



Our ref: MA-VG-0729-22

Paul Davies MS
Chair
Economy, Trade, and Rural Affairs Committee.
SeneddEconomy@senedd.wales

8 July 2022

Dear Paul,

Thank you for your letter of 20 June regarding the association to Horizon Europe. In particular, you requested details on the discussions between Welsh Government and UK Government officials as well as the impact of a potential UK Government alternative in Wales. Obviously this and many other areas face uncertainty and indecision given the series of resignations and caretaker roles of UK ministers.

Welsh Government officials take part in both regular and ad hoc meetings with UK Government. The UK Government has used meetings to outline its plans and invite comment. The Welsh Government has responded constructively and with challenge where appropriate.

The BEIS International Research and Innovation Technical Group was a monthly forum that ran for a number of years and was particularly active in 2019 and 20, often organising ad-hoc sessions on specific aspects, such as EU partnerships. Officials from the devolved nations and BEIS discussed the EU programmes, no-deal preparations, and other issues affecting international research and innovation, such as visas. Although BEIS ceased operating the group on a regular basis, other groups have taken on the main thrust of its work.

A UK Alternatives Board was set up by BEIS for a period in 2019 to address the potential for a no-deal Brexit. There was devolved representation at this board and the options elaborated still form the basis for the current alternatives. Nevertheless, it was clear that the decisions on alternatives would be taken outside that room and ultimately at the top level of UK government.

The Smith-Reid review "Changes and Choices"¹, to which Welsh Government and other Welsh stakeholders contributed, highlighted the role of the Structural Funds here and included two Welsh case studies.

1

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/844488/Changes_and_Choices.pdf

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
0300 0604400

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1SN

Gohebiaeth.Vaughan.Gething@llyw.cymru
Correspondence.Vaughan.Gething@gov.wales

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Furthermore, there have been two meetings a year between Welsh Government officials (led by the Chief Scientific Advisor) and the Chair and CEO of UKRI, at which Horizon Europe and alternatives have been discussed.

In more recent months, the UK Funders of Research and Innovation meeting seems to have replaced the Technical Group as the forum for sharing information on alternatives. This indicates a degree of mainstreaming of Horizon Europe onto the broader agenda, rather than a separate technical discussion. Furthermore, in recent weeks, Welsh Government Office for Science officials have had weekly meetings with the BEIS Senior Responsible Officer (SRO) for the development of the Horizon Europe alternative 'Plan B'. These meetings have been frank and constructive and issues and experiences from Wales have been raised and noted by the BEIS Plan B SRO and team. At least at BEIS officials' level, there is a strong desire to have a meaningful and honest collaborative dialogue but it is made clear that final decisions on Plan B issues will be made by UK Ministers.

Welsh Government ministers have put forward our perspective at quadrilateral education ministers' meetings, the Global Britain (Operations) UK Cabinet Committee and in correspondence. I wrote to the UK Minister for Science, Research and Innovation on 13 June requesting further discussion of alternatives and reiterating the urgent need for an extended guarantee or third country funding scheme.

It is fair to say that even though UK Government has treated Welsh Government as a consultee rather than a government with responsibility in relevant fields, BEIS has listened and taken account of Welsh interests where these are aligned with those of other stakeholders. This was the case with the policy to seek association to Horizon Europe, which even in 2019 was still being "explored" by UK Government. There is also common ground in terms of the need for a fit for purpose third country guarantee and the importance of the EU doctoral and fellowship programmes to the research landscape.

In relation to devolution of funding or decision-making, taking account of the transition from EU structural funds in Wales, or tailoring interventions to Wales, there has been less traction. This is yet another example of devolved responsibilities of the Welsh Government and the Senedd being stripped by the UK Government.

Regarding the second question that you raise, the broad areas of intervention proposed by UK Government were elaborated during the no-deal planning phase and were described in the UK Research and Development Roadmap in 2020, building on the 2019 International Research and Innovation Strategy.

The UK R&D Roadmap was clear that if the UK did not formally associate to Horizon Europe or Euratom R&T, it would implement ambitious alternatives as quickly as possible, including a fund for grants to early, mid and late-career researchers, as well as scaling up and enhancing domestic schemes and providing funds for the retention of international talent. It was also clear the UK planned to support UK partners to participate in European schemes open to third countries. There were also plans to pursue strategic opportunities with individual nations.

At the Commons Science and Technology Committee on 15 June, the UK Science Minister set out his current thinking on "Plan B", i.e. alternatives to Horizon Europe association. This included offers for talent, industry and innovation, and multilateral and bilateral work on global challenges. Accompanying these strands would be investments in infrastructure and, crucially, a third country guarantee for those who collaborate in Horizon Europe. The Minister noted that negotiations were ongoing with the Treasury on the detail of the funding

would be allocated. He also noted that the Chancellor has been very clear that the money that was put aside for Horizon research will continue to be ringfenced for research.

We have been made aware of work by BEIS officials to develop the plans for alternatives and prepare for implementation. We expect a public version of the “prospectus” and the first transitional schemes to be made public before the summer recess, and for implementation to start in the autumn. In the meantime, BEIS has reassured us there are actions underway to engage more widely and deeply with the sector. They have engaged consultants to hold sessions with stakeholders, with the final session on 6 July.

It is likely that even once the UK alternatives prospectus is published, there will be further questions about the detail of how a Plan B will apply to Wales. There may be questions about delivery mechanisms, any formulae used, how any targeting will be decided, the detail of the conditions, transparency, timescales, and the integration with other policies such as visas and state aid. Almost immediately, there could be questions as to what will happen after the initial transition period, whether and how the whole current budget allocation will be used and what budget will happen subsequently. The implementation mechanisms will need to rebuild the confidence of the sector in challenging circumstances.

It seems unlikely that the UK Plan B will take much account of the fact that Welsh research institutions and innovative businesses have taken advantage of structural funds more than other parts of the UK. Our institutions may be disadvantaged compared to regions that have not used ERDF for research so extensively and regions that have relied more on Horizon 2020. There is also a risk that the UK plans will drive a centrally-set agenda that does not take into account Welsh R&I programmes and needs. We will of course continue to build on good relationships with UKRI and BEIS in order to give Wales the best chance possible under any new programmes.

Nevertheless, in a context of further exclusion from Horizon Europe, there is much that is positive about the emerging UK Plan B, if it can be approved by Cabinet and Treasury quickly. Firstly, if a comprehensive third country funding scheme is announced for the next years of Horizon Europe, collaboration can again be put on a more stable footing for a period. The plan clearly aims to address the major gaps created by lack of association, it benefits from years of feedback from the sector and seems to have the funding and ethos to take advantage of opportunities.

If the regrettable decision is taken to instigate the Horizon Europe alternative ‘Plan B’, this should be done sooner rather than later because maintaining the existing ‘limbo’ position of non-association and no credible alternative is damaging to Wales. One of the arguments for domestic alternatives is the financial case that more funding would find its way into UK R&I, at the expense of some of the intangible benefits of a multilateral platform and established brands. I have made it clear the UK Government must honour its commitment to transfer in full the £6bn funding earmarked for Horizon Europe in the current Spending Round to Plan B. If Plan B is instigated, I would urge Welsh organisations to apply and to keep my officials updated on progress.

Yours sincerely,



Vaughan Gething AS/MS
Gweinidog yr Economi
Minister for Economy