

**The House of Lords Select Committee on the European Union:
Internal Market, Infrastructure and Employment Sub-Committee**

**Inquiry into the Effectiveness of EU Research and Innovation
Proposals**

Evidence from The Russell Group of Universities

1. Introduction

- 1.1 The Russell Group is pleased to have the opportunity to contribute evidence to the Sub-Committee's inquiry.¹ We represent 24 leading UK universities which are committed to maintaining the very best research, an outstanding teaching and learning experience and unrivalled links with business and the public sector. EU proposals relating to research and innovation are of vital importance for the UK's leading universities, the UK's economy and place in the world, and European ambitions for growth and jobs.
- 1.2 This inquiry is being conducted against the backdrop of the negotiations on the Multiannual Financial Framework (MFF) for 2014-2020 and we submit this evidence without knowing the full implications for research and innovation of the agreement at the Council Summit on 7-8 February. The most pressing issue in this area is securing effective funding for Horizon 2020, the EU programme for research and innovation, which we made clear in our letter to the Financial Times on Tuesday 5 February.²
- 1.3 Further detail on the EU's proposals may be found in "Horizon 2020: the contribution of Russell Group Universities".³ This briefing paper discussed important issues including: prioritising excellent research, simplification and reducing administrative burden, connecting fundamental research to innovation, talent circulation and internationalisation, sustainable funding levels, and the key role of research-intensive universities in bringing together research, education and innovation.
- 1.4 The contribution of European Higher Education proposals to research and innovation is discussed in our evidence to the House of Lords Select Committee on the European Union (Social Policies and Consumer Protection Sub-Committee) inquiry into the Modernisation of Higher Education.⁴

¹ For more information about the Russell Group see www.russellgroup.ac.uk

² <http://on.ft.com/11EJKad>

³ <http://www.russellgroup.ac.uk/uploads/Horizon-2020-the-contribution-of-Russell-Group-Universities-June-201.pdf>

⁴ <http://www.russellgroup.ac.uk/uploads/HoL-EU-Cttee-Inquiry-into-the-Modernisation-of-Higher-Education-in-Europe-the-EU-contribution.pdf>

- 1.5 The contribution of proposals for the European Research Area (ERA) is discussed in our response to the European Commission's consultation.⁵
- 1.6 Dr Jennifer Barnes, Pro-Vice-Chancellor for International Strategy at the University of Cambridge, gave evidence on behalf of the Russell Group to the Industry, Research and Energy (ITRE) Committee of the European Parliament on the contribution of world-class research-intensive universities to turning ideas into jobs, growth and progress.⁶

2. Funding for Horizon 2020 in the Multiannual Financial Framework

- 2.1 **Putting the focus on EU funding for research and innovation in leading universities and businesses would be the best signal to the British and wider EU public that any MFF agreement represents their Government's commitment to growth.**
- 2.2 World-class research and innovation will be crucial to growth and to Britain's place in the race for the wealth and jobs of the future. We welcome the Committee's stance advocating a greater share of a limited EU budget for investment in research and innovation, with a reduction in other areas including the Common Agricultural Policy. We also welcome the UK Government's position that "growth and competitiveness are underpinned by research and innovation, and the Government therefore considers that this area should account for a larger proportion of an overall smaller EU budget".⁷
- 2.3 We are pleased that the UK and other EU leaders at the February 7-8 Summit recognised the need to increase investment in research and innovation, even while making the first real terms cuts in overall EU spending. Sub-Heading 1a "Competitiveness for growth and jobs" will include Horizon 2020, Erasmus for All, large science infrastructure and other programmes including competitiveness for SMEs and the new Connecting Europe Facility. The Council conclusion sets this Sub-Heading at €125.6 billion for 2014-2020, significantly less than the Commission's proposed €155 billion, and significantly more than the equivalent heading in the 2007-2013 MFF. The amount of this which will be allocated to Horizon 2020 within this Sub-Heading is not yet confirmed. The Council's conclusion states that "given their particular contribution to the objectives of the Europe 2020 Strategy, the funding for Horizon 2020 and ERASMUS for all programmes will represent a real growth compared to 2013 level." We look forward to seeing the further details. Under the terms of the Lisbon Treaty, the MFF will also need to be approved by the European Parliament.
- 2.4 As the agreed high level agreement on budget headings is translated into individual programmes it will be more important than ever to make the most effective use of scarce resources. Horizon 2020 should be the top priority within the threshold for Sub-Heading 1a. The European Commission proposed €80 billion of funding for research and innovation over the period 2014-2020.⁸ The European Parliament has called for the budget for research and innovation to be increased to €100 billion in order to support smart growth.⁹ The composition of the Sub-Headings has changed between

⁵ <http://www.russellgroup.ac.uk/uploads/Russell-Group-ERA-framework-contribution.pdf>

⁶ <http://www.europarl.europa.eu/document/activities/cont/201203/20120321ATT41380/20120321ATT41380EN.pdf>

⁷ Government response to the House of Lords Inquiry Report: the Modernisation of EU Higher Education.

⁸ http://ec.europa.eu/research/horizon2020/index_en.cfm?pg=h2020-documents

⁹ <http://www.europarl.europa.eu/sides/getDoc.do?type=REPORT&reference=A7-2012-0313&language=EN>

MFFs, and Horizon 2020 is a new programme containing additional activities to Framework Programme 7 (FP7), so direct like-for-like comparisons with the previous MFF are difficult to estimate with confidence at this stage. However, it seems likely that funding for research and innovation will increase in real terms on the previous MFF but will be considerably less than the amount the Commission proposed.

- 2.5 There may also be a real terms fall in the value of like-for-like new grants made in 2014 from 2013. The amount of research and innovation funding committed per year will increase relatively slowly compared to FP7 and may not return to 2013 levels for some time.
- 2.6 Horizon 2020 will remain key to Europe's, and the UK's, long term prosperity. If the final budget for Horizon 2020 is smaller than planned, the priority within the funding envelope available must be to promote the very best and most transformative research. The smart thing would be to protect as much as possible the planned investment in excellent science and research – especially the European Research Council – and research into the grand challenges facing us, including healthy ageing, clean energy, and food security: research which underpins sustainable economic growth.
- 2.7 Russell Group universities in the UK are key to the success of EU research and innovation. They make up 14 of the top 50 higher education participants in the current research and innovation programme (FP7). The UK leads Europe in the quality of our research. Our researchers have won far more awards from the European Research Council (ERC) than our nearest competitor: 761 compared with Germany's 467. The UK wins the second highest share of overall FP7 funding. With this funding we pursue fundamental, applied and translational research into the grand challenges facing us, including healthy ageing, clean energy, and food security: research which underpins sustainable economic growth.
- 2.8 Our success in leveraging European funding that complements UK government investment also means we have a lot to lose. For leading universities, European funding isn't a top-up, but a key – and irreplaceable – part of our research income. Russell Group universities win over £275m in research funding a year from the EU, more than from six of the seven UK Research Councils.¹⁰ As a proportion of total university income, EU funding is more than twice as important to Russell Group universities as other UK universities.
- 2.9 The ERC advance grants announced on 23 January show the opportunity increased EU funding for frontier research on the basis of excellence could present: the UK won 80 grants, more than France and Germany combined. Russell Group universities alone won 63 grants, more grants than either country, representing around €140m gained for the UK. There was strong Russell Group involvement in developing both the successful proposals for the flagship EU research initiatives announced on 28 January. Funding for Graphene and the Human Brain Project could reach €1bn each over ten years, if the budget for Horizon 2020 is protected in the detailed next stages of the MFF process.
- 2.10 We fully understand that the UK Government advocated a reduced overall EU budget, but we urge the Government to continue to argue in Europe for the approach it has taken in the UK: to protect a strong science and research budget within a lower overall

¹⁰ HESA finance 2010/11.

settlement. UK universities are the most competitive in Europe: if the budget for excellent research is there, we will win it for the UK, and deliver the innovation that produces long-term, sustainable economic growth.

3. Key Facts

Excellent research in Horizon 2020 will provide significant value to the UK:

- The UK won more than 16% of all Framework Programme 7 (FP7) funding to EU member states and 27% of European Research Council (ERC) funding - far higher than the UK contribution to the EU budget (c. 11.5%) or the UK share of overall EU spending (c. 5.6%).¹¹
- Funding for competitiveness and innovation makes up nearly 18% of the UK's receipts from the EU, almost the same as our structural funding. FP7 alone is 13% of the UK's receipts from the EU - higher than in any Member State except the Netherlands.
- The UK received €3.7 billion in research and innovation funding from (FP7) in 2007-2011, second only to Germany. The then 20 Russell Group universities alone won over €1.5 billion, 16% of all EU research funding to universities.
- FP7 has funded UK participation in nearly 90,000 collaborative links across the EU, ranging from leading academics to SMEs.

Growth and jobs depend on world-class research and innovation:

- €1 of EU FP7 funding lead to an increase in industry added value (contribution to growth) of €13 on average.¹²
- If Europe had not invested in FP7 the loss would far exceed the funding saved: The long-term impact is estimated at 900,000 extra jobs and 0.96% extra GDP - a boost to growth the size of the total expenditure on all other EU budget lines combined.¹³
- High quality university research attracts private investment. 22% of UK R&D funds are from abroad, higher than any large economy and double the EU average.¹⁴ Businesses rate UK university-industry collaboration in R&D to be second in the world.¹⁵

Russell Group universities are key to UK competitiveness and success of Horizon 2020

- Russell Group universities are 14 of the top 50 HE participants in FP7. They also represent 17 of the world top 100 universities and they earn 75% of UK HE research income from outside the EU.¹⁶
- The 20 pre-expansion Russell Group universities earn 78% of the UK HE sector's ERC funding and over 70% of the UK HE sector's income from EU industry and charities.¹⁷ They win 21% of *all* ERC funding, 20% of all Marie Curie funding (an EU funding stream).¹⁸

February 2013

¹¹ FP7 grant database October 2011. Fifth FP7 monitoring report, EU Budget Financial Report 2011.

¹² *Impact Assessment Horizon 2020*.

¹³ *Impact Assessment Horizon 2020*. EU total expenditure minus FP7 spending is 0.95% of GNI. *EU Budget 2011*.

¹⁴ OECD STI scoreboard 2011.

¹⁵ First in the EU and ahead of the US. The World Economic Forum competitiveness report 2012.

¹⁶ QS World University Rankings. Ten in the THE and nine in the ARWU top 100. Fifth FP7 monitoring report. HESA finance and HEBCI 2010/11.

¹⁷ *Ibid*, and HEBCI 2010/11.

¹⁸ European Commission, FP7 grant agreements and participants database, accessed October 2011.