

RCUK RESPONSE ON THE GOVERNMENT REVIEW OF THE BALANCE OF COMPETENCES BETWEEN THE UNITED KINGDOM AND THE EUROPEAN UNION: COHESION POLICY REVIEW

1. Research Councils UK (RCUK) is a strategic partnership of the UK's seven Research Councils which annually invest around £3bn in research. We support excellent research, as judged by peer review, which has an impact on the growth, prosperity and wellbeing of the UK. To maintain the UK's global research position we offer a diverse range of funding opportunities, foster international collaborations and provide access to the best facilities and infrastructure around the world. We also support the training and career development of researchers and work with them to inspire young people and engage the wider public with research. To maximise the impact of research on economic growth and societal wellbeing we work in partnership with other research funders including the Technology Strategy Board, the UK Higher Education Funding Councils, business, government, and charitable organisations. Further details are available at www.rcuk.ac.uk.
2. This evidence is submitted by RCUK and represents its independent views. The submission is made on behalf of the following Councils:
 - Arts and Humanities Research Council (AHRC)
 - Biotechnology and Biological Sciences Research Council (BBSRC)
 - Engineering and Physical Sciences Research Council (EPSRC)
 - Economic and Social Research Council (ESRC)
 - Medical Research Council (MRC)
 - Natural Environment Research Council (NERC)
 - Science and Technology Facilities Council (STFC)
3. RCUK welcomes the opportunity to respond to this review of Cohesion policy. Due to the structure of previous cohesion policy we have little comment to make retrospectively and have therefore restricted our response to specific questions.

Q4: What is the right balance between strategic guidance at EU level, Member States management and control of the funds and regional or local identification of needs?

4. RCUK intends to be involved in the design and implementation of the post-2020 Programme as the arrangements for the 2014-2020 Programme have exposed issues which make it difficult for proposers to lever Research Council funding or to use Research Council funding as match funding. RCUK has a UK remit and awards funding on the basis of excellence; it would therefore be inappropriate for the Research Councils to allocate or pre-allocate funding on the basis of it needing to be spent in any particular region or locality within the UK. Nonetheless, RCUK intends to work with other UK organisations such as the Technology Strategy Board (TSB), Universities UK (UUK) and the Higher Education Funding Council for England (HEFCE) – and its counterparts in the devolved administrations – to find mechanisms that will allow alignment of national, local and EU strategic needs and to enable funding we have allocated to then be used for matching.

Q8: What are the main barriers to accessing EU funds? What might be done to overcome these?

5. RCUK would like to draw the Government's attention to work we have been undertaking recently in collaboration with HEFCE, UUK and the TSB, which focuses on the new opportunities available in 2014-2020. Together with partners, RCUK wrote to UK higher

education institutions encouraging them to take advantage of the new arrangements for EU Structural and Investment funding for 2014-2020¹. As part of this exercise we gathered feedback relating to perceived barriers to engaging with this type of funding stream. Colleagues working on this review may find helpful the analysis of the perceived barriers in drawing up the response to question eight in the call for evidence.

6. The full analysis is available at:
<http://www.universitiesuk.ac.uk/highereducation/Documents/2013/Structural-and-Investment-Funds-AnnexeSummaryOfAnalysis.pdf>² We highlight in the following paragraphs some of the barriers which we felt the analysis raised as presenting particular concerns to those seeking to access EU funds. All responses were submitted by higher education institutions based in the UK.
7. The burden of audit and administration associated with EU funds is often a disincentive to involvement. Examples provided include rules that change throughout a project lifecycle, procurement practices that preclude using in-house services, a lack of consistency in audit policy, defrayal and the risk of 'clawback'. It is acknowledged that audit is necessary with such large amounts of public money, but there is a feeling that the 'system' can seem to lack balance and proportionality and therefore discourage participation. FP7 (the seventh Framework Programme for Research and Technological Development, which ran from 2007-2013) has been highlighted by users as an example of a workable and effective audit system, with suggestions that EU Structural and Investment funding on should be modelled on FP7 to increase consistency and to increase the provision of guidelines and support from government.
8. The level of available resources to effectively manage the project appraisal and approval process under the current system is described by one respondent as 'unduly protracted'. A number of different reasons are given for this, including: a perception that the Department for Communities and Local Government (DCLG), which handles the allocation of funding, is under-staffed; complex working relationships between Local Enterprise Partnerships (LEP) and DCLG which can affect effective programme management; and variation in the interpretation of rules between DCLG staff and auditors.
9. Issues relating to SME involvement included the following.
 - 9.1. While SMEs may prefer assistance locally, specialist expertise is located further afield. Many respondents called for a mechanism for networking and collaboration across and between LEP areas, for example a brokerage facility.
 - 9.2. The focus for S&I funding is on SMEs as beneficiaries, and there is consequently a lack of clarity around the circumstances under which work with large companies can also be included in planning.
 - 9.3. Typically SMEs require three or four times more support to access university expertise than a larger company, meaning universities require additional capacity to handle this.
 - 9.4. The outputs in ERDF are focussed on benefits to SMEs rather than universities and therefore it is difficult to incentivise academics to engage with European funding.

Research Councils UK, January 2014

¹ https://www.hefce.ac.uk/media/hefce/content/news/news/2013/joint_eu_structural_funds_letter.pdf

² The accompany letter is available at:
<http://www.universitiesuk.ac.uk/highereducation/Documents/2013/RCUK-HEFCE-UUK-Structural-and-Investment-Funds-Letter-Response.pdf>