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Inquiry into Horizon 2020

Evidence from Pembrokeshire County Council

Dear Ms Phipps

## COMMITTEE INQUIRY: HORIZON 2020

Pembrokeshire County Council welcomes the opportunity to offer comments on the issues raised in the Terms of Reference of the Enterprise and Business Committee's short Inquiry into the European Commission's Horizon 2020 proposals. Due to the call for evidence taking place during the local government election period, this response has been compiled by officers.

Pembrokeshire County Council has significant experience and expertise in relation to the development and delivery of European Structural Funds programmes and projects. The Council has never been engaged in any of the European Union's Research and Innovation programmes, chiefly because they are intended for higher education and the private sector. For this reason, we wish to focus on the third point of the Committee's Terms of Reference, namely the question of synergies between Horizon 2020 and the Structural Funds.

It is clear that in its proposals for the 2014 – 2020 Structural Fund programmes, the European Commission is alert to the potential for synergies between these two funding programmes. This is evidenced by the Commission's Staff Working Document on "Elements for a Common Strategic Framework". This makes clear that during the next programming period, it will be possible to deliver "Integrated Operations" (the term "operation" equates to the more commonly used "project") which could allow projects to be funded by one or more EU financial instruments, such as ERDF and ESF, or more pertinently in this context, ERDF and Horizon 2020. This has not been possible previously, despite long held ambitions to be able to use ERDF and ESF together in this way. As such the innovation is welcome so far as combined use of Structural Funds is concerned, but combining Structural Funds and Horizon 2020 will require careful thought.

The reason for our caution is that Structural Funds and Horizon 2020 have different characteristics that may well be difficult to meld in a coherent manner. For example, Structural Funds have a strong territorial component that aims to equalise the economic development of different regions. Horizon 2020 applies across Europe and is blind to territorial issues. The risk is that by using Structural Funds and Horizon 2020



together the benefit of Structural Funds may accrue to areas that do not qualify for them, and this may to some extent frustrate the purpose of the Structural Funds targeting of the least developed regions.

A further issue is that Structural Funds and Horizon 2020 are not wholly aligned in their purposes. Structural Funds have as their main objective economic development and thus ERDF funded industrial innovation projects are aimed at immediate commercial applications. Horizon 2020 is more focused on research. It is essential that the two different funding streams are used appropriately, with Horizon 2020 supporting research and the Structural Funds seizing the results of that research and speeding the commercial application of ideas. Note that we do not believe that applications should receive higher appraisal scores simply because they involve Integrated Operations, since this has the disadvantage of encouraging Integrated Operations when this is not appropriate to the objectives of the project. Inquiry into Horizon 2020

Horizon 2020 has a clear transnational component from the start of cooperation between Council organisations in different Member States. Structural Funds can operate on a cross-border, trans-national and inter-regional level but this has not been a particularly strong or successful aspect of the Convergence programme in the 2007 – 2013 period.

It will also be necessary for the Structural Funds and Horizon 2020 to have regulations on issues such as eligible costs, document retention, audit *et cetera* that are completely compatible. In addition, application processes for Integrated Operations will need to be well designed to avoid organisations needing to make two applications for one project. This implies one decision making body, or a two stage decision process. At this stage, it is not at all clear how this might work in practice.

In closing we wish to comment that in our experience applicants and project sponsors using Structural Funds in the current programme period have needed significant levels of support to ensure effective and compliant implementation of their projects from the Specialist European Teams (SETs) within local authorities, the Welsh Government and the WCVA. If Horizon 2020 is to be used alongside Structural Funds after 2013 then those providing support will need to enhance their knowledge of a wider range of EU programmes – not just Horizon 2020 but also the EU Lifelong Learning programmes – so that they can fully support the new Integrated Operations.

If you wish to clarify any aspect of these comments please contact me.

Yours sincerely



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