sector's capacity to engage with business and to provide targeted elements of business support aligned to the Innovation and Knowledge strand of the ERDF programme. This example illustrates how interactions can be improved between businesses and the higher education sector. There should be more encouragement for universities to engage in these types of activities in the next funding programme.

Key Recommendations

- Increased flexibility to respond to SME requirements should be considered
- A facilitation service to encourage SME engagement could be developed, supporting partnerships and advising on the application process
- Intellectual Property protection is vital for increasing the participation of SMEs
- Large project partners should be encouraged to incorporate SMEs into future bids

3. Coherence with other programmes

Aligning research and innovation funds

There are a large number of research and innovation initiatives run at international, EU, and Member State level, all with different thematic and call structures, such as the Competitiveness and Innovation Programme for instance. There is therefore a need for greater coordination of such opportunities through simpler governance structures, giving clearer rules to those supporting and engaging in research activities. Synergies in overhead calculations and audit requirements as well as in the application process itself would be particularly welcome. For this reason, members of the working group welcome the Commission's aim to create a Common Strategic Framework for research and innovation funds. At EU level, a first step should be to reduce the number of mechanisms and to design more common, harmonised and co-ordinated procedures for the implementation of the different tools.

Structural Funds

There is a strong belief in the South West that there is currently a lack of coherence between the Framework Programme and other European funding programmes, notably the Structural Funds. Stronger linkages should be made between Cohesion and Research Policy, allowing organisations to build on ERDF projects and initiatives through future research and innovation funds. Given the Commission's encouragement of the principle of smart specialisation, such linkages could help stakeholders to maximise their strengths in research and innovation.

It is recognised that in the current programming period research and innovation support for regional development is fragmented across a large number of different initiatives. This fragmentation creates high entry costs for regions seeking to engage in research and innovation development, as a result of the need to engage with multiple programmes each with their own priorities and regulations. That each of these programmes makes investments in isolation from each other and from other DG Research and DG Regio programmes (e.g. FP7) also mitigates against regions creating coherent long term strategies for developing research and innovation which could ultimately contribute to the international excellence of the European Research Area.

To enable this type of activity, a more cohesive approach to programming must be developed through the alignment of application, monitoring and eligibility rules and requirements.

Ultimately, greater coordination and stronger working relationships are needed between DG Regio and DG Research.

Case Study – University of Plymouth, Somerset County Council and SouthWest One

The University of Plymouth, Somerset County Council and SouthWest One are partners in the Inspiring Open Innovation Team (IOIT) project, funded through the North West Europe Interreg IVB Transnational Cooperation Programme. The project will support the development of Open Innovation and effective business-academic collaborations in Somerset. Future EU research and innovation funds, however they are branded, should allow these types of innovative practices and initiatives to be further developed through specific thematic projects. In this way, ERDF is building capacity and capability within regions, particularly in those that do not have a strong track record in the field, to access EU funds for research and innovation and thus move towards a stronger knowledge base and economy.

Key Recommendations

- Simpler governance structures, synergies in overhead calculations and audit requirements, as well as in the application process itself, would be particularly welcome as part of the new Common Strategic Framework
- There needs to be stronger dialogue and increased coordination between DG Research and DG Regio in order to find further synergies between Structural Funds and Research and Innovation funds

4. Increased flexibility

A greater degree of flexibility in the EU's funding programmes for research and innovation would be particularly helpful, particularly given the need to broaden participation in the funds.

A balance between large and small scale

The group suggests that there needs to be a careful balance between the funding of large-scale programmes, e.g. article 185 initiatives, and smaller-scale projects individually administered by the Commission. Small scale project are considered crucial to increasing SME participation in the funds.

Research beyond the European Union

Engagement with countries outside the EU, particularly with the United States, China and India, but also with emerging economies in Asia and South America is deemed extremely important for European researchers. Greater flexibility in this respect within the next round of funding would be greatly welcomed by the group. Increasing the 'People' component within the next programme in order to allow the flow of specialists between international regions and working to improve skills and capacities in less developed areas is also very important.

Key Recommendations

- A flexible framework to allow local stakeholders to maximise the added value of EU research and innovation funds
- A fair balance between large and small scale programmes
- Greater flexibility in engaging with third countries

5. Alignment with the Europe 2020 Strategy

Grand Challenges

Members of the South West of England's Expert Group on the future of the Framework Programme believe that research and innovation policies can significantly contribute to addressing 'grand' societal challenges. The group therefore feels that if Europe is to be successful in implementing its 2020 Strategy, the Grand Challenges must be addressed in the next round of research and innovation funding.

One way in which this could be achieved is through encouraging research projects to engage with at least one of the Grand Challenges. This could allow both blue-sky research and result or commercialisation-orientated research and ensure a contribution to the overall priorities of EU2020. However, any attempt at this should be done with enough flexibility to adapt to any emerging challenges should circumstances change.

Given the relatively short timescale of Europe 2020, the group feels that synergies should also begin to be drawn between the Framework Programme's successor and longer term strategies such as the Roadmap to 2050 or Flightpath 2050.

Innovation

The group welcomes the Commission's drive to incorporate innovation into any future fund for research.

In order to realise the full benefits of research and innovation, it is essential that the associated EU funding programmes promote economic competitiveness as well as 'research excellence'. This requires funding programmes to place a greater emphasis on supporting the full innovation cycle post-2013, notably including stronger focus on commercialisation. In addition, the current Framework Programme's emphasis on supporting 'research excellence' serves to simply further drive forward leading organisations and/or regions in this field, widening the gap with the rest of Europe. An increased focus on innovation post-2013 is vital to assist 'lagging' and 'middling' EU regions to engage in the Programme and to make the transition to a more knowledge-based economy. Only in this way will the overall EU research and innovation capacity and capability be increased and the EU 2020 goals delivered. Future EU research and innovation programmes should, therefore, not simply seek to increase spending on research and development, but also to increase the number of businesses/organisations engaged in this activity.

Key Recommendations

-Research and innovation policies can significantly contribute to addressing 'grand' societal challenges

-Focusing on a limited number of key areas that correspond to the 'Grand Challenges' would achieve closer coordination between research funds and EU2020

-The Framework Programme should support the full innovation cycle and assist 'lagging' and 'middling' regions to drive innovation and develop a stronger knowledge economy