



# **Cynulliad Cenedlaethol Cymru** **The National Assembly for Wales**

## **Y Pwyllgor Menter a Busnes** **The Enterprise and Business Committee**

**Dydd Iau, 14 Mawrth 2013**  
**Thursday, 14 March 2013**

### **Cynnwys** **Contents**

Cyflwyniad, Ymddiheuriadau a Dirprwyon  
Introduction, Apologies and Substitutions

Ymchwiliad i Horizon 2020—Sesiwn Dystiolaeth  
Inquiry into Horizon 2020—Evidence Session

Ymchwiliad i Horizon 2020—Sesiwn Dystiolaeth  
Inquiry into Horizon 2020—Evidence Session

Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy yn y pwyllgor. Yn ogystal,  
cynhwysir trawsgrifiad o'r cyfieithu ar y pryd.

These proceedings are reported in the language in which they were spoken in the committee.  
In addition, a transcription of the simultaneous interpretation is included.

### **Aelodau'r pwyllgor yn bresennol** **Committee members in attendance**

Byron Davies	Ceidwadwyr Cymreig Welsh Conservatives
Keith Davies	Llafur Labour
Yr Arglwydd/Lord Elis- Thomas	Plaid Cymru The Party of Wales
Alun Ffred Jones	Plaid Cymru The Party of Wales

Eluned Parrott	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Nick Ramsay	Ceidwadwyr Cymreig (Cadeirydd y Pwyllgor) Welsh Conservatives (Committee Chair)
David Rees	Llafur Labour
Kenneth Skates	Llafur Labour

**Eraill yn bresennol**  
**Others in attendance**

Dr Imelda Lambkin	Cyfarwyddwr Cenedlaethol Rhwydwaith Cymorth Cenedlaethol Iweddion ar gyfer FP7, Enterprise Ireland National Director, National Help Network for FP7, Enterprise Ireland
Luca Polizzi	Uwch-swyddog Gweithredol ar Bolisi a Chyllid yr UE, Scotland Europa Senior EU Policy and Funding Executive, Scotland Europa
Richard Tuffs	Cyfarwyddwr ERRIN (Rhwydwaith Rhanbarthau Ewrop ar gyfer ymchwil ac arloesi) Director, ERRIN (European Regions for Research and Innovation Network)

**Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol**  
**National Assembly for Wales officials in attendance**

Rhodri Wyn Jones	Dirprwy Glerc Deputy Clerk
Siân Phipps	Clerc Clerk
Anne Thomas	Y Gwasanaeth Ymchwil Research Service

*Dechreuodd y cyfarfod am 9.57 a.m.*  
*The meeting began at 9.57 a.m.*

**Cyflwyniad, Ymddiheuriadau a Dirprwyon**  
**Introduction, Apologies and Substitutions**

[1] **Nick Ramsay:** I welcome Members, and our witness on the video link from Dublin, to today's meeting of the Enterprise and Business Committee. The meeting will be held bilingually. The headphones can be used to hear simultaneous translation from Welsh to English on channel 1, or for amplification on channel 0. The meeting is being broadcast and a transcript of the proceedings will be available. I ask Members to turn off their mobile phones. There is no need to touch the microphones; they should operate automatically. In the event of a fire alarm, please follow the directions of the ushers. We have apologies today from Julie James and Joyce Watson. Gwyn Price has agreed to substitute for Joyce Watson later in the meeting.

9.58 a.m.

**Ymchwiliad i Horizon 2020—Sesiwn Dystiolaeth**  
**Inquiry into Horizon 2020—Evidence Session**

[2] **Nick Ramsay:** Today, we will be taking evidence in relation to our inquiry into

Horizon 2020. We have reached stage 2 of the inquiry. This is the final session of the committee's inquiry into Horizon 2020.

[3] I welcome our witness via video link. Thank you for joining us today and for helping us with our inquiry. Would you like to give your name and position for our Record of Proceedings?

[4] **Dr Lambkin:** My name is Imelda Lambkin. I am the national director for FP7 at Enterprise Ireland.

[5] **Nick Ramsay:** Thank you. We have a fair number of questions for you, so I propose that we get straight into those. The first question is from Byron Davies.

[6] **Byron Davies:** Good morning. This is a broad question. Would you describe the role of the national support network for framework programme 7 in Ireland?

[7] **Dr Lambkin:** In Ireland, we have a co-ordinated support network. We have a network of all major research funding organisations in Ireland providing a resource to optimise participation in the framework programme. To give you an idea of the scale of that, there are 15 people working full time within Enterprise Ireland, which is the lead organisation, and there are 15 people working part time across all of the major research funding organisations, such as Science Foundation Ireland, the Higher Education Authority and the sectoral funders, such as our sustainable energy agency and our Environment Protection Agency.

[8] **Byron Davies:** Can you clarify whether this is a service that is available across the whole of Ireland, meaning that Northern Ireland is also able to make use of this?

10.00 a.m.

[9] **Dr Lambkin:** Yes, it is. We operate on what we call an all-Ireland basis and, as part of that activity, we invite our counterparts from Northern Ireland to all of the activities of the national support network. They participate, for example, in our monthly meetings and in all of our information events—everything, essentially, that is going on.

[10] **Byron Davies:** What sorts of bodies are involved with this?

[11] **Dr Lambkin:** Do you mean throughout Ireland?

[12] **Byron Davies:** Yes.

[13] **Dr Lambkin:** As I said, all of the major research funding organisations form part of the network, namely the major research funding organisations in the country, Science Foundation Ireland, for a lot of our basic research in universities, through to Enterprise Ireland, for our enterprise development interests, and all of the sectoral interests, across environment, energy, transport, health et cetera.

[14] **Byron Davies:** I have read in our briefing about the hub-and-spoke approach. Perhaps you could enlarge on that, please.

[15] **Dr Lambkin:** When we moved from FP6 to FP7, we wanted to have a co-ordinated system for the first time. So, I came into the role as national director for FP7, with the remit that Enterprise Ireland would lead the national support activity. What you see is a full-time large hub in Enterprise Ireland, with all of the other research funding organisations providing smaller resources into that network, but through co-ordinated activity. For example, at

Enterprise Ireland, we provide a shared web platform, shared financial support for our participants and shared facilities for information to that distributed network.

[16] **Byron Davies:** Is this something that you lifted out of other EU countries? How did it come about?

[17] **Dr Lambkin:** It is a bit of both. We constantly compare ourselves with countries of similar populations. Across Europe, we see a huge difference: we see distributed systems, whole networks and centralised systems. I am not so sure that we see a system that is almost half and half, which ours is at the moment. We are looking at all of those, we are learning from them, but in the Irish context, the way that our national research is funded is across this multitude of organisations, and the expertise for the areas is in each of those organisations. So, we wanted to make sure that we were not taking the European activity to one side, where it was not sufficiently linked back into the national activity, and that is what we are trying to represent here.

[18] **Byron Davies:** Thank you for that.

[19] **Nick Ramsay:** The next question is from Keith Davies.

[20] **Keith Davies:** Rwy'n mynd i ofyn fy nghwestiynau yn Gymraeg. **Keith Davies:** I will be asking my questions in Welsh.

[21] A allwch chi roi gwybodaeth i ni ar y gwasanaethau cymorth rydych yn eu darparu? Sut rydych yn eu cynnig i wahanol bobl sy'n mo'yn eu defnyddio, er enghraifft, busnesau neu brifysgolion? Ambell waith, maent yn gofyn i chi am gymorth ac, ambell waith, rydych yn cynnig cymorth i bobl. Sut rydych yn gwahaniaethu? Can you give us some information on the support services that you provide? How do you make them available to the various people who want to take advantage of them, for example, businesses or universities? On occasion, they approach you for support and, sometimes, you approach them. How do you differentiate?

[22] **Dr Lambkin:** We work through a series of members of the network who are known as national contact points. They work with their client bases for their particular areas. So, to take an area like health, there are several national contact points, some based in our health research board and one based in Enterprise Ireland. They are approaching every potential participant that they know of in Ireland; they have an active programme to do that. It is about running information sessions, having workshops, getting information from the Commission and bringing it to the attention of all of the potential applicants. I suppose that, because it is the health research board, it has a full, nationally funded client base, so it has a real understanding of who would be ripe for the European programme, for example. Through Enterprise Ireland, we would have the same thing moving into the industrial development area. What we are trying to do is cover everything from, for example, clinical research and the medical doctor in a hospital, through the academics and universities to the companies working in this area. In terms of the service that we offer, it is about promotion of the opportunity, information on how to apply, assistance with how to go through the application process, and then we have that suite of support—financial support, for instance—to help people access partners internationally and prepare their proposal.

[23] We also have a system of people knocking at our door of whom we were not aware, so they may not be the mainstream researchers or, indeed, performing companies. All of these are coming in through our centrally provided web platform, which is a sort of open desk—the types of people who come in to us for the first time saying, 'I have heard about FP7; what is it?' So, the central team is also dealing with those types of queries.

[24] **David Rees:** Good morning. Following on from that, the hub and spokes of the national support network are the national contact points. Who drives the projects, in that case? Is it the individuals or the institutions that come to you, or is it you driving the projects?

[25] **Dr Lambkin:** It is the individuals themselves. At the end of the day, more than 60% of the use of the programme in Ireland is by academic researchers in our universities. They are looking for their next piece of research funding, or they are looking for something else—internationalisation, perhaps, or linkage into the right networks, or multinational corporation relationships, for example. They have an agenda, and they are driving it. More and more, the larger national investments in universities are going to research centres and competence centres—these are groupings of individuals and companies working to a higher-level agenda, so it is the agenda of the centre that is driving their participation in the framework programme. Then, from our own point of view, there is always some type of top-down strategic activity going on; for example, from the policy side, and from our organisation's side, we are looking for stronger use of the programme in certain areas. Again, it is that identification of areas that we feel are ripe for use of the programme. Maybe there are applicants who need to be pushed a little to use the framework in a better way.

[26] **David Rees:** FP7 had more of an emphasis and focus on the involvement of businesses and SMEs, and Horizon 2020 has pushed that even further. Is there any evidence at the moment of SMEs and businesses being part of that driving process?

[27] **Dr Lambkin:** Absolutely. Here in Ireland we have a very interesting situation. We have four times more funding coming into companies in FP7 than we had in FP6. Almost 80% of that activity is SMEs participating in the programme, so our interpretation is that the Commission's changes that were made going into FP7 to attract more SMEs and make it easier for them are working. We are expecting that to progress during Horizon 2020—the language would suggest that it will develop even more. However, I suppose that, from our point of view, we are constantly working with a pool of SMEs that are now using the programme to determine their needs and to see what their next step will be—is it progression from the current set of projects into new ones? Is it a progression from research projects to development-type demonstration-type projects, or is it something different?

[28] **David Rees:** Has that focus resulted in looking at the expertise that you need in your staff? For example, do you focus on the expertise of people who have experience of the academic world, or do you have a mix, with people who have business experience?

[29] **Dr Lambkin:** We have a big mix. Typically, in the national support network, we request that our national contact points have knowledge of the client base that they work with. So, they should have a very strong technical knowledge. Typically, they are people who come into the funding organisations from academic environments, from multinational corporations or from SMEs. They have that combination of expertise to be able to talk to the clients on their level and to understand them, but they also have the knowledge of the national and the EU funding environment in making that sort of intelligent determination of what is the right funding package needed for the SME at that time.

[30] **David Rees:** How does that work? It is cross-border, because, obviously, if you are working with Northern Ireland, you are working across the border, but how does that work with the collaboration issues cross-border? Do you have separate teams for Northern Ireland and southern Ireland because of the funding issues?

[31] **Dr Lambkin:** Invest Northern Ireland has a number of national contact points. We have national contact points, and we have a focus on SMEs. So, I guess that both of us have client bases, and we actively understand our client bases. I suppose that we can work together in facilitating that. If Invest NI has the best knowledge of one of its client companies, and that

company is going into a project with one of our client companies and other European partners, we will work very closely to check that they are the right companies doing the right things.

[32] **David Rees:** You said that you work closely to check it. Do you therefore have stringent monitoring procedures in place to ensure that? We have seen your success, because success is measured by the number of projects that you have that are operational, but how do you monitor the progress of those projects and their effectiveness?

[33] **Dr Lambkin:** That is a huge question. The nature of the support systems has been that our job is to get people into the programme, and that is the type of starting point. So, our national contact points put a huge amount of time and effort into finding the clients who are right for the programme, getting them in and getting them through to winning their contracts. Traditionally, right across Europe, the national contact points have not worked to project manage, to determine how the projects are going and to determine the potential for things to come out the other end, and so, here in Ireland, we are working hard to have a system whereby the projects and the people involved in them can come to their national contact point and get the right assistance at the right time. It is not perfect by any means; it tends to be relatively ad hoc. Where the relationship has been built, it is people checking up on how things are going and whether people are looking for their next move. We are currently in the process of writing an open call, I suppose you would say, locally, to look at our client population and whether they have a particular need associated with coming back out of the project. We ask: what is the next step? We aim to assist them with the next step, to link them back into national funding sources, to link them back into the potential for starting up companies, or to link them into their next step at the European level, which may need to move into a demonstration-type project.

[34] **David Rees:** Clearly, the national contact points and the NSN are all located within the member state, effectively. How is your involvement with Brussels in this instance? Where do you see the role in Brussels feeding in to what you do in Ireland?

[35] **Dr Lambkin:** We have one member of our team based in Brussels. That member of our team sits in the Enterprise Ireland office in Brussels and is a member of IGLO, which is the informal group of liaison officers. While it is called an 'informal' group, it is quite a formal representation of member states in Brussels. So, that is our key Brussels contact. We are looking for early-warning signals and early opportunities, and looking to get the word back to Ireland. I suppose that we are also doing other things by using that person in Brussels.

10.15 a.m.

[36] We are constantly bringing people in to see the right people in the Commission; we are constantly showcasing new developments in Ireland; we are constantly doing things such as inviting the boards of our universities to hold their board meetings in Brussels, where we prepare a full agenda of some of the newest developments. It might be something like the early stages of the European Institute of Innovation and Technology, where we need our high-level people in the universities to understand what is coming down the line from Brussels. So, that is a core part of our activity. One thing I would say about that is that we were very keen that the person in the role in Brussels would always be a person from the organisation here in Dublin. It would not be an expatriate making a career in Brussels who had not quite got a working relationship with all the members of the network back in Ireland.

[37] **David Rees:** I have one final question on that point. Obviously, we think that you have been successful because we see the increase in funding, but do you think that you would have been as successful if you had not had that link in Brussels?

[38] **Dr Lambkin:** It is very hard to say. I suppose that what I would say is that, heading into Horizon 2020, we will definitely not change that situation; we will maintain a person in Brussels. We see that as being critically important. Whether we would have the same situation in FP7 is a very difficult thing to say. Here in Ireland, we have been involved in FP7 at a time of economic crisis in the country. It was a time when, particularly on the academic side, a lot of the academics began to feel the pressure of relying on a national funding source only. So, they were looking very strongly to rebalance their funding sources generally, to have that mix of Exchequer and non-Exchequer funding. Such an environment was a very powerful factor in making people reconsider the programme if they had not considered it for many years. So, the question of how that can be taken out of the equation and how we can say that each part of the support system is having an effect is a difficult one.

[39] **David Rees:** On that final point, you mentioned that, in fact, FP7 seemed to be beneficial as a consequence of the tough economic times that we have seen over the last few years. Do you think that, if you had not prepared properly for FP7, you would have been in a more difficult position as a consequence?

[40] **Dr Lambkin:** Yes, definitely. With regard to a couple of the powers of the national support network, we were able to raise the profile of the programme in general. So, by having a strong network in place, we have very strong monitoring of what Irish participants are doing in the programme. Twice a year, we look at all participation and we look for trends. So, for example, it puts pressure in the system. We look at the universities, at how many proposals are going in from the universities, whether they are successful and whether they are targeting large-scale activities or relatively small-scale activities. On a six-monthly basis, we report that back to the universities and to the key industrial development organisations in quite a public way. It is closed information, but it is visible to them across their organisation and to their peers in Ireland. So, where we see an organisation that we believe is not responding to an opportunity, there is a pressure in the system for it to justify that—and there may be very good reasons why it is not doing so at that time—but there may also be a need to respond, to fill a gap, or whatever. So, that has been a key role of the network. There is a public relations exercise there around making sure that peers understand what they are doing in the country and what they are being required to do. Then, as I said, the circumstances of each of our institutions in Ireland have changed so that, strategically, they are looking at the programme in a much stronger way.

[41] **David Rees:** As a matter of curiosity, would you be able to tell us the percentage of successful bids?

[42] **Dr Lambkin:** Sure. In Ireland, our success rate at the moment is 23.1%, which is above the EU average of about 22%. It is not a bad place to be. We typically compare ourselves with Finland, Denmark and Austria, as three small countries that have a much longer established research system in academic spheres, for example. Our success rate in terms of the number of applications is right up there with those countries, but we put in fewer applications than they do. For us, it is an interesting one. We are constantly looking for more participants and for more applications to go in. When we adjust the figures in terms of population, we are not that far behind those countries, but we are striving to get there.

[43] **Eluned Parrott:** Dr Lambkin, the national support network seems to be very proactive and very significant in the delivery of your work. What financial commitment do you make to the network to make it possible?

[44] **Dr Lambkin:** We provide the resources for people on the ground. At Enterprise Ireland, there are 15 people who work full time and, across the other organisations, there are 15 people who work part time, so that gives you an idea of the peopling of it. In terms of the financial support that we give directly to the client base, traditionally we would give about €1

million of financial support directly to our client base, but that has grown in the last couple of years given that the programme opportunity has been bigger—it is a back-ended budget, so it has provided the largest opportunity over the last two years. This year alone, we gave about €2 million of support. It ranges from very small support—everything from an academic wanting to fly out to an information session in Brussels and we pay for the flight; it is as small-scale as that—through to more significant support where we give financial support for leaders of proposals. These are the proposals where a co-ordinator in Ireland is going to lead that activity across multiple partners in Europe. In that case, we give support of up to €12,500 so that the academic can buy out their time in the university to put the time into the proposal preparation, and they can buy in the use of consultants, for example, to review proposals at the latter stages, and they can travel, host meetings and all that type of thing.

[45] **Eluned Parrott:** How flexible are you in terms of the kind of financial support that you can give? I note that you mentioned things like travel costs and buying out academic time, but could a university, for example, invest in administrative support for developing proposals or bringing in expertise for a particular area?

[46] **Dr Lambkin:** We tend to keep the support at the level of the individual researcher—the person who is applying. Universities in Ireland have a full system of research offices. Within their own research offices, they tend to have one or more people who are dedicated to the framework programme. So, they have internal administrative assistance, particularly around things like how the administration of the project is going to work within the university, and how the budgeting is going to work according to conditions within their own organisations. We do not fund people to sit in those research offices. We have run a series of pilot activities, where we have funded individuals on the ground for particular activities. We have targeted more at the level of research centres within the universities, for example. For us, those were very specific circumstances where we thought there was an opportunity to have much higher levels of participation, given the strategic agenda of the research centres.

[47] **Eluned Parrott:** In terms of the money that you provide to the national support network and the money you offer to individual researchers, where does that money come from and what kind of return on investment are you seeing?

[48] **Dr Lambkin:** Essentially, all the direct funding comes from the Enterprise Ireland budget, so it is coming through the same part of the budget internally in this organisation as for other research support. We have a full research and innovation business unit, with a full budget line, and it is for very applied and collaborative research and commercialisation. This is one piece of it. In terms of return on investment, it is a very difficult one to be too specific about. At the end of the day, if we are giving travel support to almost anybody who expresses an interest in FP7, we will fund their visit to Brussels or something like that. They may immediately put in a proposal, but they may not put in a proposal for two or three years. It is a very small activity and we give the money out; it is small and we do not take too much notice of it.

[49] In terms of proposals that are led from Ireland, we are, of course, absolutely looking for successful proposals. With regard to return on investment, I guess, typically, when we look at our figures, we might have given €500,000 to one of our largest universities, for example, and that university, across those proposals, has won €7 million of funding. There are a lot of failed proposals in there, but the ones that are successful account for a very large proportion. For us, we feel that it is a very small investment and it is yielding results.

[50] **Eluned Parrott:** I do not know to what extent you monitor this, but what kind of use do people make of the contacts that you have permanently based in Brussels? Do your political representatives in Brussels get involved in proactively supporting individual researchers when they come to discuss bids?

[51] **Dr Lambkin:** I would not say that political people do to any great extent. What we would typically do with individual researchers is provide meeting room facilities in Brussels, for example, so that they can come in, do the business and meet their commission partners or their project partners. They can do it in a very businesslike way; they do not have to do anything. They do not make the coffees or buy their lunch; we do everything for them.

[52] I suppose they are typically targeting people within the Commission; it is project officers trying to get to the heads of unit to influence the agenda. It is more that type of thing rather than anything on the political side. To give you a feeling for the level of potential for interaction, Catriona Ward, who is our person in Brussels, is currently seconded to our permanent representation for the final Horizon 2020 negotiation stage. The members of the network there are a mine of information and have a real understanding of what is needed. At a time when we are leading the EU presidency stage of these negotiations, to be able to link that implementation-type person into that negotiation stage is a very powerful thing.

10.30 a.m.

[53] **Eluned Parrott:** Finally from me, how well represented is the Royal Irish Academy in the programme-design and decision-making panels in Europe?

[54] **Dr Lambkin:** For every area, we have a national contact point and a national delegate. The national delegate takes part in the programme committee meetings for member states in Brussels. For every area—health, transport et cetera—we have a member of our team sitting at that table. It is their job to do everything that they can to influence the work programmes as they emerge and to make sure that they are suited to our client base. At the day-to-day work level, they are looking to insert full topics into the European Commission work programme, or, where that is a very difficult thing to do because the work programmes are dominated by large industrial groups, for example, I would say that they are looking to tweak the texts. They do anything that will make the programmes more user-friendly and more suited to the client base that we have here.

[55] **Eluned Parrott:** That is really helpful; thank you.

[56] **Alun Ffred Jones:** Bore da. Byddaf yn gofyn fy nghwestiwn yn y Gymraeg. Sut ydych yn cysylltu rhaglenni ariannu eraill yr Undeb Ewropeaidd, gan gynnwys y cronfeydd strwythurol ac arian y polisi amaethyddol cyffredin a datblygu gwledig, gyda'r agenda ymchwil?  
**Alun Ffred Jones:** Good morning; I will be asking my question in Welsh. How do you link other European Union funding programmes, including the structural funds, common agricultural policy funding and rural development funding, to the research agenda?

[57] **Dr Lambkin:** Given that Ireland is a small country, I suppose that it is more or less the same people who are in those relatively small organisations. On the agriculture side, for example, the national contact point and national delegate sit in our Department of Agriculture, Food and the Marine. They have a research client base there that they are trying to facilitate through national programmes and through the EU programmes. Their full team is involved in things like CAP. The idea is that, at all times, we would be providing the right environment and maximising the opportunities. For us, that is the key point—that it is the individuals, particularly in the sectoral-type organisations, who are matching this particular agenda to each of those agendas.

[58] Another comment that I would make is that one of the major research uses of structural funds in Ireland has been the funding of our programme for research in third-level institutions centres. This initiative is our stepwise building of research infrastructure in this

country. It is, of course, critical for us that structural funds are put into those research infrastructures, and that the researchers in those centres are coming out the other end and showing that they can compete at international level and can bring projects in that are progressing those research centre investments.

[59] **Alun Ffred Jones:** Mae gennyf un cwestiwn arall. Mae'n amlwg bod Iwerddon wedi bod yn llwyddiannus iawn yn y maes hwn. A yw presenoldeb cwmnïau rhyngwladol mawr yn Iwerddon yn elfen yn eich llwyddiant chi i ddenu arian ymchwil?

**Alun Ffred Jones:** I have one further question. It is obvious that Ireland has been very successful in this field. Is the presence of major international companies an element of your success in attracting research funding?

[60] **Dr Lambkin:** It is an element of our success, but it is only one very small element. It is a very interesting question for us. We have a large number of multinational corporations in this country. However, many of them are producers; they are not researchers or research and development facilities. That is now changing, and we have a trend towards growth of those corporations' R&D activities. We have one shining light in Intel Corporation, for example, which has an organisation known as Intel Labs Europe. It has a portfolio of FP7 projects at any given time. Through those projects, it is interacting with multinational corporations, small and medium-sized enterprises and academic organisations all over Europe and further afield. We have other companies that are slowly beginning to build their FP7 and, hopefully, their Horizon 2020 activity, primarily in the information and communications technology area. We see companies such as Google, Alcatel-Lucent, IBM, and so forth doing that. An interesting one for us is that we have seen almost no pharmachem companies, and that is a trend across Europe. During FP6, for example, we saw no pharmaceutical companies in the health programme. The Commission is working hard to fix that and it has particular initiatives targeting those large corporations, but it is still a very hard sell. It is in the nature of the business that they do not seem to go into that sharing type of environment as easy as the ICT companies.

[61] **Kenneth Skates:** Moving to knowledge and innovation communities, could you explain the rationale behind investing €300,000 in the engagement of Ireland in the next round of knowledge and innovation communities' initiatives.

[62] **Dr Lambkin:** Yes. The KICs, as they are known, are part of the new European Institute of Innovation and Technology. It is an interesting beast within the European context. It emerged through DG Education and Culture, rather than through DG for Research and Innovation. Three KICs were funded in the first wave: energy, ICT and eco-innovation. Ireland did not participate in any KIC. For us, that was a big disappointment. It brings together research-excellent and education-excellent organisations, large corporations, small and medium-sized enterprises and entrepreneurs, and involves big, high-level activities. It is difficult to win your place within them, yet it was still a disappointment for Ireland.

[63] This time around, under Horizon 2020, these EIT KICs will receive funding. They are moving into a more mainstream role within the Horizon 2020 research environment. The existing KICs have several billion-worth of euros in funding allocated to them, as it stands in the draft format at the moment. The new KICs will have a couple of billion euros-worth of funding. For us, it becomes important that, when the announcement of the next call for KICs happens, Ireland will be in a much better position than before. We have funded three pilot activities and, essentially, it involves funding a person on the ground to chase membership of the KICs that will emerge. For us, it is an interesting one; we expect the call to be launched in 2014. This is something that we never do normally. Normally, you know your work programme and when your calls are coming through. This is a bet; it is us putting a marker down that Ireland is serious about the KICs and that any organisations in Ireland that are looking to take part in a KIC are going to have the support of the funding organisations—and

Government, essentially—to position them for success this time around. Even in terms of a public relations exercise, we are using it nationally to put the word out that our organisations and companies must come together locally in an excellent format if they think that they can compete at this level. Internationally, it was important for us to put the word out that, this time around, Ireland is serious about the pitfalls and will not make the same mistakes that we made last time.

[64] **Kenneth Skates:** Thank you. Could you outline what these three pilot activities consist of and how you are going to be able to get partners within future KICs?

[65] **Dr Lambkin:** We kept the conditions of the pilot funding very open because, in some cases, people were primarily looking to put a person on the ground—a project manager—who would bring the national community together to facilitate all of that and look for opportunities at an international level to get into the right circles to prepare a KIC. The key point is that it is very unlikely that a small country like Ireland will have a co-location centre, as they are known, fully based in Ireland. We are looking at that opportunity, and, obviously, that is the high-level goal. However, we are also looking at the goal of participation—a shared KIC between Ireland and the UK, for example. There is potential for the right organisations to come together to form a strong KIC and a strong co-location centre or a regional innovation centre that can stand up and form into a consortium that is coming together around Europe.

[66] **Kenneth Skates:** So, the money at the moment is very much focused on exploratory work to try to identify who you could bring together.

[67] **Dr Lambkin:** Exactly.

[68] **Kenneth Skates:** What do you expect or hope to get as a return for the investment? It sounds like you have quite bold ambitions for a joint KIC. Can you outline how you expect to get a return on the €300,000?

[69] **Dr Lambkin:** To us, the first return would be participation in proposals submitted for KICs. A good return on our investment would be a solid proposal going in from Ireland, with multiple organisations involved. The side benefit of that would be the bringing together of those organisations to go through that process to get to that stage. Whether they are successful or not, it would have brought a very interesting community together that could compete for Horizon 2020 funding separate to that activity. To us, that would be a good outcome.

[70] We are looking to participate in a KIC eventually. The real return would be participating in that activity. However, there are a couple of points. First, KICs will be funded by the Commission through Horizon 2020. We need to make sure we are not excluded from that pot of funding. Secondly, everybody expects that the KICs will be serious competitors in all the other areas of Horizon 2020. If, in the future, KICs are also winning funds across health, agri-food, and materials et cetera, it would make it even harder for our lead research teams and companies to win against such a strong grouping. It is critical that we are in there. That is where we are coming from in putting this investment in place. We are putting the word out that, this time around, we are targeting it like never before.

[71] **Nick Ramsay:** How optimistic are you that a deal will be reached in the dialogue negotiations in Brussels on the Horizon 2020 proposals by the end of the Irish presidency?

[72] **Dr Lambkin:** That is very hard to say. In our meetings with the Commission teams, we are working towards a programme being ready to start and, possibly, with calls being launched in December. If that is the case, we need the negotiation to work and we need it now. A member of our team is currently working through the negotiations. I have seen the

difficulties, the issues and the process. It is an extremely long and hard process and they are working very long hours on it. So, I am assuming they will get the job done.

[73] **Nick Ramsay:** You are assuming that you are all set up, if that happens, to hit the ground running.

[74] **Dr Lambkin:** Absolutely.

10.45 a.m.

[75] **Nick Ramsay:** We have one minute left. Do any Members have any further questions? There is a question from Dafydd Elis-Thomas.

[76] **Lord Elis-Thomas:** I will take advantage of the last question. It is sometimes argued in some sectors of Welsh society that a country like Ireland, being a member state of the EU, has some advantages that we do not have. I do not believe this at all, but could you comment on that?

[77] **Dr Lambkin:** Do you mean in the perspective that Wales is not a member, as opposed to the United Kingdom?

[78] **Lord Elis-Thomas:** No, in the sense that because you have players within Brussels at all levels and, indeed, a commissioner in this particular field, that might be beneficial to you. I do not believe any of that, and I want you to tell me that we could do equally as well if we tried harder.

[79] **Alun Ffred Jones:** Do not give her the answer.

[80] **Nick Ramsay:** That is a very leading question, Imelda, but feel free to answer it as you like.

[81] **Dr Lambkin:** Exactly. From our perspective, I would say that, with our national support network, we work very hard to have a relationship with the Irish people in the Commission. For example, once a year, we hold a formal networking event to which we invite all of the Irish in the Commission. We want to be able to pick up the phone, work with them and know who they are. We particularly want the Irish people who left Ireland many years ago to understand what is going on in Ireland nowadays, why we should be up there competing and that our science is as good as and better than others that we see around. So, I would say that we have a very strong working relationship with all of the Irish in Brussels. For any country, I could not recommend highly enough that you should be doing the same.

[82] **Nick Ramsay:** Thank you. You certainly had a strong working relationship with this committee this morning. I thank you, Dr Imelda Lambkin. It has been an extremely helpful and informative evidence session. Thank you for agreeing to be with us today and to help us with our deliberations on our inquiry into Horizon 2020.

[83] **Dr Lambkin:** It was no problem at all. Thank you.

[84] **Nick Ramsay:** I thereby suspend this meeting until 11 a.m.

*Gohiriwyd y cyfarfod rhwng 10.47 a.m. a 11.01 a.m.  
The meeting adjourned between 10.47 a.m. and 11.01 a.m.*

**Ymchwiliad i Horizon 2020—Sesiwn Dystiolaeth**  
**Inquiry into Horizon 2020—Evidence Session**

[85] **Nick Ramsay:** I welcome Members and witnesses to this session of the Enterprise and Business Committee. We continue our inquiry into Horizon 2020 with stage 2 of our evidence session, and we have the video-conference set up with Brussels. I welcome our witness to this morning's meeting. Would you like to give your name and position for the Record of Proceedings?

[86] **Mr Polizzi:** I am Luca Polizzi of Scotland Europa, which is part of Scottish Enterprise. I am senior executive for policy and funding, with the main focus on research, innovation and international co-operation.

[87] **Nick Ramsay:** That is great. Thank you for being with us this morning. The first question: would you describe the approach currently being taken in Scotland to engage in FP7 and related research innovation activities at the EU level?

[88] **Mr Polizzi:** As I mentioned, Scotland Europa is part of Scottish Enterprise, and it has two offices, one in Brussels and one in Glasgow. We are a membership organisation, so we provide support to our members to increase their opportunities to get involved in FP7. The majority of the support is provided to universities as members but, being part of Scottish Enterprise, we also provide support to companies. This is done in partnership with Enterprise Europe Scotland, which is also part of Scottish Enterprise in Glasgow. Briefly, that is how we work.

[89] **Nick Ramsay:** Byron Davies has a supplementary question.

[90] **Byron Davies:** Hello. Could you perhaps provide some clarity around how the support activities under FP7 work in practice?

[91] **Mr Polizzi:** Yes, of course. There are two main supporting mechanisms available at the moment in Scotland. One is mainly focusing on small and medium-sized enterprise engagement, and is called SPAF—Scottish proposal assistance fund. This is run by Scottish Enterprise and we contribute, as Scotland Europa, to the implementation of this fund. This fund provides small grants to small and medium-sized enterprises that are keen to get involved, providing help for travel costs or consultancy services. We encourage companies to apply for these funds.

[92] This instrument has currently been stopped after an evaluation that we contributed to, where we were a bit critical of its outcomes. As far as the engagement of universities is concerned, there is another instrument, called PACER—programme assistance for the co-ordination of European research. This fund is allocated by the Scottish Government and is distributed to the different universities according to their success in previous programmes. These are the two main instruments available at the moment.

[93] **Byron Davies:** Could you perhaps help me to understand how this translates into support to Scottish businesses between Scotland Europa and Enterprise Europe Scotland?

[94] **Mr Polizzi:** Since the beginning of FP7, we have realised that more support should have been dedicated to businesses. So, we created a business support service in conjunction with Enterprise Europe Scotland, and this support was based on providing awareness-raising sessions involving companies and carrying out tailored sessions with these companies, as well as one-to-one sessions with R&D intensive companies—that is, companies that had a real opportunity to be involved.

[95] In certain cases, but not all, we can also provide advice during the submission phase in the case of strategic projects and with the revision of the proposals. So, according to the quality of the project and the strategic aspects of it, we can go through the entire process up to submission and, if successful, to the contractor phase with the Commission.

[96] **Nick Ramsay:** Thanks. Welcome to Richard Tuffs, the director of the European Regions for Research and Innovation Network. Thank you for joining us for this evidence session, Mr Tuffs.

[97] Keith Davies, did you have any further questions on support priorities?

[98] **Keith Davies:** Gwnaf ofyn yn **Keith Davies:** I will ask in Welsh. Gymraeg.

[99] I ba raddau y mae'r sbardun i Lywodraeth yr Alban? I ba raddau y mae'r sbardun yn cael ei arwain gan colegau? To what extent is the drive for engagement in this being led by the Scottish Government? To what extent is the drive being led by the colleges?

[100] **Mr Polizzi:** Thank you for the question. In a way, this question helps me to speak about the changes that have been made from the early years of FP7 until now and how we are preparing for Horizon 2020. We realised, as Scottish Enterprise, that more support needed to be given to companies, so we supported an evaluation of Scottish FP7 engagement to better understand what businesses are looking for, what the main barriers are and how we can improve support. This is therefore under the leadership of the Scottish Government, which set up our steering group, involving the four development agencies in Scotland—that is, Scottish Enterprise, Highlands and Islands Enterprise, Scotland Europa and the Scottish Funding Council—to discuss how to improve support across the country in a more co-ordinated way. So, the leadership comes from the Scottish Government, but all the agencies are involved in supporting this work.

[101] **Keith Davies:** Mae gennyf gwestiwn ychwanegol. Beth yw'r gwahanol fathau o gymorth yr ydych yn ei roi i bobl sydd am fod yn rhan o FP7? A ydych yn eu hariannu hefyd, drwy roi cymorth ariannol iddynt? Beth yw'r ystod o gymorth yr ydych yn ei roi iddynt? **Keith Davies:** I have a supplementary question. What different kinds of support can you provide to those who want to be part of FP7? Do you also fund them, by providing them with financial assistance? What is the range of support that you provide them with?

[102] **Mr Polizzi:** In terms of financial assistance, as mentioned before, until 2011, there was a specific fund supporting company engagement. It was called the Scottish proposal assistance fund—SPAF. Small grants of between £5,000 and £10,000 were awarded, depending on whether they were keen to be a partner in the first phase, or as leader in the second phase. They could use this money for travel, to attend brokerage sessions and information days in Brussels, or to hire a consultant to support them during the submission process. So, this was the financial support. We realised that just giving money to companies is not sufficient, so it was necessary to develop an engagement support system for companies. This engagement support system is driven by Scottish Enterprise, and, through it, we are directly involved as Scotland Europa. It mainly addresses the barriers that are hampering companies from getting involved. So, we support networking, we try to support engagement in the European technology platforms, we support them to participate in information days in Brussels or a number of brokerage sessions that are organised in Brussels, some of which are organised by ERRIN, and Richard can comment on those. Equally, we support partner searches, and, thanks to the direct link that we have with Enterprise Europe Network in

Scotland, partner searches work in Scotland and in Europe. We also try to close the gap between the universities and the companies, so any time that we provide support to a university, we encourage the participation of a Scottish business in a specific project. So the support is divided between providing money, supporting engagement in networks, brokerage sessions in Brussels, awareness raising in Scotland and one-to-one sessions in Scotland to discuss potential ideas.

[103] **Nick Ramsay:** The next question is from Eluned Parrott.

[104] **Eluned Parrott:** I want to ask about these financial support mechanisms. I note that in Scotland around 9% of funding is to private enterprises, which is lower than in many regions of the UK. Is that the main reason why the SPAF programme was stopped, or were there any other perceived weaknesses in that system?

[105] **Mr Polizzi:** The system went through an evaluation process, and we have been asked to contribute to the evaluation. Working closely with companies, we realised that just giving money to companies and giving them total freedom to decide how to use that money, in terms of hiring experts or consultants to support them, was not enough. The main weaknesses were due to the fact that, after giving the money, there was no record of how that money was used and of whether the projects eventually were submitted using that support. So, we have been critical of the system and we have tried to replace it with more tailored support mechanisms that mainly look at engagement with companies, namely meeting them, understanding their needs and supporting them, matching their needs with potential opportunities on the European side.

[106] **Eluned Parrott:** Has there been any evidence that, since SPAF was stopped in 2011, there has been a detrimental effect on the participation by Scottish companies in FP7, or do you think that the new engagement approach has shown signs of bearing fruit?

[107] **Mr Polizzi:** I can already share with you some data about the evaluation work that we are in the process of completing at the moment. At the beginning of FP7 we were conscious of the fact that the majority of the funds were going to universities and we were called to provide more support to companies. So, the new system that is in place is already showing some interesting data, because the evidence from data received from BIS is that the number of companies involved is growing. We met the target of having more than 50% of the budget going to SMEs under the co-operation programme, and we are even a little above that target. So, in the last days of FP7, we already have evidence that the shift in approach is providing some interesting outcomes.

[108] **Eluned Parrott:** Finally from me, is the new approach costing more, costing less or costing the same amount as the previous one?

[109] **Mr Polizzi:** That is not an easy question for me to answer, because the second approach, which is based more on engagement, is based on people's strengths, so it is based on the direct engagement of officers who were employed with specific skills in order to support that engagement. A team of people was set up, which consisted of people who were highly skilled in project development, European policy and European funding. I have not really compared, so far, how much we spend in supporting the development of skills and hiring new experts with the previous ones. We can provide data on that after this session.

11.15 a.m.

[110] **Eluned Parrott:** Thank you; that would be really helpful.

[111] **David Rees:** Good morning, both. Obviously, the FP7 figures we have indicate that

you have improved the performance on FP6. Do you put that down to, perhaps, the fact that role you find yourselves playing in Brussels has had a major influence on driving forward knowledge, information and support for institutions in applying for bids?

[112] **Mr Polizzi:** If we compare numbers, then it seems a success. However, obviously, the programmes are different, if we compare FP7 with the previous programmes. There were programmes running for four years, there was less money, and the number of potential players in Europe was lower. So, we are not very keen to compare the programmes, as they are different, and Horizon will be different from FP7 again. In absolute terms, we can say that the performance in Scotland is not bad. We have managed to get so far just below £0.5 billion, so it is an interesting outcome. Obviously, the engagement across players is more diversified than before. This means that there is not a concentration in the same organisations, as there was before. So, this is an interesting outcome. Probably—I say ‘probably’ because I do not have all of the evidence—all of the capacity-building sessions that have been organised during FP7, involving different institutions across the country, are probably the basis of this success. However, once again, at the end of the evaluation work that we are carrying out, we might have more evidence to support this thinking.

[113] **David Rees:** How influential have the networking processes that exist in Brussels been on expanding and increasing that performance?

[114] **Mr Polizzi:** The key to success, at least in our case, based on our experience, is a strong link between Brussels-based officers and people back in Scotland. We realised that support mainly on taking funds, so increased participation, is not necessarily a factor for success. We believe that funding support should be done in conjunction with policy development. So, we are trying to stimulate the direct participation of different stakeholders across Scotland in the policy-making process in Brussels when it comes to drafting priorities in the research and innovation sector. The conjunction of influencing policy and funding support seems to be working extremely well. From our experience, and that of some other regional base offices in Brussels, I would say that you need two strong teams—one back home and one in Brussels to make sure that policy and funding stay together and that they are supported in conjunction with each other.

[115] **David Rees:** With regard to the expertise that is required to support the networks, there is a difference between academic expertise and expertise on the policy side. Do you have a mix of those skills within Scotland Europa and, maybe, Scottish Enterprise?

[116] **Mr Polizzi:** Yes, we do. We try to mix expertise. We have people with strong expertise in the policy domain and across the different sectors. So, we have policy officers in energy, environment, smart specialisation and regional policy, and then we have those who are experts in general policy-making at the European level, so they can provide support across different areas and sectors. What we are looking at at the moment is whether this expertise should be supported on a more sectoral expertise basis, so we have to bring policy and project management expertise with sectoral expertise across the different areas. We are looking at the different sections between the different grant challenges, and at whether to use this as a system to shift support in the next funding period.

[117] **David Rees:** You also establish events in Brussels or Scotland for networking. Do you find that this is more effective if people from Scotland go to Europe to get a flavour for that connection and for those networks, or is it more beneficial to keep people in Scotland and bring experts in from abroad?

[118] **Mr Polizzi:** Ideally, a good balance between the two approaches might be the best way to go. In certain cases, you face clear barriers due to the high cost of travel for small and medium-sized enterprises, for instance. They need support in place to allow them to go out to

Brussels. We try to encourage and support a Scottish presence in Brussels as much as we can to participate in information days and different events, and to take part in the work that is going on across the different partnerships and networks in Brussels.

[119] Having said that, we are trying to be targeted and selective. It does not make sense for a number of companies to just show up in Brussels and be involved in an information day if they do not also try to present a project idea, and if they are not also involved in a specific programme that we have set up for them to meet key people and to understand how the system works.

[120] So, having people out here in Brussels is a positive thing, but there should be a programme and support for participation and to attend meeting in Brussels.

[121] **David Rees:** Horizon 2020 is going to look very much more at a collaborative approach across Europe. FP7 started that process, in effect. We often focus upon how much funding we win because we win FP7 projects. How much involvement is there not necessarily in winning projects but in participating in projects led by other organisations across Europe?

[122] **Mr Polizzi:** I am not sure that I understood the question. May I ask you to repeat it, please?

[123] **David Rees:** When we look at FP7 projects, we often focus on how much an institution wins if it is leading the bid. However, we sometimes forget that institutions may be involved in bids with other institutions, where the lead institution may be from another nation or member state. Do you have any indication as to how many bids or how much involvement we have, and how have you been able to facilitate that type of connection?

[124] **Mr Polizzi:** In the evaluation work that we are carrying out, we are trying to better understand who is leading in Scotland and who is keen to be partners in Scotland. According to European Commission evidence—again, I do not know on what it is based—it claims that a leading role, as opposed to being a partner, can lead to an increase of 20% in economic growth. Assuming that this is right, we want to increase the number of leaders in Scotland. We also have to understand how interlinked all the other players are, and how beneficial it could be to support participation across different projects, because having a partner's role might have an indirect impact on how Scotland is performing.

[125] At the moment, we are working on better understanding the differences between these roles, and we will continue to support networks to make sure that there is a reasonably high presence of Scottish players in different networks across Europe. For these reasons, we are highly involved in networks, such as the European Regions for Research and Innovation Network, to support these networking activities across Europe.

[126] **Kenneth Skates:** I understand that the Horizon 2020 Scottish support framework will be published just before Easter. Can you clarify that this will see a shift in focus towards strengthening partnerships between higher education and enterprise and help to support Scottish enterprises?

[127] **Mr Polizzi:** Yes, indeed. This is the main aim of this work. In 2010, we decided to set up a steering group in Scotland, under the leadership of the Government. I briefly mentioned this at the beginning of this session. This steering group is involved with the different agencies, us and, through us, the members, the majority of the universities and the Scottish Funding Council. The aim was to provide a more co-ordinated approach with a Team Scotland approach towards Horizon 2020. Last year, the steering group agreed on and produced an action plan, and one of the actions in it is the realisation of a new approach and to create a new Scottish framework for support, with more focus on business. This has been

done and the framework has been endorsed by the steering group members. The document will be published soon, hopefully before Easter, as we said, and it will be in the public domain. What I can already anticipate is that there is a big focus on and a shift towards support for small and medium-sized enterprises. So, the framework has two phases—support understanding of the programme and support engagement.

[128] The support understanding phase is looking at organising a number of awareness-raising sessions in Scotland and targeted sessions, focusing on companies' engagement and company strands across the key grant challenges. The second phase, support engagement, is divided into three main activities. One is exploratory activities through innovation vouchers. These innovation vouchers would provide money to universities working with companies. This is a way to try to stimulate a new role for those universities that are already extremely well-performing to engage more with companies. If they do not work with companies, they will not have access to these innovation vouchers.

[129] The second phase is about the strategic development of projects and the agencies—Scottish Enterprise, the Highlands and Islands Enterprise and us—will continue to provide what we are already providing to support engagement in FP7. There will be a last phase around commercialisation, namely taking products to the market, and this will be under the leadership of Enterprise Europe Scotland.

[130] **Kenneth Skates:** With regard to those universities that are not involving enterprises in a Horizon 2020 proposal, will they receive any form of support beyond their own internal institutional resources?

[131] **Mr Polizzi:** Yes, there will always be PACER, so the Scottish Government will continue to provide support to the universities that are successful in EU engagement, and all members of Scotland Europa, being members, will continue to get the support that they always got in terms of EU engagement.

[132] **Kenneth Skates:** Are you able to indicate what priority is being given to developing closer synergies between Horizon 2020 and other EU funding programmes, including structural funds?

11.30 a.m.

[133] **Mr Polizzi:** The steering group was also in charge of contributing to the refreshing of the innovation strategy in Scotland. This means that we provide some advice on the innovation stream of the partnership agreement involving Scotland for the next structural funds. We developed a smart specialisation approach in Scotland, so we are in the process of signing up to a smart specialisation platform. We work closely with ERRIN on that and regions can clarify what ERRIN is doing to support regional engagement. So, through the coordinated approach of the steering group, involving the Scottish Government unit responsible for the negotiation of the partnership agreement and the work that we are doing on the smart specialisation, we will ensure those leads.

[134] **Alun Ffred Jones:** Byddaf yn gofyn fy nghwestiynau yn Gymraeg. **Alun Ffred Jones:** I will ask my questions in Welsh.

[135] Mae gennyf ddau gwestiwn ar bwyntiau cyswllt cenedlaethol y Deyrnas Unedig. Sut mae gwaith y pwyntiau cyswllt cenedlaethol hyn, sy'n cael eu trefnu ar lefel y Deyrnas Unedig, wedi'u hintegreiddio â strwythurau cymorth yr Alban mewn I have two questions on the UK national contact points. How does the work of these national contact points, which are organised on a UK level, integrate with Scotland's support structures in relation with FP7?

perthynas â'r FP7?

[136] **Mr Polizzi:** In the sense that we work closely with all of the different national contact points across the country and we tend to involve them when we organise awareness-raising sessions and tailored sanctions as well. We use them to share the influencing activities that we carry out between our members in Scotland and in Brussels to get advisers and to try to get them to feed back these contributions. We encourage members to make contact with them during the different stages of the project development.

[137] Thanks to the experience developed through working with them, we were also able to provide some advice during the consultation with the Department for Business, Innovation and Skills on what we would like to see in terms of changes and the support provided by the national contact point. So, we took part in these consultations and also shared some ideas on how the system could be improved.

[138] **Alun Ffred Jones:** Faint o'r **Alun Ffred Jones:** How many of these contact points are there in Scotland at the moment?  
 pwyntiau cyswllt hyn sy'n bodoli yn yr Alban ar hyn o bryd?

[139] **Mr Polizzi:** At the moment, there is just one that is based in East Kilbride and it is the national contact point for nanomaterials and production. Obviously, the links and engagement with the national contact points were easier than with others, due to proximity, but we established very good contacts with all of the different national contact points across the UK.

[140] **Nick Ramsay:** I will now ask a couple of specific questions of Richard Tuffs of ERRIN. Could you provide examples of regions that have improved performance in engaging in EU research and innovation programmes? I am thinking of programmes such as Aragon.

[141] **Mr Tuffs:** One of the ones that I was going to mention was the Aragon region in Spain. Interestingly enough, in Spain, just to give you some context on this, the main industrialised regions, or research that we are interested in, are Navarra, the Basque country and Catalonia. Those would be the three regions that you would tend to look for in Spain, possibly even more than Madrid. However, what is interesting is that Aragon, which started from a very low base, has increased its research and innovation potential on FP7, in particular, because it is set up as the specific support activity of the universities and industry through an FP7 project that they developed through their structural funds. That has been dramatically successful, particularly because they have probably centred on key activities for Aragon; so, they have chosen key competencies. One thing that they are doing is a lot of work around water and logistics. It is quite interesting that they see themselves as a logistic hub for Spain, because Aragon is between Barcelona and Madrid and that is quite an interesting area. They are even doing dry-docking, as they call it there, which means that they are doing some of the docking activities in Zaragoza ready to take down to Barcelona. So, Aragon has been a good example.

[142] Other examples have been in some of the new eastern European member states, where interest has recently increased in some of the Polish regions. One of the regions that we are working with is Łódź and the other region that we are working with in eastern Hungary is Észak-Alföld, which is also very active in Brussels in getting access to funding and a variety of programmes—not so much FP7, but more around INTERREG and more general programmes.

[143] **Nick Ramsay:** I could ask you about the regions that have not been so successful, but we will focus on the positive. What work is ERRIN undertaking to support the engagement of its partner regions in FP7 and other research innovation activities at an EU level?

[144] **Mr Tuffs:** ERRIN is very basic: we have to take the three Ps. The first is looking at policy. As Luca has already mentioned, you have to understand the policy and what you are getting into. We are interested in getting early intelligence on policy, on what is coming up and what are the new areas to get engaged in, and so on. For example, there are European innovation partnerships on healthy ageing, smart cities and water. Early on, we noticed that the water innovation partnership would be of great interest to many of our regions. ERRIN is now on the European innovation partnership water taskforce. We were directly involved in setting the strategic priorities for water and are battling for regional input into that area. We can start to understand the policies for our regions and, where possible, we can help to shape policies so that there is a regional input. That is the first thing. In front of me, I have the strategy for Horizon 2020. It is an internal document and I know that you will be interested in that. We already have some information on Horizon 2020, where our regions will be interested in seeing what is coming up and the strategic directions that are coming up on the first timelines. The first area is the policy side of understanding and being aware of the policy, and trying to shape the policy.

[145] The second part for us is much more practical and pragmatic; it is project development. As was mentioned with Luca's work, we are looking at partnership events, where we do information sessions, and we try to get what we call brokerage events, where we get experts who want to develop projects to come to Brussels and to meet in Brussels. This year, we have already had an event on intelligent energy, with 150 participants from around 40 different regions, an event on information and communication technology on the competitiveness and innovation framework programme, and we have also had a brokerage event on water. We are looking to organise something on clusters soon. So, project development is a very big part of what we try to do in ERRIN, and we do that through our thematic working groups. One of those working groups is on innovation funding and it includes representatives from higher education in Wales. Berwyn Davies is involved and co-leads that group.

[146] The third P that is extremely important is profile raising—making sure that your region is known as being active in a particular domain. I am not saying this just because I am here, but Scotland is a very good example of that, not least because a lot of meetings are organised at Scotland House. For example, the water taskforce met at Scotland House last week. There is an opportunity to raise the profile of the region. Wales also has excellent facilities to organise meetings, which would raise the profile of the region. It could get involved in various areas.

[147] Those three Ps are important: policy, project development and the partnerships there, and raising the profile.

[148] **Nick Ramsay:** Just to be clear, if these regions were not participating at the higher level, they would not be involved in this practical project development. That is a direct spin-off of their engagement in the water programme, for instance, is it not?

[149] **Mr Tuffs:** If they are in ERRIN, yes. There are other opportunities. We are not the only network. We would like to feel that we are quite an important network, but there are lots of different networks. Yesterday, I was at an event with Swiss and Irish universities and I heard that ETH Zurich has something like 467 FP7 projects. Zurich never comes to ERRIN events; the point is that the big players have their own networks. ERRIN is useful because we bring a combination of different areas and people together. We have 95 regions, so we cover a lot of European regions that are interested in research and innovation. Also, we have early contacts with these people, so you are not sending an e-mail into a void. If you tell me that you are looking for somebody to do something tomorrow with a certain region, we will probably know that region and have a contact there, and we will be able to get in contact with

them within minutes of that event.

[150] As an example, this morning I phoned Berwyn Davies from Wales to prepare for today. We mentioned advanced manufacturing, which is one of the cluster areas, and Swansea has competences in this area. There is a Week of Innovative Regions in Europe conference, which is a conference on regions and innovation, to be held in Ireland in June and it is looking for somebody around that area. Immediately, I sent an e-mail to the conference organiser to say that if they were looking for a region, there is an opportunity here. This is the way that we can work quickly, and it is an aspect of profile raising. If we know what the competences are and what you are interested in, we can make sure that, when we meet people in a variety of situations, we can exchange information.

[151] **Nick Ramsay:** For any region looking to participate in programmes such as FP7, what lessons have been learned over the years so that you could say to those regions, ‘This is an obvious pitfall from the start’, or ‘This is what you should do to get the most success’?

[152] **Mr Tuffs:** From what I have heard, Luca has already given you some tips, but you need strength back in the region of your competence as an excellence. A good example of that is ETH Zurich. We also had Trinity College Dublin, which was also involved in many FP7 projects. There is a certain idea of having an excellence base. If you do not have excellence and the competences in the universities, it does not matter how much work we do here, you may not be the preferred partner. That is an important point.

[153] First, you need things happening in the region, so that you have joined up industry, SMEs, universities and regional government with clear strategies of where you want to concentrate resources. Secondly, you need a good Brussels office, which is good in terms of action, which knows what the peer strategies are, knows the key contacts and which has flexible, quick and good access to them. You then need good people here who are networkers and who are able to sense out the opportunities to start to see where these opportunities may come. For example, with the European innovation partnership, there is one on health and water and there will be one on smart cities. The one on water will have no funding attached to it for the first year or so, but after that couple of years, there will be masses of funding. So, it needs somebody sitting here, saying, ‘Don’t panic now; there won’t be any funding this year, but if we keep in this area, and if this is a strategic area for us, we should play into these partnerships and get involved in the action groups and so on’. It is basically about having people here who have competence to look out for good partners to work with, where the opportunities are going to come from, networks and events, and who they should be talking to. They also need to build a really strong profile for themselves in Brussels.

[154] **Nick Ramsay:** Thank you. I am going to bring Ken Skates in now, who has a supplementary question for you.

[155] **Kenneth Skates:** Could you give us an indication of how you are preparing for the next round of knowledge and innovation communities?

[156] **Mr Tuffs:** We already had a meeting last year, which was here, so thank you, Scotland. We had over 120 people in the meeting. The first issue that we looked at in the KICs was the policy issues of getting a regional dimension. The first thing that we did—and we had a very good event here—was to highlight that, with the future KICs, we need a clearer and stronger regional dimension. As you probably know, the climate KIC has a regional dimension, which was something that was pushed hard by the west midlands region. It is called a regional innovation KIC, which is a regional part of that implementation centre. What we are saying for the commission for the next round of six KICS—or possibly five because it looks like there will not be six—is to make sure that there are opportunities for regions to engage, first of all, in those KICs. This is something that we are pushing onto the table. We

do not know the final format of how that will work out. We will probably have to wait until the budget and Horizon 2020 are finished to see what the first KICs will be. It is quite clear that the first one will be on raw materials.

[157] **Nick Ramsay:** We have only 30 seconds left.

11.45 a.m.

[158] **David Rees:** I have just one question. Have you had discussions with the EIT?

[159] **Mr Tuffs:** Yes, EIT came to our event. The new chair of EIT and the steering board all came to our event. But, we do not have direct discussions with Budapest. People here are trying to arrange for us to meet the head of the EIT unit next week to discuss the question of future KICs and the regional dimension, and we hope to be going with the Emilia-Romagna region, which is very interested in this area too. So, we have a good connection here.

[160] **Kenneth Skates:** I have a very short question. It seems that you might have intelligence that we do not about future KICs. Which of the six proposed ones do you anticipate might be dropped?

[161] **Mr Tuffs:** The one was on security, I think. I am sorry; it is not in my book, but I think the security one will be the last one—

[162] **Nick Ramsay:** That is fine. Finally, in terms of Wales's participation in Horizon 2020, are there any particular actions that you think that Wales could do to really get the most out of Horizon 2020?

[163] **Mr Tuffs:** The first thing to do would be to strengthen the Welsh activities here in Brussels; it would be a very good idea to work with Welsh Higher Education Brussels, which you have here. Secondly, from experience of working in the west midlands many years ago, a formal sort of simple travel grant to get some of the academics out here for quick visits, during which they could meet other project people and partners, and link that in with the activities that people are doing here, would be a clear action. I also think that one of the things that people who do not work in Brussels do not realise is the speed of Brussels activities. So, you need to make sure that whatever processes and decision making you have in Wales in terms of FP7, are fairly quick and speedy, because often opportunities arise, but they have very short timelines. Therefore, you have to have confidence in your people here that they are getting engaged in the right thing. You have to give those people the confidence to act fairly quickly, because if you do not say that you want to be in, somebody next door will be in instead.

[164] **Nick Ramsay:** So, speed is of the essence.

[165] **Mr Tuffs:** Speed and flexibility.

[166] **Nick Ramsay:** Great. Thank you, Luca Polizzi and Richard Tuffs from ERRIN, for being with us today. It has been very helpful. Thank you for helping us with our inquiry; we will feed that into our deliberations on stage 2 of Horizon 2020.

[167] **Mr Tuffs:** Thank you very much.

[168] **Mr Polizzi:** Thank you.

[169] **Nick Ramsay:** Thank you for taking the time to talk to us. With that, I close the meeting.

*Daeth y cyfarfod i ben am 11.48 a.m.*  
*The meeting ended at 11.48 a.m.*