



**Confidential**

**Submission to:**

**BIS; GOVERNMENT REVIEW OF THE BALANCE OF COMPETENCES BETWEEN THE UNITED KINGDOM AND THE EUROPEAN UNION: Call For Evidence: Research and Development, May 2013.**

**Date:**

**6th<sup>th</sup> August 2013.**

**From:**

**The Association of Independent Research and Technology Organisations (AIRTO).**

## **Introduction**

This response is from AIRTO (The Association of Independent Research and Technology Organisations). AIRTO's members comprise representatives from:

- Public Sector Research Establishments (PSREs)
- Non-profit distributing member and non-member based research and technology organisations (RTOs)
- Privately held research and technology companies (including Contract Research Organisations - CROs)
- Universities (Enterprise/Technology Transfer Departments)
- R&D departments of industrial companies
- Business support (including Access to Finance) and early stage technology-based venture capital companies

AIRTO's members generally operate in the private sector but with varying degrees of interaction and financial involvement from the public sector. All are to a significant extent involved in aspects of the translation of ideas, research and technological advances into the commercial arena, for clients in both the private and public sectors.

## **Summary**

**AIRTO welcomes this review of the balance of competences between the UK and the European Union, with respect to research and development.**

Britain has a large and thriving intermediate research and technology sector, which contributes significantly to our national capabilities<sup>1</sup>. The research and technology organisations, RTOs, that AIRTO represents are a significant component of the UK's innovation ecosystem employing over 40,000 scientists, with a combined turnover in excess of £4 billion. RTOs differ from the university sector in that their primary objectives, strengths and capabilities are centred on commercial translation of applied research. In its' 2011 'Innovation and Research Strategy for Growth', BIS recognised the UK's intermediate research and technology sector as an 'under-utilised asset'<sup>2</sup>. Many of the organisations within the intermediate research and technology sector are actively offering their services to European businesses, engaging in European academic collaborations and are involved in EU programmes. AIRTO, therefore welcomes the opportunity to provide an input to the review.

**AIRTO's response to the questions posed by the review is as follows:**

## **Impact on the national interest**

EU action through framework programmes and programmes like the European metrology research programme (EMRP) has had a positive impact on the UK by encouraging participation in international partnerships and collaborations, which can help capacity building and formation of long-term strategically valuable relationships, as well as research funding for UK organisations.

In certain areas EU programmes have facilitated research that has the potential to underpin future UK policy in key industrial sectors, e.g. the Euratom Framework Programme 7 has enabled engagement in cutting edge nuclear fission research that may underpin future UK national energy policy.

In some cases EMRP programmes have involved participation of non-EU countries like Japan and China, with partners in those countries covering their own costs. This has been a positive way for the UK to engage beyond the EU.

EU structural and investment funds can spur the contribution of research and technology organisations to economic growth by investing in programmes that enhance the infrastructure for R&D and innovation, thereby creating

platforms/facilities that local SMEs and larger businesses can access, to drive long-term inward investment which, in turn can enhance the skills base.

The balance between heavy financial audit and in-project technical and business level monitoring and support could be improved. There are some moves to simplify the former within the forthcoming Horizon 2020 programme but not much sign of improving the latter. If this is not addressed it will continue to act as a deterrent for UK organisations wishing to participate in EU programmes.

#### **Future opportunities and challenges**

With respect to Horizon 2020, it is important for the UK to better organise and encourage business participation. The UK has previously not had a high level of industrial participation in framework programmes. British institutions and AIRTO organisations often partner with overseas businesses. There can be a perception on the part of businesses that framework programmes are complex and bureaucratic to engage in. Though improvements have been made, there may still be opportunity to reduce the period between submission of bids and award decisions being made. In addition companies may need more assurance on issues such as intellectual property rights and cost recovery before having the impetus to engage. Partnering events may be a way of dealing with this, and also companies may be encouraged to join partnerships via pre-existing links with the Catapult Centres which stand to benefit from Horizon 2020.

In certain sectors, there could be better national coordination or provision of funding to EU R&D involvement between academia, industry and national laboratories, to help Britain extract maximal benefit. The introduction of the Government's industrial sector strategies may go some way to addressing this in the future.

RTOs should be enabled and encouraged to act as proxies for engaging such SMEs with EC programmes. The UK lags behind most of the other main European players in this respect. A combination of the planned flat rate overhead recovery from Horizon 2020 and the absence of complimentary national funding sources in the UK, from which to cover the remaining overhead costs, render such an intermediary role largely impractical. It is the view of many AIRTO members that this will make it even more difficult for intermediate organisations to engage on a viable and sustainable basis, given their limited options for covering the balance of their costs. The consequences could be quite damaging overall as:

- a. It is clear that, in the rest of Europe, intermediate organisations are instrumental in bringing industrial engagement to the framework programmes and
- b. The UK is struggling to maintain, let alone increase, industry's engagement with these programmes.

## Declaration of interests

This submission is made by the Association of Independent Research and Technology Organisations (AIRTO). The organisation represents research organisations and technical consultants, operating in the space between the academic research of universities and the commercial needs of industry. AIRTO members undertake research and development, and knowledge and technology transfer. This submission does not necessarily represent the views of individual member organisations. AIRTO currently comprises organisations, employing more than 40,000 scientists and engineers, with a combined annual turnover in excess of £4 billion (AIRTO Ltd. is a company limited by guarantee registered in England No. 1217006 Register office address: National Physical Laboratory, Hampton Road, Teddington, Middlesex, TW11 0LW. AIRTO is a not-for profit organisation funded by membership subscriptions, and managed under contact by NPL Management Ltd.). The members of AIRTO currently are:

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Transport Systems Catapult Centre  
TWI Ltd  
University of Greenwich  
University of Surrey

<sup>1</sup> Study of the impact of the Intermediate Research and Technology Sector on the UK Economy; Oxford Economics, May 2008

<sup>2</sup> Innovation and Research Strategy for Growth; BIS, December 2011