

Welsh Higher Education Brussels (WHEB) response to the consultation on the future of the EU budget

Welsh Higher Education Brussels (WHEB) is located in Wales House, Brussels, and was launched in March 2006. WHEB is a partnership, representing twelve Higher Education Institutions (HEIs) in Wales, one of the nations of the UK. It is also supported by Higher Education Wales, the Higher Education Funding Council for Wales, and the Welsh Assembly Government.

One of the functions of WHEB is to brief the EU on the priorities of Welsh Higher Education, and we therefore welcome to opportunity to respond to this consultation. Some of the issues were raised in meetings that the Higher Education Wales Committee, composed of Rectors and other senior representatives of Welsh HEIs, attended in Brussels in January 2008.

A brief description of Higher Education in Wales is included at the end of this response.

Section 1

- ***Has the EU budget proved sufficiently responsive to changing needs?***

The consultation document states that even by 2013, only 10.2% of the EU budget will be spent on measures for competitiveness. Yet in 2005, EU Heads of State reemphasised the Lisbon Strategy as a key EU priority, specifying at their 2005 Spring Summit that:

“it is essential to relaunch the Lisbon Strategy without delay and re-focus priorities on growth and employment. Europe must renew the basis of its competitiveness, increase its growth potential and its productivity and strengthen social cohesion, placing the main emphasis on knowledge, innovation and the optimisation of human capital.”

Clearly the Lisbon Strategy requires the majority of its investment from private businesses and Member States. For example, the UK

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Government science budget will have more than doubled in the ten years to 2007, rising to €4.4 billion in 2007-8.

However, investment in Europe as a whole is significantly less than the 3% R&D expenditure target, and well below that of 2% of GDP spent on Higher Education, which the Commission identified in 2006 as a characteristic of knowledge-based economies. We therefore welcome the direction of travel, but wish to see a clear acceleration in the pace of change to keep up with the ambitions set out in the 2005 renewal of the Lisbon Strategy.

In terms of new initiatives, it is pleasing to see the early success of the European Research Council (ERC). Being 'investigator-driven', or 'bottom-up', in nature, the ERC approach allows researchers to identify new opportunities and directions in any field of research. This approach ensures that funds are channeled into new and promising areas of research with a greater degree of flexibility.

It is not uncommon for highly talented researchers in Europe to seek advancement elsewhere, at an early stage of their career. We are therefore encouraged to see the development of the ERC Starting Grant Scheme which facilitates promising researchers in becoming independent research leaders.

- ***How should the right balance be found between the need for stability and the need for flexibility within multi-annual financial frameworks?***

The key challenge is to avoid the creation of too many funds for the sake of flexibility, which could unduly disperse the available EU budget and thus spread it too thinly - as well as increasing complexity for applicants.

EU transnational projects are highly valuable, but can incur significant costs for project partners, so each should receive an adequate EU contribution. Moreover, many applications to the EU that pass the required quality thresholds are not funded, because there is only sufficient budget for a small number of projects.

Section 2

- ***Do the new policy challenges set out here effectively summarise the key issues facing Europe in the coming decades?***

The consultation paper refers (on page 7) to the lack of the basic skills necessary for the knowledge economy. However, the

importance of higher level skills for the competitiveness of the economy should also be emphasised.

The Sector Skills Development Agency's series of reports – 'Working Futures' - presents the most comprehensive work that is available on employment projections in the UK. It found that that the clear majority of growth in net new jobs (i.e. growth in non-replacement jobs) will be in managerial, professional and technical employment, where higher level skills are increasingly the norm. Moreover, the recent CEDEFOP Skills-Net 'Future skills needs in Europe' medium-term forecast stated that:

"the demand for high skills has not yet peaked. Today, 80 out of 210 million European workers are in highly-skilled, non-manual jobs and this high proportion is expected to rise further."

Specifically in Wales, the Welsh Assembly Government is consulting on a revised Skills and Employment Strategy. In responding to this consultation the Higher Education Funding Council for Wales has stressed the need for the strategy to be more explicitly aligned with aspirations for a knowledge-based economy, stressing in particular the importance of higher level skills. Higher level skills should therefore be the pivot of any competitiveness agenda.

In addition, Higher Education contributes to meeting many of the challenges mentioned in the EU budget consultation document. For example, universities deliver upskilling, societal research, and an outlet to expertise and business opportunities in the rest of the world.

- ***What criteria should be used to ensure that the principle of European value added is applied effectively?***

The challenges mentioned in the consultation are all global issues that can be best resolved through cooperative research and knowledge exchange across borders.

This reflects the trend within Higher Education towards greater internationalisation of curricula in response to the demand of students and employers. The Higher Education Funding Council for Wales recently held a successful conference on this theme, as did the UK HE International Unit, and Netherlands House for Education and Research (Neth-ER). The Wales International Consortium will hold a further conference on internationalisation in Higher Education later this year.

- ***How should policy objectives be properly reflected in spending priorities? What changes are needed?***

The key challenge is for EU funding programmes to map more clearly onto policy priorities. The nature of the Lisbon Strategy means that many of the most important issues could be covered under different EU funding lines managed by different Directorates or Agencies of the Commission. Examples include eco-innovation, research infrastructures, and joint Doctorates.

For the 2007-13 period, the Commission has recently provided some guidelines and examples to practitioners on how they could coordinate different EU funds to support different stages of a project. But consideration could be given to how these synergies might be 'designed in' to funding programmes from the outset.

- ***Over what time horizon should reorientations be made?***

It will be important at an early stage to consider transitional funding arrangements for 2013, in order to minimise any negative impact on the ground resulting from changes to Cohesion and other EU policies.

- ***How could the effectiveness and efficiency of budget delivery be improved?***

The mechanisms for implementing the budget (i.e. EU funding programmes) should be designed to minimise uncertainty and risk to beneficiaries. The need for the accountability of public funds is widely accepted, but better and earlier communication with beneficiaries on what is expected would be useful.

- ***Could the transparency and accountability of the budget be further enhanced?***
- ***Could enhanced flexibility help to maximise the return on EU spending and the political responsiveness of the EU budget?***

The ratification of the Lisbon Treaty would add the objective of 'territorial cohesion' to the EU. While the understanding of that term would need further discussion, the principle of considering the territorial impact of EU policies in different settings would be useful.

This territorial analysis should take account of economists such as Professor Richard Florida et al¹, who have recently placed great emphasis on the benefits of creative/knowledge hubs for an economy, going as far as suggesting that such hubs can become a principal driver of economic growth.

Section 3

- ***What principles should underpin the revenue side of the budget and how should these be translated in the own resources system?***
- ***Is there any justification for maintaining correction or compensatory mechanisms?***

With its strong Higher Education sector (shown by the significant number of international staff and students), Wales - and the rest of the UK - is well-placed to benefit if the EU resources available for research, education and other drivers of competitiveness are increased.

- ***What should be the relationship between citizens, policy priorities, and the financing of the EU budget?***
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About Higher Education in Wales

In the last two years Welsh HEIs launched nearly 100 new courses, and attracted over €1.3 million of research funding. In 2007, international students enrolling on courses increased by 7% to over 7 000 students. There are over 30 centres of excellence in Wales, 13 departments rated 5 and 41 rated 5 in the latest UK Research Assessment Exercise and 66 departments listed as Excellent under the UK Teaching Quality Assessment.*

Welsh HEIs are recognised within the UK for their strong relationships with both large and small companies, which lead to significant levels of collaborative R&D. In the 2005/06 academic year, Wales accounted for 11% of total UK income to universities from collaborative research involving both public funding and funding from business, outperforming six out of nine English regions.

¹ See the 'The University and the Creative Economy':
http://creativeclass.com/rfcgdb/articles/University_andthe_Creative_Economy.pdf