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Response

A Universities UK response on behalf of Membership
to a consultation by another organisation

7th EU R&D Framework Programme- a consultation by the Office of Science and Technology

This response focuses on those issues raised by the consultation that are of key relevance and concern to UK universities, whilst also providing comment on the broader related issues. This response has been developed following extensive consultation with Universities UK members. Key points include:

- The future financial sustainability of EU funded activities is of prime importance to UK Universities
- Universities UK would support a greater focus on basic research within the 7th Framework Programme and the creation of a new mechanism to support this, notably a European Research Council (ERC).
- The current procedures are unduly bureaucratic and FP7 will need more streamlined administration and delivery mechanisms.
- A greater focus by the Commission on the systematic monitoring of the wider impacts of the research that it funds is crucial.
- More needs to be done to create an environment in which business will be encouraged to increase investment in R&D. A key focus of FP7 should therefore be on understanding better and targeting those areas that need it most.
- The human resources and mobility activities have been one of the most successful areas of previous Framework Programmes and play a very important role in the UK research base

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1. Universities UK very much welcome the opportunity to respond to this consultation. The UK can only benefit from an active engagement at all stages of European policy making. This consultation process is an excellent first opportunity for the UK to prepare a position on what it expects from the 7th Framework Programme (FP7) and European level R&D activity. Given the crucial role that universities play in EU funded research activities, and contributing to the objectives of the European Research Area (ERA), we look forward to being actively involved in ongoing discussions around the future shape and direction of the Framework Programme.

Question 1: Rationale for the Framework Programme ([See Para 5-8](#))

- What is the rationale for the Framework Programme?
 - Is the current €19bn budget appropriate? If you feel a need for change, why?
 - Which areas of the Programme have the strongest rationale and which should be assigned lower priority?
2. Universities UK broadly agrees with the rationale for the Framework Programme as set out in the consultation document. We would support the notion that that the Framework Programme should promote R&D in the European Community as part of the development of a European Research Area (ERA), and associated objectives. We would also agree that EU public funding for R&D should be targeted towards those areas where the case for European action is strongest. A key part of the rationale must, therefore, be for those activities that could not be carried out at a national level, and/or which have a global relevance. FP7 must also raise the quality of European research, improve the underpinning capability of the European research base and enhance innovation and economic competitiveness. To this effect a level of coordination or alignment of research strategies needs to be achieved, while maintaining flexibility within national research funding priorities.
 3. EU-funded research brings considerable benefits to the UK HE sector, contributing significantly to institutions' ability to create and apply knowledge. It develops university links outside the country, widens the experience and exposure of research staff, improves teaching standards, attracts opportunities from private sources through collaboration with industry and SMEs and enhances knowledge transfer. EU-funded research adds considerably to the research standing of many universities as measured by the RAE. The fact that EU programmes are oversubscribed demonstrates their importance to UK higher education.
 4. Through the Framework Programme UK universities play a key role in ensuring that the EU collectively achieves a level of research capacity and research excellence capable of securing Europe as a world



player in R&D and exploitation, and driving up European competitiveness particularly in relation to the US and Japan.

5. An increased budget would enable more players to engage within the programmes and address the problem of massive over subscription. Additional funding is also needed if the Commission aims to achieve full engagement with the new member states and to encourage wider access. On this basis the proposal to double the budget for FP7 should be endorsed. Any additional funding should not be at the expense of UK R&D expenditure.
6. However, in relation to UK universities there are some fundamental concerns over the ability of the UK to continue to be significant recipients of EU research funds, and to take full advantage of any increase in the budget under FP7. As UK higher education moves towards a full economic cost regime for costing research projects many institutions will be in a position where they are unable to compete for EU research funds at current levels. Partial funding of EU activities will restrict the volume of work that universities can support in a sustainable manner. Interim findings of a recent UUK membership survey on this matter show that many institutions are expressing concern that there will be very little to gain from participation in FP7, beyond further administrative burden.
7. Details of this problem can be found in response to question 15 below, as this matter has not been specifically covered under any of the questions in the document.

Question 2: Requirements for a New Programme (See Para 9)

- What evidence can you suggest on the key issues to be addressed in the new Programme?
8. As stated above, the problems around the sustainability of EU funded research activities are of vital importance to UK universities. Universities UK have undertaken a membership survey to help document the current position the details of which are covered in our response to question 15.
 9. Universities UK would support many of the requirements of the new programme as outlined in paragraph 9 of the consultation document. As part of the ERA and a move towards the 3% Barcelona target it is vital that more is done to meet the aspirations for private investment. To this effect more needs to be done to create an environment in which business will be encouraged to increase investment in R&D. However, there is little value in encouraging the business community to spend more on R&D without a good understanding of where that impact might best be made. A key focus of FP7 should be on understanding better and targeting those areas that need it most. Most companies that produce research publications in the UK are in the top 200 of the DTI Scoreboard, a significant proportion of



which are in the biotechnology-pharmaceuticals sector. These spend £15bn of the UK's £16bn annual industrial R&D¹.

10. The UK has a wealth of experience of working with business to exploit research activities. EU level actions to encourage the development of this are welcome and should build upon and be informed by the valuable experience in the UK has to offer.
11. In terms of evaluating the impact of previous programmes, the study commissioned by the OST, undertaken by Technopolis², shows that despite the large amounts of public money dedicated to the Framework Programmes, their overall effectiveness is difficult to evaluate, both in the short term and longer term. This may be because at present little or no data is collected that might assist with evaluation. A greater focus by the Commission on the systematic monitoring of the wider impacts of the research that it funds is therefore crucial.
 - In which areas of the Programme is there evidence that it is working well or that it needs to function better?
12. Many of the issues covered under this question are dealt with elsewhere in the response, although this provides a useful opportunity to provide a summary of some of the key points.
13. It is obviously essential that the design of the new programme is informed by the experience of previous programmes. In terms of FP6, it is too early to say what is working well- some projects funded under the first calls have yet to start or are in their early stages. However, it is possible to identify many areas for improvement, notably improving the quality of proposal evaluation and shortening the length of contract negotiation. This is confirmed by the Marimon report³.
14. Overall the processes are too bureaucratic and this in turn acts as a disincentive, particularly for those with no prior experience of Framework Programme projects. The single stage evaluation process means that applicants have to spend a disproportionate amount of effort in preparing their submission. This is a high-risk process in the light of the low success rates under FP6, meaning that it is often not cost-effective. A two-stage evaluation process should be introduced to balance the effort needed as the submission process proceeds. Though the volume of information required at stage one should be light, which is not the case in all current use of the two stage procedure, e.g. in the NMP Programme.

¹ Adams & Smith, *Research and the regions: An overview of the distribution of research in UK regions, regional research capacity and links between strategic research partners*, Higher Education Policy Institute, 2004

² *The Impact of the EU Framework Programmes in the UK*, June 2004

³ *Evaluation of the effectiveness of the New Instruments in Framework Programme VI*, June 2004



15. Consideration should also be given to national level support to assist in preparing bids. In December 2003 the Scottish Executive provided funds to SHEFC for a pilot scheme to provide limited financial support for the preparation of 'Network of Excellence' or 'Integrated Projects' proposals under EU Framework Programme 6. The success of this initiative should be looked at closely and adopted more widely across the UK if appropriate.
16. At an operational level a number of institutions have indicated to Universities UK that the quality of the Commission's scientific officers is quite variable – some have a poor knowledge of the Commission's own regulations and procedures. This is something that could be addressed by better training.
17. The document focuses almost exclusively on research in areas directly associated with engineering, medical, physical and environmental sciences and technology. Throughout the consultation document there is very little mention of research in the social sciences and humanities. It is vital that the contribution of the social sciences, arts and humanities, and academic support for the creative industries are recognised as playing a key role in the ERA, and therefore supported under the Framework Programme.
18. To this effect the current range of instruments is not appropriate for all disciplines and research projects. Instruments that encourage large-scale collaborative projects may be well suited to some work in the natural or physical sciences, but may not be the best models for support of social science projects. Similarly, Networks of Excellence (NoEs) and the concept of integration have caused a great deal of concern and have not been applied consistently across all disciplines or thematic areas.
19. We would agree with the consultation document that NoEs have not always been well understood, and would suggest that the purpose of NoEs needs to be clarified. NoEs were proposed and constituted but there did not subsequently appear to be a continued process of support or consultation. This instrument should be reviewed and possibly refocused in order to achieve the stated aims of structuring and strengthening the ERA.
20. FP6 funded many projects that were designed to lead to activities far beyond the initial funding period. If these are to be successful, then FP7 should give these projects the opportunity to apply for further support, to maintain and develop the networks created.
21. Whilst the UK takes the largest share of the budget for Marie Curie Actions and receives a net inward flow of the brightest European researchers the success rate for this part of the Framework Programme is very low. Further, additional investment in this area would be of benefit to the UK.

Questions on Science and Human Capital

Question 3: Basic Research and Promoting Excellence in Science and Technology (See Para 10-14)



- How strong is the case for a major increase in EU funding to improve excellence in basic research?
- Is basic research a priority compared with applied research?
- If there is a basic research element in FP7, how should this be administered to maximise its effectiveness?
- Should new support for basic research involve a requirement to collaborate across borders or, as is proposed, award grants to individual teams?
- Do the proposed criteria look appropriate ones to apply when judging proposals for a basic research action?

22. Universities UK would support a greater focus on basic research within the 7th Framework Programme and the creation of a new mechanism to support this, notably a European Research Council (ERC). There is a case for an increase in funding for basic research to enable innovative science that can provide the leading edge of new developments. The new scheme should aim to identify and support the very best researchers and research teams and ensure they are adequately funded on a level that makes them truly competitive on a global scale.

23. Universities UK would in principle agree with the criteria outlined in the consultation document. We would however expand on these. Our key principles for the creation of an ERC or similar agency, which overlap and expand upon those outlined in the document, are as follows:

- It should be independent from the European Commission, Research DG.
- It should be funded with additional money i.e. not money from member - states national bodies.
- Funds should be distributed through the meritocratic peer-review system.
- The ERC should fund all subject areas (including the arts and social sciences).
- There should be provision for solo institutional bids.
- Funding should be provided to meet the full economic costs of projects.
- It is crucial that the UK is involved in the development of an ERC from the outset.
- The UK Government should press for the location of the ERC in London, or elsewhere in the UK, in view of the competitive success of UK's research within Europe

24. Cross-border collaboration may be appropriate if this contributes to scientific excellence. It should, not, however, be a pre-requisite to have partners from several member states. Equally, collaboration with countries outside the EU should be encouraged where this facilitates excellent research. Basic research in FP7 should be driven by a bottom-up approach, and funding decisions based primarily on research excellence and not pre-defined priority areas. Furthermore, the size and scope of projects should reflect what is required by the research in question rather than comply with the rigid criteria of the different



funding instruments. The artificial criteria set by the Commission distorts projects at the expense of research excellence. The Framework Programme should not mechanically apply a one-size-fits-all set of criteria. In particular, the current requirement of multinational, or multidisciplinary teams, should not be allowed to drive and determine project design and development.

Question 4: Scientific Infrastructure (See Para 15-21)

- What should be the role for the European Community in funding scientific infrastructure development and maintenance?
- What areas are in greatest need of support and how should any Community support be delivered?
- How can infrastructure funding (by its nature long term) be reconciled with the four-year cycle of the Framework Programme?
- What is the best arrangement to support more strategic decision making on future research facilities and funding?

25. Whilst this question primarily covers large infrastructure it is important to note that in relation to universities most of the Framework Programme ignores the costs related to maintaining the general infrastructure that is used to perform the research they fund. This is a continual problem for HEIs given the historic under investment in their infrastructure. The problems relating to the historical under investment in the infrastructure of UK universities is outlined in Universities UK's submission to the 2004 spending review⁴.

26. A move towards a regime of identifying the full economic cost of projects will help enable universities to manage their infrastructure investment on a sustainable basis in the future. It is, however, unlikely that universities will be able to sustain current levels of EU funded activity on this basis given the current level of costs provided by the Commission. As stated above full details of this problem are outlined in response to question 15.

27. With regard to large infrastructure a four-year programme is not the best mechanism for providing the long-term funding that infrastructures require. Providing funding to expand the best facilities in Europe to accommodate more users should continue and European funding could be used either to take nationally funded infrastructures to the next level or to fund infrastructure projects that would be outside the scope of an individual country.

28. The Commission should ensure there is a continued focus on facilitating access to existing infrastructures, and maintaining and enhancing these infrastructures. It will be important to ensure

⁴ *Achieving our vision, Universities UK submission to the 2004 spending review*, Universities UK, 2004



continuity of funding from FP6 to FP7 and beyond e.g. increase the duration of funding from its current maximum of 5 years, to 7 years or more. There may even be a case for moving infrastructural investment funds outside of the FRAMEWORK PROGRAMME cycle to allow long-term strategic development.

29. The ESFRI initiative has yet to bear fruit, and should be given time to settle into place. National governments clearly have a role to play in ensuring that rivalries between Member States do not take precedence over collaborating in high-quality research.

Question 5: Human Capital and Mobility (See Para 22-28)

- What are your views on the human resources and mobility activities in the Framework Programme?
- Do you agree that some restructuring is needed in FP7 to boost industry (especially SME) participation in the mobility activities?
- If so what structure would be optimal?
- Do you have any ideas for new activities (e.g. those that might encourage “brain gain” from third countries or foster inter-sectoral mobility in industry)?

30. This programme is naturally of primary interest to universities. The human resources and mobility activities have been one of the most successful areas of previous Framework Programmes and play a very important role in the UK research base. Given that in FP6 the Marie Curie Actions have been vastly oversubscribed, funding for this should be increased in FP7. This will be needed in order to fund a sufficient number of the high quality proposals submitted.

31. The variety of formats for fellowships encourages participation by allowing choice in adopting the most appropriate fit with research training/development needs. The approach taken by the Commission in this area of the programme demonstrates that programme objectives can be achieved by a flexible approach, avoiding problems of imposing a one size fits all solution. We would see no strong reasons for any significant restructuring of this activity. Although the mobility part of FP6 has worked well overall, there have been a number problems in the UK, which if addressed under FP7 could help enhance this area of activity considerably.

- The International Individual Fellowships have proven popular with the UK, however, many organisations have been deterred from supporting potential Fellows for the Outgoing Fellowships due to the contractual requirements for the return phase- consideration should be given to more appropriate ways of managing this in FP7.
- Desk officers have forced institutions into using stipends during the negotiation meeting in order to reduce the cost of projects, when in practice there should be flexibility in this. All students employed on stipends should have access to full social security coverage that would be automatic on employment contracts.



- The delays between applying for fellowships and the funding actually being in place, as well as there only being one deadline per year, makes the transition into fellowships difficult for many individual researchers.
- OST has not made it clear to the Commission, that PhD fees must be covered in all host awards at the doctoral level. This needs to be made clearer at the outset.
- The low level of overheads on the actions and the inconsistent rates at which they are applied is of real concern. There is a current the tendency for the Commission to cut these further e.g. the overhead rate for Marie Curie Excellence Teams was cut from 20% to 10% in the current work programme.
- Although there are opportunities for resubmission, the evaluators' reports are not useful. Evaluators generally believe that they are recommending funding (with marks in the high 80s), leading to proposals that pass all the evaluation criteria yet do not make the 'recommended for funding' list.
- The Transfer of Knowledge scheme although useful, has proven to be complicated. The Tok-DEV scheme in particular, is providing useful as a research capacity building activity, both within the 10 new Member States and the UK. However, ToK is essentially two schemes in one. The two parts of the Programme – ToK DEV and IAP – should be separated out in FP7.
- Support for Marie Curie conferences should be reconsidered. The FP5 approach for supporting single events provided a greater diversity of training opportunities for researchers across Europe and allowance for the support of such single events should be re-instated in FP7.

32. We would agree that industry participation does appear to be declining and that some restructuring may be appropriate. However, there is still a considerable amount of work to be undertaken first so that we can better understand why industrial partners seem unwilling or unable to participate widely in the programme, particularly as inter-sectoral mobility could be an important vehicle for knowledge transfer. The cause of this decline may be linked to factors such as lengthy contract negotiation and funding instruments largely unsuited to industry's needs.

33. We would suggest that as part of this effort to develop more detailed analysis of the impacts of the Framework Programme, better quantitative evidence on how this activity impacts on European industrial competitiveness is required

Question 6: Industrial Competitiveness (See Para 29-34)

- How can the Framework Programme be made more attractive to industry and increase private sector R&D investment?

34. As stated above there is little value in encouraging the business community to spend more on research and development without a good understanding of where that impact might best be made. A key focus of FP7 should be on understanding better and targeting those areas that need it most.



35. The frequency and extent to which the results of Framework Programme projects have been successfully exploited to bring large commercial gain should be investigated. Currently there is not a significant amount of evidence that these projects have led to substantial commercial benefits and, given that the Commission only fund 50% of the costs, there may not therefore be the necessary incentive for industrial participation.
- Are there alternative delivery mechanisms which could foster industrial participation?
36. Getting several HEIs, particularly from different countries, to work successfully together can be difficult, but the problems can be greater when dealing with industry. Industrial bodies have less experience of dealing with Framework Programme applications so the set-up costs, combined with the low chance of success and the complex application process, may stop them applying. Measures to address this could include support for application costs (possibly at national level) and a simplified application process, possibly involving the increased use of two stages.
37. Industry is often not aware of the opportunities available, or the best way to find partners and get involved in applications. An education programme and additional support with preparing applications could go a long way to increase industrial interest in future Framework Programmes.

Question 7: Addressing the Needs of Small and Medium Enterprises (See Para 35-38)

- How can EU funding best address the needs of SMEs?
 - How useful are existing SME-specific measures and what form should future SME instruments take?
 - If necessary, how can SMEs be integrated into mainstream Framework Programme projects?
 - How could mobility for SME employees be increased to access technology and skills?
38. As mentioned above, the long timescales for decision making and complex administrative arrangements of the current Framework Programme have acted as a disincentive for SME involvement. Therefore, reducing the bureaucracy and administrative requirements of bidding under the Framework Programme would help encourage SME involvement. The time between bid preparation and contract commencement is currently very long. Improving this would help.
39. The future CRAFT programme (or equivalent) should have the budget increased to allow more projects to be funded under this scheme. CRAFT has the potential to be highly beneficial to SMEs, but does not currently offer sufficient incentives to HEIs to be the research performer, given the funding return, administrative burden, and the inherent risks in working with SMEs. The lack of incentives for HEIs leads to opportunities being lost.



40. SMEs often have unrealistic expectations of what they should get from Framework Programme projects. They struggle with the idea of shared costs and with the difficult relationships artificially created for Framework Programme projects.
41. SME participation in Framework Programme projects is most often not as a full partner but as a subcontractor. Contribution is often via providing a specialist service or process necessary to the wider work of a project. There are few SMEs participating in the core of the research teams and therefore as a part of the knowledge transfer process. It should be recognised that for many SMEs interest in such knowledge, new technology or innovation occurs further 'downstream' where research outputs, knowledge and new technology is closer to market. Consideration needs to be given to the balance between concentrating new resources on encouraging SME participation in RTD projects and support that can encourage SME participation in the development or commercialisation of the results of RTD projects.

Question 8: Better Exploitation and Spin Out of Research (See Para 39-42)

- What should be done to make the Framework Programme better focused on exploitation and spin out?
42. The UK has a wealth of experience of working with business to exploit research activities. EU level actions to encourage the development are welcome and should build upon and be informed by the valuable experience in the UK has to offer.
 43. FP7 needs to achieve a more balanced programme that not only stimulates additional basic research but also supports exploitation of outputs from previous Framework Programme projects. This would stimulate new spinout business opportunities that may also achieve further engagement with the European business community in its broadest sense.
 44. Adequate funding is required to take the technology forward. HEIs often have a number of technologies that they want to exploit, but the lack of funding to cover the substantial initial investment required prevents them from doing so. Within previous Framework Programmes there has been some funding for exploitation, but this has been both limited in value and only available during the lifetime of the project, making it of little value in terms of a long-term exploitation plan. Even if funding were available, the requirement that participants have to find 50% or more of the costs themselves would still be a major disincentive to fully exploiting results.
 45. Exploitation of Framework Programme project results is not particularly attractive to either industry or HEIs due to the complications over who owns the results and it often being necessary to share any commercial return generated between a number of parties. A transparent and simplified Intellectual Property Rights regime would be beneficial, with adoption of template agreements for handling IPR.



46. The OST will be aware that in the UK the unintended consequences of changes to legislation under the 2003 Finance Act have seriously jeopardised the UK's ability to continue spin out activity at current volumes. Similarly, changing rulings on VAT at a national and EU level often have a significantly negative impact on the research base. It is vital therefore that broader national and EU policies are co-ordinated so that they do not create an environment that inhibits the science and innovation agenda for both public and private players.

Question 9: Research in Support of Policies (See Para 43-45)

- How should FP7 be balanced to meet the needs of both research in support of policy and that in support of competitiveness outcomes?
- Should there be a clearer delineation between the two types of research in the structure of the Programme?
- How could the interests of end-users of policy-related research be better met?
- How can the need for transparency and dissemination of policy-related research be balanced with the need to protect IPR?
- What should be the future role of support for the Joint Research Centre (JRC)?

47. We would argue that a more flexible approach, which acknowledges that the programme must respond to changing research requirements, is desirable. Determining too far in advance the recommendations for a division of the research funding with a bias towards either competitiveness-supported research or policy-supported research could lead to a lack of responsiveness. The experience of previous Framework Programmes is that determining the use of funds for specific purposes years in advance of implementation can undermine the success and impact of the programme.

48. We would agree that research in support of policy is important, as the EU leads on the development of policy for many issues. However, the results of Framework Programme projects seem to be far removed from local policy makers and the results do not seem to flow down to them. A weakness in current schemes in support of policy is that the policy-makers themselves are seldom directly involved, either in formulating the work programmes or in the projects themselves. End-users need to be deeply involved at all stages, from conception of the work programme to execution of the project, and beyond if it is to be relevant and effective.

49. Whilst there is a perception that the JRC is operating effectively it is important that it does not become unduly dependent on direct funding from FP7. We would suggest that it is funding on a competitive basis, rather than through a block grant.

Question 10: Science and Technology Priorities (See Para 46-49)



- What criteria should be applied for identifying the S&T priorities for FP7?
- Can you suggest evidence that identifies key areas for support?

50. As proposed above, EU public funding for R&D should be targeted towards those areas where the case for European action is strongest. The criteria listed in Para. 47 of the Consultation document appear appropriate and realistic. These criteria should complement the criteria for national support used to identify Government funding priorities for science and innovation, as set out by RCUK and reflected in the Government's ten-year investment framework (July 2004).

51. The issues underlying this question have been analysed in depth by the Engineering and Technology Board chaired by Sir Peter Williams⁵. Section 2 of this report includes a range of detailed research findings principally about high technology young companies and their contribution to value added and national wealth. Although the focus of this report is on science, engineering and technology we commend it to government as providing a very thorough assessment of the issues posed by this question.

Question 11: Role of Member State and European Funding Mechanisms (See Para 50-54)

- What is the future role of EU funding in supporting links between Member State programmes?
- Which mechanisms are best suited for this purpose and how might they develop?
- Should European legal provisions allowing support for Member State collaboration be more widely applied in FP7?
- Is there a need for European aspects of regional programmes to be better coordinated?
- Should this be supported through the Framework Programme or are existing mechanisms at national level and through the EU Structural Funds sufficient?

52. The idea of national research programmes being better coordinated makes a great deal of sense, as this would allow countries to focus on their strengths and to avoid duplication. EU funding should therefore be used to facilitate and catalyse links between Member States. The Framework Programme could be used as a way of bringing together national programmes on some key European issues. The ERA-Net scheme offers a good solution towards co-ordinating programmes run in the Member States. Expansion of this scheme in FP7 would be commendable.

53. In addition EU legal provisions allowing support for Member State collaboration should be more widely applied in FP7. Greater use of Articles 169 and 171 of the Treaty is to be encouraged, pending evaluation of the success of the Clinical Trials Partnership (EDCTP).

⁵ *The Frontiers of Innovation, Wealth Creation from Science and Technology in the UK* Engineering and Technology Board, March 2004



54. Regional funds have the underlying aim of capacity building, rather than supporting existing centres of excellence; hence they should be of particular value to- though not limited to- the new Member States, who have yet to engage fully with FP6. Greater co-ordination between FP and the Structural Funds is needed, on the grounds of promoting the increased effectiveness of this funding.

Question 12: Strategic Technology Development (See Para 55-59)

- Could the European Technology Platform concept be expanded to a wider range of technologies in FP7?
- What technologies would benefit from this approach and what criteria should be applied in the selection process?
- What level of funding would be appropriate for an ETP?

55. At this stage there is no clear information on the purpose of ETPs, how the areas they will cover would be chosen, the levels of funding, and what they will fund. Before expanding the ETP concept it is vital that a clearer sense of this is established. . It is also crucial that there is a full consultation with member states before the Commission selects those areas in which the ETP should be.

Question 13: Impact of Collaborative R&D Funding Instruments (See Para 60-64)

- Which options would you support for funding collaborative R&D?
- What priority should this area be given?
- Could the number of instruments be reduced and how?
- How might alternative instruments function?

56. As already stated Networks of Excellence should be reviewed and possibly refocused in order to achieve the stated aims of structuring and strengthening the ERA. To date these have been particularly unsuccessful with a wide variety of interpretation even amongst EC staff as to what should and should not be included. At the very least the effectiveness of NoEs created in FP6 should be investigated before any new NoEs are funded as part of FP7.

57. Integrated Projects are more straightforward and in terms of operation they are therefore clear and popular. However the scaling up has produced high administrative burdens and hence cost on the application process even where a two-stage process is already in place, such as the NMP programme. It is likely that this additional burden will act as a serious disincentive when institutions are considering taking part in this activity.

58. Problems due to restrictions on which instruments are eligible under particular research themes have been particularly detrimental. Many social science or social research projects are not best tackled



through the large-scale activities required to satisfy the criteria for IPs or NoEs. The integrating requirement for NoEs is a further criterion, which does not contribute to the development or structuring of research fields. While there are some research topics which are best tackled in this manner, it is not so for the majority. The most effective instruments are those that the research teams select and not those that have been pre-allocated by DG Research.

Question 14: Programme Management and Delivery (See Para 65-74)

- Are there barriers facing business and the science base in effective engagement with EU research programmes?
- How can the UK more effectively influence and benefit from EU research funding and policies?
- How could management and administrative procedures be changed to make it easier for UK organisations to participate?

59. Universities UK would support a move towards more streamlined administration and delivery mechanisms, particularly less complicated requirements for bid submission. The current procedures are unduly bureaucratic and there are very heavy project management requirements for lead bidders, which act as a disincentive. The current management and administrative procedures are particularly off-putting to many smaller players including those less research-intensive universities and SMEs. 'Light touch' administration of FP funds would encourage greater participation. As suggested above, a two-stage process where initial expressions of interest are submitted would help ease some of the current burden.
60. Integrated Projects and Networks of Excellence have promoted the creation of Consortia that are possibly going to be extremely difficult to manage because of the numbers partners of involved. In addition an industrial company is unlikely to want to take on the responsibility of managing a Project that could feature up to 50 or 60 partners.
61. The time span between proposal submission and completion of contract can often be as long as 12 months. This creates problems in terms of budget planning for both industry and universities.
62. The UK Research Office plays a vital role in providing an advice service on European Union funding for research and higher education, and is highly valued by all HEI subscribers. The European Commission, however, needs to devote more resources to both promoting the FP, particularly to industry and key research institutions, and also to the education of the research community. Better understanding by all parties can only lead to more organisations that are willing to participate.
63. Few applicants have access to good European-level legal and IPR advice; large amounts of time are spent designing the management and finance sections of proposals. The EC will not provide suggested formats for legal reasons, but some form of draft ideas would be helpful and reduce time and cost.



64. At present there are many demands to provide standard documentation and information from universities for every contract they participate in. Although the Commission claim to have a central database of these, to help streamline administrative processes and lighten the burden on institutions, many Commission staff do not know of its existence. Within the context of the huge accountability and regulatory burden on UK HEIs, it is vital that Commission processes do not add to this.
65. Overall we would argue that more importance be attached to research into R&D management to ensure that the considerable sums invested are not wasted through poor management.

Question 15:

- Are there any areas we have not anticipated in this document?
- Do you have any other comments that might aid the consultation process as a whole?
Comments on the layout of the document would also be appreciated

66. As stated above the most crucial issue for universities is the financial sustainability of EU funded research activities. This is not covered specifically by any of the consultation questions. We should therefore like to take this opportunity to inform the OST of our concerns, and suggest how this problem might best be addressed.
67. Whilst the amount of income that universities receive from the Framework Programme does vary from institution to institution the OST consultation document shows that the importance placed on this activity is reflected in the strong success of UK university participants as whole, with funding accounting for 25% of the total for that sector.
68. It is important, however, that the UK government are fully aware that as we move towards the 7th Framework Programme, the capacity of UK universities to continue to undertake these levels of activity is at serious risk. The current level of research funding by the Commission is unsustainable in the medium term. The heavy administrative cost of applying for and managing EU-funded research programmes adds to the disincentive to undertake EU-funded research.
69. UK universities are currently embedding emerging good practice in costing and pricing into their management processes. By 2005 all institutions should have developed and implemented TRAC (Transparent Approach to Costing), which will help them to identify the full costs of activities. The implementation of TRAC is now part of HEIs' Financial Memorandum with HEFCE and HEIs are expected to recover in aggregate the full economic costs of all their activities across the full range of their activities. Institutions taking on projects priced below their full economic cost are expected to do so as a conscious decision within the context of strategic objectives. HEIs have until September 2005 to implement new OST full cost guidelines on the costing of Research Council funded projects.



70. Whilst at present not all institutions are in a position to apply TRAC to EU activities, a Universities UK survey of its members shows a very high level of concern about the future sustainability of this activity, as the real costs to institutions are brought into focus. Institutions will inevitably start to make more explicit choices about the work they can afford to support.
71. Most universities receive c 50% of the full economic cost for this activity⁶, which is provided on a cost-sharing basis. This means that institutions have to find their own funds to support the activity. Funding Council QR funds are of particular importance where research funders do not meet the full economic costs of research projects. However, QR funds have been wholly insufficient to meet these needs. Research recently published by the Higher Education Policy Institute (HEPI)⁷ showed the changing balance between core QR grant and income from research grants and contracts under the dual support system. The ratio has steadily declined across the twenty-year period from 1981-82 to 2001-2002⁸. This has seriously eroded the ability of universities to maintain the historical function of dual support, which originally included funding for the development of research staff and for some “blue skies” research, as well as supporting externally funded research grants and contracts.
72. Recent moves by the government in the 10-year science and innovation strategy to address this problem through a new partnership fund to support charitable projects, and in the future to provide more of the full economic costs for Research Council grants, have been very welcome. However, the role and purpose of QR funds in relation to EU funded research is not explicit and the proposals put forward by OST in *The Sustainability of University Research* in 2003 did not cover this important area.
73. The problem of supporting EU-funded activity is compounded by the concentration of QR income within the sector, which has implications for those institutions not in receipt of significant levels of QR funding. In addition, the applied and interdisciplinary nature of EU activities means that a lot of EU-funded research is not submitted to and thus supported through the RAE. For institutions lacking significant QR funding the balance of the full economic costs must be met by other available income streams. This is a significant problem for those less research intensive institutions that do not currently have EU funded projects within their strategic priorities, but wish to do so.
74. Although no institution would want to opt out of EU activity this situation does leave them with some very difficult decisions to make. The UUK survey shows that the current EU funding rules will inevitably force UK HE to do less EU-supported research in the future

⁶ This varies according to the cost model adopted. Full economic costing will mean that institutions will have to move from an additional cost model to a full cost model. Concern has been raised that this will reduce the recovery rate. Universities UK are working with JCPSG and the UK Research Office to develop a number of case studies that can help document the position in this regard. We will be happy to share the findings of this exercise with the OST.

⁷ Adams J. and Bekhradnia B. *What Future for Dual Support* HEPI (2004) www.hepi.ac.uk

⁸ See HEPI report figure 1



75. A significant number of UUK members have stated that they may have to prohibit their academic staff from undertaking Framework Programme activities. Projects would have to be highly prestigious, or have further income streams associated with them in order to be undertaken. EU-funded activities will also be competing with other projects, particularly the Research Councils, when better cost recovery is available.
76. It is important to note these concerns are not limited to Framework Programme funded activities and have implications for other types of EU funding such as that provided through the Structural Funds
77. Any increase in resources under FP7 will firstly need to support current levels of research rather than additional volume. This problem has been recognised in the government's 10-year framework, which states that the UK will press the EU for a higher proportion of the total costs of research projects to be paid - based upon a more transparent approach to costing- and that any new funds for basic research (the ERC) should be provided at full economic costs. Universities UK supports this proposal.
78. However, given the differences between accounting and funding systems in member states any agreement will be difficult to secure. It should therefore form only part of the UK's strategy to address this problem. Consideration should also be given to some form of project-based partnership funding, provided at a national level, which can secure the UK HE sector's continued involvement in the Framework Programme, and indeed other European funded activities. Some member states currently provide such national or regional public funding to enable institutions to participate.
79. Failure to address this problem will result in significant damage to UK higher education and UK competitiveness as a whole. The effects of not addressing the issue of full economic costing include:
- loss of potential international activity and networking and a reduction in ability to compete at highest level;
 - a break up of some research teams across Europe and the erosion of long standing European partnerships;
 - loss of experienced high quality academic staff;
 - negative impact on younger, less experienced researchers.
 - less research intensive HEIs missing out, and not being able to enter the arena;
 - loss of research volume.