

**UK Government's Review of the Balance of Competences between the
United Kingdom and the European Union**

Research & Development: submission by Euclid Network

Euclid Network is a community of civil society leaders and social entrepreneurs connected across borders and boundaries. We offer collaborative support to develop leaders and their ideas in order to find solutions for society. Our members come from over 30 countries and our community gathers 5,000 leaders across Europe, including Eastern Europe and the Mediterranean region. In this response, any points about higher education institutions will have come from people working in those institutions who are collaborating on FP7 projects with Euclid.

Our focus is the impact economy, social innovation, social enterprise and building capacity in civil society through sharing knowledge and experience. Social business and social innovation at the heart of the EU strategy for growth: Europe 2020 which visualises a development model based on smart, sustainable and inclusive growth. There is a focus on environmental and social sustainability and on maximising the wider community benefits from business activity. The European Commission states in the Social Europe Guide that 'Giving society a greater say in what and how should be produced does not mean less innovation- more often it means greater innovation and greater efficiency.' In Euclid's previous submission on the Single Market for the balance of competences review we set out how harnessing the hidden resource of civil society could improve the competitiveness of Europe.

The cross- cutting theme of our involvement in current EU funded research projects is the engagement of civil society. INSITE and Emergence by Design are examining how to mobilise citizens to generate innovation and drive positive change towards a sustainable society, through imaginative use of ICT. CONSIDER looks at how civil society can be better engaged in the design of research, rather than just an end-user. In the CATALYST project which starts in autumn 2013 we shall look at how to use

and create new tools for online engagement. Such tools could help researchers, policy makers, elected representatives to engage many more people in an effective way.

Horizon 2020 will spend €80 billion of European citizens' money on research and innovation over seven years. €31 billion has been allocated to 'help address major concerns shared by all Europeans such as climate change.' In our submission on the Single Market we set out how greater involvement of civil society could contribute to better standards and better regulation. Therefore, Euclid would like to see the engagement of citizens woven into delivery of Horizon 2020.

Impact on the national interest

1. Where has EU action had a positive impact for the UK on research, technological development, innovation or space? What evidence is there for this? Has EU action encouraged national action in any areas?

The interim evaluation by the EU in 2011 of the FP7 programme shows the big winners are:

- UK and Netherlands 16%
- Germany 12%
- France, Switzerland, Sweden 8%

While 50 elite organisations –including UK universities which are world leaders- received one quarter of the money, the rest was spread between 14,000 organisations

By its nature the EU encourages - or through funding criteria requires - cross border collaboration. This has helped to foster the climate of collaboration that is now evident in much research led by nation states and other institutions across the globe.

BIS recognise in their own research strategy that innovation and research are increasingly international endeavours. Most innovations originate from multiple countries.

Framework Programme funding, in general, for the UK Higher Education sector (and other research / business partners) has been crucial to funding in the last few years. Such funding is becoming ever more significant over time particularly in the light of substantial reductions in UK research funding and other consultancy funding sources (e.g. from public sector bodies at all levels of the UK).

Structural funds, notably the European Regional Development Fund (ERDF), have also been used to stimulate various research and development / innovation activities and facilities. This is significant in that much activity in some areas has been match-funded by the former Regional Development Agencies. (It would be helpful to clarify how much of this

now falls under the auspices of the Technology Strategy Board). ERDF funding has become a significant income stream for facility investment and research and support project revenue for higher education institutions over the last 15 years. There are plenty of examples where European-wide collaboration has led to innovations and efficiencies in various sectors in UK regions and localities. (ERDF impact reports)

A further example is the Knowledge and Innovation Communities which may focus on a theme e.g. a climate KIC with participation across a region.

2. Where has EU action had a negative impact for the UK in these fields? What evidence is there for this? Has EU action prevented potentially useful national action in any areas?

We are not aware of such evidence. A hypothetical argument might be made that UK money that contributes to European-wide research might be 'repatriated' and go directly to bolster national funding of research. But too many assumptions would be involved. And collaboration across borders now seems a 'given' in much research. In this sense, the EU's current policy and funding for R&D assists in keeping the theme high on the agenda.

3. How and where has UK engagement with partner countries or international bodies, both within and outside the EU, been helped or hindered by EU involvement?

(From a university member):" In my experience, the EU-wide networks for FP funding proposals have broadened our own academic, research and consultancy networks and contacts, such that further potential opportunities for international collaboration have been opened up. The Research Excellence Framework for universities has a performance and funding model which rewards internationally significant research, and thus EU frameworks have been able to facilitate such progression (from local or national impact to international impact) by universities."

4. What benefits or difficulties has the objective of a European research area (ERA) delivered for the UK?

From the viewpoint of undertaking academic research, it has the effect of broadening networks well beyond Western Europe, into Central and Eastern Europe, which have connections with Russia and beyond. Diverse academic cultures and different views are most welcome in research, to bring about completely new perspectives and research agendas.

5. How has the EU sought to coordinate the policy instruments at its disposal across different policy areas to create an enabling environment for researchers and innovators? How successful has this been?

See paragraph at end on innovation

Future opportunities and challenges

6. What could the EU most helpfully do to promote scientific and technological progress and innovation (including in the space sector)?

Ensuring that applications for funding are specifically reviewed in relation to their level of ambition and how feasible this is in the target area.

Ensuring that terms such as innovation, are clearly explained and well understood in context.

Funding more innovation in imaginative ways, such as challenge prizes, instead of grants or tenders only. Challenge prizes for example have the advantage to foster innovation of either a products, or an idea, in concrete or abstract terms.

Promoting the inclusion of diverse partners from different sectors, to create synergies and innovative thinking.

EU funded projects often require a high amount of co-financing from participants which can lead to the exclusion of small and medium sized businesses, civil society organisations or smaller research institutes that do not have the means to cover that amount of additional funding.

How could the EU use its existing competence differently to deliver more in your area?

See paragraph at end on innovation

How might a greater or lesser degree of EU competence deliver more in your area?

Better co-ordination and collaboration at all levels within the UK might deliver synergy from ERDF investment, without a change in competence. For example there is potential for better co-ordination of certain ERDF funded business support projects. It is known (from experience) that a number of business support projects go to the same businesses to invite them to participate.

How could improvements to existing EU activities make them more effective and efficient?

See paragraph at end on innovation

7. Where might future EU level action be detrimental to your work in this area?

See paragraph at end on innovation

8. Where might action at national rather than EU level be more appropriate / effective?

Innovation (including social innovation) initiatives can attract 10% additional funding from Brussels under the guidance on the next round of structural funds if national governments include innovation in their priorities. This point seems to be overlooked. Delivery of these funds already rests at national level. It is the delivery structures in regions of most economic need that vary, including whether they are connected to local people and local need and open to innovative approaches to growth. This is about good implementation (wherever the investment comes from.).

9. How could EU and national policies and funding streams interact better?

Thought needs to be given in Brussels, London and the devolved administrations to achieving integration, or synergy between, aspects of *Horizon 2020* and *ERDF* investment

10. What impact would any future enlargement of the EU have on this area of competence?

For higher education institutions, enlargement will open up opportunities for research with other networks and contacts previously not engaged.

For business, enlargement will extend the Single Market for selling innovation.

For social enterprises and social innovators to benefit two things need to happen. First, the social business agenda at the heart of *Europe2020*, needs to be mainstreamed into enlargement policy: Euclid has lobbied vigorously for this with Commissioner Füle, with some success.

Secondly, the Single Market needs to be opened to social enterprises to trade across borders. Right now social enterprises can share learning and exchange experience from research, but not use it to compete or collaborate in business.

Further enlargement will enable greater sharing and collaboration which are key features of fostering innovation in almost all sectors.

11. Are there any other points you wish to make which are not captured above?

Innovation

Euclid has been involved in a number of social innovation projects funded by the European Union. For innovation to flourish the European Union, and indeed the UK, need to have a 360 degree vision of where innovation may spring from and foster 'out of the box' thinking. Here are our observations based on our experience of research projects:.

- It is difficult for a lone entrepreneur with a great idea, or a small organisation, to secure backing. The tendency is for Brussels to require significant infrastructure or evidence of turnover to allow people to compete. This barrier may be reinforced by the appetite for much bigger programmes which will squeeze out altogether the small innovative businesses or institutions.
- There is still work to be done in realising the Commissioner's ambition to bring coherence to innovation across the directorates of the Commission. Euclid's innovation projects have been funded by four DGs. People have different perspectives. Uniformity of approach is not a goal. Rather it is, in part, about giving attention to building a collective or institutional memory over time, not short-term processes. Bringing greater clarity (within a programme) to pure or applied research and innovation would be helpful and might make it easier to create imaginative funding models such as prizes co-funded by commerce
- The collective, or institutional, memory should rest on solid evidence of *what works* to replicate, or scale, innovation. Again, 360degree vision is needed. One pioneering project in which Euclid was involved successfully introduced palliative care at home in a part of Europe where it did not exist. The solid, independent economic evaluation proved the value to families and hospitals. But it overlooked the labour market and social benefits of taking the unemployed and training them as skilled care assistants.
- The rules on 'no surplus, no profit, no subsidy' mean that funding can melt just as an idea warms up. Social investment can inject more capital into the market. The Prime Minister has shown strong leadership on this and opening up EIB resources too is important.
- In some cases expectations of delivery may be unrealistic. For example, in terms of business innovation support project and similar ERDF initiatives, allowing one year of 'bedding-in' for organisations so they can develop team capacity first, before having to worry about immediate delivery, which hinders developing capacity to deliver and can have negative impacts for the remainder of the project.
- Additional points are included in the attached article on *Horizon 2020*
<http://www.britishinfluence.org/item/special-report-eu-research-and-innovation-programme>

Euclid Secretariat

August 2013