

Scottish Parliament

Horizon 2020

Friday 25 May 2012

[The Deputy Presiding Officer *opened the meeting at 09:00*]

Horizon 2020

The Deputy Presiding Officer (John Scott):

Good morning, ladies and gentlemen. As a Deputy Presiding Officer, I am delighted to welcome you to the Scottish Parliament for today's horizon 2020 conference.

The conference has been organised by the European and External Relations Committee of the Scottish Parliament as part of its inquiry into horizon 2020 and the opportunities that it might provide for Scotland.

Seated around the chamber are delegates and key stakeholders who represent the various bodies and sectors that are at the heart of the issues that we are here to consider.

The committee's inquiry seeks to identify how Scotland can best engage with the horizon 2020 proposals. In taking forward its work on the matter, the committee has sought to encourage dialogue between business and academia as well as between Government and Parliament.

That theme of co-operation and partnership working seems to me to be at the heart of today's event and it is one that I am sure is certain to feature throughout today's discussions.

To that end, I am delighted to note that the Scottish Government is represented at the conference by John Swinney, the Cabinet Secretary for Finance and Sustainable Growth. The aims of horizon 2020 tie in very closely with those of the Scottish Government, particularly when it comes to developing partnerships between businesses and universities, which is in itself a key aim of the Scottish Government's economic strategy.

I am similarly very pleased that Marion Dewar, a senior adviser to the European Commissioner for Research, Innovation and Science, also joins us this morning, and that David Willetts MP, the United Kingdom Minister of State for Universities and Science, will join us a little later to provide the United Kingdom Government's perspective on these matters.

It is clear that horizon 2020 represents a valuable opportunity for Scotland. Scotland already has both a contemporary and historically

strong reputation for research and innovation, dating back from the great thinkers and scientists of the enlightenment to the present-day successes of our universities and research establishments.

It is crucial that Scotland now comes together to maximise its full potential to benefit from the proposals. The Parliament and Government in Scotland have seized the moment—motivated, perhaps, by the fact that the European Commission's publication of its horizon 2020 proposals fell on St Andrew's Day last year.

The European and External Relations Committee launched its inquiry even before the proposals were published and, to date, the committee has met the European Commission's director general of research and innovation; held a round-table discussion, which included participants from the university sector, funding bodies and enterprise agencies; and carried out a number of fact-finding visits.

Today's conference provides the committee with the chance to consider some of the issues that have arisen during the first stage of its inquiry and it allows delegates to feed into the committee's deliberations.

As I am sure you already know, following this short opening session you will break into workshops to look at several of these issues. I look forward to hearing how those discussions went when we reconvene in the chamber later on.

Ladies and gentlemen, the Scottish Parliament was always intended to be open, accessible and responsive to the needs of the people of Scotland. Today, you occupy the members' seats in this chamber. I invite you to contribute to these important discussions as we seek to explore the opportunities with which the horizon 2020 programme presents us. You are all very welcome here at Holyrood. I hope that you have an interesting, productive and enjoyable day.

It is now my great pleasure to introduce Marion Dewar, who is the senior adviser to the European Union Commissioner for Research, Innovation and Science. Marion has extensive experience in the EU, having worked for the socialist group in the European Parliament on the Economic and Monetary Affairs Committee for four years. Thereafter, in 1999, she joined the European Commission. She has worked in DG internal market, in the secretariat-general—in the Lisbon strategy unit—and most recently as a speech writer to President Barroso. Marion is now a member of the cabinet of Máire Geoghegan-Quinn, the Commissioner for Research, Innovation and Science, where she is responsible for the innovation union flagship initiative and the European research area.

09:06

Marion Dewar (European Commission): I am very glad to be here representing Máire Geoghegan-Quinn, who is the Irish member of the EC and is responsible for research, innovation and science. Of course, it is always a special pleasure for me to be in the Scottish Parliament. It is the second time that I have spoken here and it is always a significant and meaningful occasion for me.

I am to give you a bit of background before I plunge into the details of horizon 2020. You will know that, in Europe at the moment, we are in the fight of our lives to restore confidence and to generate growth and employment.

Last week, at the European summit, the leaders were entirely focused on the growth agenda and there was a lot of talk about European bonds to finance infrastructure projects, fresh injections of capital into the European Investment Bank, measures to get the single market working in the services sector, and measures to create a digital single market so that we can benefit from a digital revolution. The focus there was entirely on growth, whether we can get the economy back on track, and how the EU can contribute to that.

An important part of that whole story is the Commission's proposal for the next EU budget, which will run from 2014 to 2020. The Commission has made its proposals for the budget, which we want to be focused on growth as we believe that it can be an important catalyst for growth. It is only 1 per cent of the overall EU gross domestic product, so it is very small, but because it is all spent on investment rather than consumption, it all goes back into the member states' economies, bar 5 per cent, so we think that it can have an important galvanising effect.

In order to make sure that the budget is growth focused, the Commission has had the courage to redeploy funds towards areas that can improve competitiveness and productivity. Most notably, the Commission has proposed a massive increase in research spending. Within the context of a proposed budget that is fractionally larger than it was last time, we are proposing a 50 per cent increase in research funding. The share of research funding in the overall budget would increase enormously if the member states accept our proposals.

We are seeking to increase funding for research from €55 billion to €80 billion over seven years, although we do not know whether member states will accept that in the end, of course. We know that the budget discussions will be very tough, but it would be highly regrettable if that part of the budget got squeezed in the negotiations, because research is a proven growth driver. We know that

countries that have continued to invest in research have weathered the crisis better and that cutting back on research spending at the moment is the wrong thing to do, so we hope that that part of the budget will not suffer in the negotiations.

I am here today to talk about horizon 2020, which is the new research funding programme, and about what we will do with the €80 billion if we manage to maintain that budget. The European Commission put the horizon 2020 proposal on the table in November—I had not made the link with St Andrew's day, which is terrible—and the ball is now very much in the court of the member state Governments and the European Parliament. We will see whether the proposal is adopted. We hope that it will be by the end of next year.

I will say what we are proposing.

Horizon 2020 is much simpler, much more growth focused and much more focused on innovation. We want to continue to finance top-quality fundamental or pure science, but we are also interested in bringing bright ideas through to the market, so there is much more emphasis on pilots, demonstrators, applied research, which is closer to the market, and international openness. Many things have changed in horizon 2020.

The basic structure is around three blocks, the first of which is excellent science. As I said, much though we want to put the emphasis on innovation, fundamental science is the precursor to innovation. If we do not have good basic science, we will not have much innovation. We propose that the excellent science part of the programme should be worth around €24.6 billion. That would be focused on the European Research Council, which was set up in 2007 and is sensationally successful. It is amazing that an organisation that was set up so recently has achieved such an outstanding reputation. It funds individual researchers, there are no predetermined themes, the research is bottom-up research, and the approach is based entirely on excellence. The selection is made at the European level, of course. If you manage to get an ERC grant, that means that you are the best in Europe, so there is enormous international prestige attached to it. We want to strengthen the funding for the ERC.

The second block is industrial leadership. It is about strategic investment in key enabling and industrial technologies, such as information and communications technology, nanotechnology, advanced materials, microelectronics and space technologies. We will also finance innovative financing instruments relating to both debt and equity. Loans and venture capital will therefore be covered. We will do that through the European Investment Bank and the European Investment Fund. The idea is to channel money towards very innovative, research-based small and medium-

sized enterprises that currently find it very difficult to access funding because they are risky. Doing that is very difficult in the current environment. As part of the industrial leadership block, there is a specific programme aimed at small and medium-sized enterprises. It is mainly the Eurostars programme, which is another very successful programme from the current framework programme. We have tried to repeat what was successful last time.

The third block is the biggest one. It has €32 billion and focuses on the so-called grand societal challenges: health, demographic change, food security, clean-energy efficiency, sustainable transport and so on. In other words, it is the things that people actually care about and which are major challenges for society and major political priorities. The block also focuses on areas where there will be big economic opportunities.

There are therefore three blocks: the excellence in science, the industrial technologies and the challenge-based part, which ties in more closely to the political priorities. As I said, horizon 2020 has had key changes; it is much simpler, with simpler architecture, simpler participation rules and simpler auditing and reporting. We have gone as far as we can possibly go on that. I note that one of today's breakout sessions is about bringing unusual suspects into the programme. We hope that by simplifying the rules we can help to make that happen.

The other thing that we want to do in horizon 2020 is widen participation to bring in parts of Europe that do not currently participate in the framework programme as much as they should. There tends to be a concentration of research excellence in certain places in Europe. Our programme is of course excellence based and there are no regional criteria for awarding funding. Nevertheless, we want to support regions where there are pockets of excellence and the potential for excellence. We want to help them to build that up in conjunction with the structural funds. I know that the European and External Relations Committee, which has organised today's event, has focused a great deal on the next generation of structural funds and how the synergies between horizon 2020 and those funds can be exploited.

Interestingly, horizon 2020 focuses, as I said, a great deal on innovation, and not just research-driven innovation but social innovation, services innovation and how we can use public procurement to drive innovation and create markets for innovative products. All those things are covered in horizon 2020, assuming that we have the budget to do it.

I am here to talk about horizon 2020, and the first calls for that will be launched in 2014. However, do not forget that the final call under the

existing research framework programme will be launched on 9 July this year. Over €8 billion is at stake there. In many ways, it is a sneak preview of horizon 2020. There will be lots of focus on growth and innovation, particularly on cross-cutting themes, such as oceans of tomorrow and smart cities. It is therefore worth while looking out for that final call. At the moment, funding is extremely hard to come by, so it is possibly a welcome port of call.

Thanks very much. I am happy to answer questions afterwards.

The Deputy Presiding Officer: Thank you very much, Marion. I will now call on John Swinney, the Cabinet Secretary for Finance, Employment and Sustainable Growth in the Scottish Government. John is a University of Edinburgh graduate. Prior to his election to Parliament he worked for the Scottish Coal Project, Development Options and Scottish Amicable. John was elected to Westminster for North Tayside in 1997 and has represented the same constituency in the Scottish Parliament since 1999, holding a number of posts, including leader of the Scottish National Party and convener of the European and External Relations Committee. Since 2007 he has served as Cabinet Secretary for Finance and Sustainable Growth, and we are grateful to him for taking the time to be with us today.

09:20

The Cabinet Secretary for Finance, Employment and Sustainable Growth (John Swinney): Thank you, Deputy Presiding Officer, and good morning ladies and gentlemen. It is a great pleasure to be here and I thank my colleagues on the European and External Relations Committee for organising the event. It is a great pleasure to share a platform with Marion Dewar and to welcome her again to the Scottish Parliament.

As the Deputy Presiding Officer said at the beginning of his contribution, this is a tremendous example of the ways in which we can try to draw together some of the thinking that is available within Scotland's wider community to ensure that the Parliament's deliberations are well informed by its experience and interests and the perspectives of its different elements. It is relevant to the horizon 2020 programme and the aspirations of the European and External Relations Committee to ensure that the Government is focused and ready to ensure that we can play our part in Scotland properly addressing its opportunities in horizon 2020. That was one of the lines of questioning that Aileen McLeod pursued with me when I appeared before the committee to speak to this inquiry earlier in the parliamentary session.

It is important that our approach to horizon 2020—Marion Dewar made this point very strongly—ensures that the steps that we take are focused on maximising opportunities for Scotland and her interests within the programme. That is a point well made and the Government focuses on it in all its European programmes, so that we are properly equipping ourselves to take advantage of emerging opportunities for investment.

As Marion Dewar said, that is becoming ever more important in the economic and financial circumstances that we face. In the debate that is dominating the EU about the strategy and approach that must be taken to resolve some of the key challenges that the euro zone faces, the focus is on the right approach to take to emerge out of the difficulties. That may be, as the G8 summit wrestled with, an approach that is focused on growth or one focused on austerity or a combination of both or whichever combination you take from that particular evaluation. I come away from that situation concerned to maximise the opportunities for growth and investment as a means of stimulating the economic activity that can address the strategic economic challenges that we face.

In trying to ensure that Scotland is equipped to deal with the economic challenges that we face, it is my opinion and the Government's that we must have a greater focus on growth. The opportunities that arise out of horizon 2020 and some of the short-term funding opportunities and the research and funding programmes that exist are so important in contributing to economic growth in Scotland.

At the heart of the Government's economic strategy are two important principles. The first is that we should focus all the efforts of Government and public services in Scotland on supporting an economic growth agenda. We have pursued a consistent approach in respect of that principle and I am heartened by the way in which many organisations in Scotland have responded to that challenge and to Government leadership by ensuring that their activities and approaches are aligned to support the economic growth agenda. I particularly single out our universities, which have absorbed at the heart of their approach the concept of contributing to economic growth and have become significant engines of enabling major investments in Scotland because of the alignment of their activities that arises from that process.

The second important principle at the heart of the Government's economic strategy is the focus on supporting key sectors in which we believe there to be great innovative potential. We see the capability of the Scottish economy in financial services, in the energy sector, in life sciences, in the creative industries, in the food and drink

sector, in tourism and in the university sector as being the main focus for the opportunities that we think exist to generate the type of innovative growth that will deliver new economic opportunities for Scotland. As a Government, a huge part of what we do is to encourage the alignment of interests of a variety of players to support that economic agenda and to ensure that it manifests itself in the key sectors of the economy that we have identified.

What is important is that we establish connections between those approaches and programmes to support the opportunities that can be accessed through many of the European programmes that are available, such as horizon 2020, which we have a particular focus on today.

One of Marion Dewar's points was about the importance of sustaining investment in research and development. One of the aspects of the funding decisions that we, as a Government, have arrived at that I am most pleased about is that, despite the enormous public spending pressures that we face, the amount of funding that we have made available to support research and knowledge exchange through the Scottish Further and Higher Education Funding Council has increased in 2012-13 by about £12 million to £301 million. That is one example of how we make our choices about how to support innovation and creativity in the Scottish economy. That approach is reinforced by some of the funding decisions that other key Government agencies, such as Scottish Enterprise and Highlands and Islands Enterprise, have taken, through which we are increasingly focusing our efforts on supporting research and development in the Scottish economy.

Ensuring that we have a sustained process of funding support is essential to providing the backbone to the research and development programme in Scotland, but it is of equal importance that we encourage the process of collaboration between our higher education institutions and the private sector to ensure that the great reservoir of creativity that we have in our higher and further education institutions can be properly aligned with commercial opportunities in the private sector.

It is evident that that process is being strengthened in a number of areas, first and foremost through the willingness of the higher and further education communities to engage in such activity. There is a welcome enthusiasm in the sector to do that. Equally, we are encouraging the funding council and the enterprise agencies to ensure that their interventions support such activity. The Scottish Enterprise innovation support service offers focused assistance to individual companies to manage the process of innovation, to find out whether there are ways in which

collaboration with the private sector can be encouraged and to realise some of those opportunities. It provides the range of small and medium-sized enterprises that are participating in the EU's FP7 framework programme with the opportunity to gain the tailored support that they require.

Interface is a great operation that is hosted by the University of Edinburgh. In essence, it connects businesses quickly and easily to the world-class research expertise, knowledge and facilities that are available in all Scotland's universities and research institutes. It involves an extremely simple concept—the creation of a website that brings together information on research activities that are going on in various institutions across the country and making that readily available to people in the private sector so that they can identify where the action and the interest happen to be. It appears to me, as a layman in such matters, to be not much more complicated than that, but I know from my experience of Scotland's company sector that there are tremendous examples of how that resource is bearing fruit. The focus on the formation of innovation centres is also important to ensure that companies are properly connected to opportunities.

I also want to mention the element of collaboration that is represented by the Scotland Europa network, which not only operates alongside the Government's representative organisation in the European Union but actively supports individual companies to realise their potential in obtaining support and encouragement from EU innovation programmes. Scotland Europa has a good track record in establishing such connections and ensuring that companies receive the support that they require.

Finally, with regard to long-term budget support, the Scottish Government is, in its input to UK thinking on the EU budget, emphasising that EU budget decisions must be driven by opportunities to stimulate growth in the European economy. That must be the fundamental test of the EU budget, which, after all, is one of the principal sources of supporting and encouraging economic growth in Scotland as part of the EU, and we will argue very strongly to the UK Government and as part of the EU negotiations that that emphasis must be reflected in final budget decisions. That input is critical to stimulating growth in the economy, and I hope that that agenda receives a positive response.

This event provides a very welcome opportunity to exchange views and ideas on the opportunities arising from horizon 2020 and on behalf of the Scottish Government I am delighted to be able to play a part in today's proceedings.

Thank you very much.

The Deputy Presiding Officer: Thank you, cabinet secretary.

The audience will now have an opportunity to ask John Swinney and Marion Dewar questions. I encourage everyone to participate as fully as possible. I will do my best to fit in as many questions as possible into this 10-minute session, but I ask everyone to keep their questions as short as possible. If you wish to ask a question, please raise your hand—and if you are invited to speak, please wait until the red light on your microphone comes on. Before making your point, you should announce your name and, if relevant, the organisation you represent. Before speaking, you should ensure that you are speaking down into your directional microphone—I notice that some of the microphones are not properly sited.

Let us make a start with the first question.

Professor Geoff Simm (Scottish Agricultural College): Although there is much to applaud in the horizon 2020 proposals and although we are certainly enthusiastic about taking part in them, we feel that the funding model might be a block. For many years now, we have been encouraged to move closer to charging full economic costs for the research that we carry out and, at the moment, the proposal to lower the rate for indirect costs to 20 per cent would mean that we would fall far short of that. In fact, in our case, it would provide only a third of the funding that we would need to meet full economic costs. Has that issue been recognised? Can Marion Dewar, in particular, indicate whether there might be a happy ending?

Marion Dewar: No—by which I mean not that there is no happy ending but that I am not qualified to talk about the issue. However, we can speak afterwards and, when I get back to Brussels, I can ask for a full briefing on the matter.

Professor Simm: Thanks. I should point out, though, that this will be a major problem for many other higher education institutions.

Marion Dewar: I am aware of the problem, but I am not prepared to delve into the technicalities as they are beyond me.

Mark Anderson (Glasgow Caledonian University): Marion Dewar said that the last round of funds for FP7 will be coming out in July and the first round for horizon 2020 will be 2014. Does that mean that there will be a hiatus before the 2013 round?

Marion Dewar: The last call for FP7 will be issued in the summer and the funding will start in 2013. There will then be a further call at the beginning of 2014. I know what you mean: there will be a slight hiatus. This final call in July is bridging to the beginning of horizon 2020. The

framework programme is back-loaded over seven years. This last call is the biggest and it will be the bridging call.

Melfort Campbell (IMES Group): IMES Group is a small group of engineering businesses in the energy, defence, marine and process industries. I have done my homework and read today's papers and, from what I have heard, I feel that my business is irrelevant to this process. Is that correct? We are entirely focused on innovation and reacting to market opportunities, but I see nothing in the papers, or in what I have read online, about support for businesses that are reacting to and taking market opportunities, and then seeking academic input—ideas, thoughts and research—to help them to take up those market opportunities. Am I wrong? If so, how does it work? If I am not wrong, what support is there?

I highlight the fact that our general process is that we need to make a decision on an investment within two weeks and be implementing within three months. We never seem to be able to get funding to do what we need to do within that timescale.

The Deputy Presiding Officer: Cabinet secretary, that might be one for you.

John Swinney: Obviously, I am interested in following up some of the detail of your experience, Melfort. The system is designed—and this is the Scottish Government's existing approach—to ensure that individual companies that have growth potential have access to the range of support that the Government and its economic agencies can make available. The system is supposed to be responsive to demand. It is not supposed to be saying, "I have this particular programme available, Mr Campbell—do you want it? It is all I can offer you." The system is designed to ask where your business is, what the opportunities are and how we can support it most effectively. If that is not your experience, I am interested to hear that, because that is what I think your experience should have been. That is how the company development support that we now offer in Scotland is designed. As well as direct engagement between the Government and companies, it is about opening up access to various other avenues of support, some of which might be from the EU, given our knowledge about and connections with EU programmes. It might also be about opening up opportunities to work in collaboration with other research organisations in universities or wherever.

The theory behind the Government's enterprise development support is to give direct support to companies to realise opportunities, some of which will be strategic developmental ones. For example, the Government is actively supporting companies to do long-term research to create the devices that will be able to realise renewable energy potential in the wave and tidal sectors. Equally, there will be

projects that literally require a decision the next day about something that can happen over the weekend to make opportunities happen. We have the capability to do that, but if that is not your experience, I am happy to explore that further.

Marion Dewar: Mr Campbell, do you have a small business in marine process industries?

Melfort Campbell: We are a mid-size business in marine, defence, oil and gas, energy and process industries.

Marion Dewar: I take your point about speed. It has certainly been a problem under the framework programme. We are seeking to reduce the time to grant down to 100 days. That is not the two weeks that you spoke about, but it is considerably better than it was. You will also find that there will be plenty of calls around themes that are relevant to your business, Mr Campbell.

Perhaps I did not stress this enough earlier: Mrs Geoghegan-Quinn is committed to making the programme much more accessible to SMEs. We are going to hit the 15 per cent target for SME participation in the current framework programme. We will maintain that target in the new programme across the challenges block that I spoke about and the industrial technologies part—it may even go up to 20 per cent.

Do not forget the novel financing instruments on the debt and equity side that I mentioned earlier. That is through intermediaries—the European Investment Bank works through banks on the debt side. The European Investment Fund acts as a fund of funds on the venture side, investing in venture capital funds around Europe. Those instruments are designed to speed up the flow of either venture capital or credit to highly innovative, research-based firms. There is plenty in the programme that could benefit your business, Mr Campbell.

The support services that John Swinney spoke about are extremely important because, without that support, I accept that it is difficult for firms to access the programme. We hope that, with the simpler architecture and the simpler rules—controversial though they are—it will get easier.

The Deputy Presiding Officer: Thank you. After two final questions from Jim Mather and Professor Andrew Scott, we will wrap this up.

Jim Mather (Gael Ltd): I am chairman of Gael Ltd in East Kilbride. I was taken by the point about wider participation, particularly with other parts of Europe. That would obviously strengthen the case of many projects. We could take advantage of it in terms of our English-speaking capability. Are there any plans at European Commission level to facilitate the creation or identification of further opportunities to bring people together? Perhaps

this Parliament could be used again—we could invite people from other parts of Europe to come and start collaborative conversations with the Scots.

Professor Andrew Scott (University of Edinburgh): I ask Marion Dewar to say a few more words about the structural funds dimension, because it is not terribly widely known how the structural funds will interact with R and D.

Marion Dewar: We have tried to find a rational division of labour between horizon 2020 and the structural funds. It is important to realise that horizon 2020 is excellence driven—excellence is the sole criterion for deciding whether to award funding and there are no geographical criteria, whereas the structural funds are driven by cohesion policy, so there are geographical criteria. They are fundamentally different instruments. Horizon 2020 can do certain things well and the structural funds can do other things well. In essence, the structural funds help parts of Europe that, frankly, are not in the game—they do not have the research excellence and so cannot access horizon 2020. The structural funds can help those areas to build up that excellence.

In horizon 2020, we want to recognise areas where there are potential centres of excellence and niches. It might just be a faculty or a school in a university where there is genuine potential for excellence. We want to help those areas twin with other parts of Europe. Next year, we will pilot a scheme called ERA—European research area—chairs. The idea is that, where there is an identified pocket of excellence, there might be potential to fund a European research area chair, which we hope will help to attract investment and talent and will help that centre to move up the stairway to excellence. Those kinds of things are better done in horizon 2020, because it is an excellence-driven programme. If an area gets the imprimatur, the seal of approval, from horizon 2020 and an ERA chair, that has come not from a cohesion-driven programme but from an excellence-driven one. The structural funds money needs to come in and build up the infrastructure around that. That is roughly how we see it.

In Scotland, it is likely that the Highlands and Islands will be a transitional region next time round and the rest of the country will benefit from some structural funding, but no part of Scotland is now a less-developed region. There is earmarking within the structural funds, especially for the more developed regions, which Scotland now is. You will be obliged to spend a large percentage of the money that you receive on research and innovation. For Scotland, that will not be a constraint, as it is what you would want to do anyway, I think. Although we focus on horizon 2020, significant investment in research and

innovation will come through the structural funds. The key is to make the instruments work together. For a transitional region such as the Highlands and Islands, the idea is, eventually, to move away from structural funding and get to a point at which the region can benefit from a purely excellence-driven programme such as horizon 2020.

John Swinney: I will deal with Jim Mather's point. As I said in my comments, we are keen to encourage and maximise the collaborative approach. There are excellent examples of how that is bearing real economic fruit for Scotland through university and industry collaborations. Broadly, we want to encourage in every way possible the opportunity to spread that collaboration further afield and connect it with other parts of Europe.

On whether Parliament can be used for that purpose, I will not intrude on the domain of the parliamentary authorities and the Presiding Officer—I am much too careful to do that—but I am sure that Parliament will consider how it can play a part in that. The committee's inquiry is an open one about trying to find those areas of collaboration for Scotland. The Government would be happy to support the committee and Parliament in their efforts in that respect.

The Deputy Presiding Officer: Many thanks. That concludes the question-and-answer session and the first part of the proceedings in the chamber. I thank our panellists, John Swinney and Marion Dewar, for their contributions and for taking the time to be with us.

We will now move to the breakout groups.

09:50

Meeting suspended.

11:31

On resuming—

The Deputy Presiding Officer: Welcome back, everyone. I hope that you all enjoyed and participated fully in your breakout groups. We will now hear the feedback from the five groups. First, we will hear from James Temple-Smithson, the chair of breakout group 1, which considered bridging the gap between research and business and getting ideas to the market.

11:33

James Temple-Smithson (European Parliament): The first point that was made in our group, which set the tone for everything that followed, was the need to recognise the scale of the problem. Whereas Scottish universities are good at accessing EU funding—30 per cent of the

University of Edinburgh's funding comes from research grants, a large part of which comes from the EU—participation of Scottish companies in EU funding schemes is less than half the European average. That is a poor rate, and it is the major challenge. Given the scale and scope of EU regimes, unless participation improves there will be a major problem—not least with regard to the broader strategic aim of utilising the schemes to promote sustainable economic growth. That approach was encapsulated in the observation that we are good at turning money into knowledge, but less good at turning knowledge into money.

On the reasons for that, a point about the bureaucracy of the schemes was made and it was mentioned that the Commission is making big steps to improve matters in that regard through FP7 and Horizon 2020. However, the perception lingers that accessing those funds is complicated, so there is a need to help firms to get over that and to promote awareness that help in getting over the barriers is available through Scotland Europa and the European Commission.

The key thing that came out of our discussion was the need to work on demand-side engagement in relation to Scottish firms, particularly small and medium-sized enterprises. Work must be done to convince firms of the value of participating by showing clear evidence of the potential return on investment and engagement, which can be done through case studies. Some good examples were highlighted, including the energy technology partnerships and ScotCHEM.

A number of people pointed out the need to give firms assistance in engaging upstream, both at EU level and bilaterally. The Scottish proposal assistance fund was mentioned and there was talk about innovation vouchers and the need to facilitate associations because small firms, in particular, do not have the capacity to do that work themselves. A number of important ideas were mentioned. A point was also made about the importance at a more strategic level of helping firms to find partners in other member states, with the understanding that the need to find partners is a long-term strategic process in which assistance is required. On the importance of engagement at upstream EU level, a point was made about the importance of engaging when calls for tenders are prepared, so that they are suitable for, and accessible by, Scottish firms.

There was a discussion about the need for universities to be proactive in engaging with SMEs; universities in some other countries are said to be much better at that than the universities here are. A process is on-going whereby universities are being asked to provide a formal strategy on engagement with SMEs in their areas of expertise and it was suggested that Scottish

Enterprise could do more to improve engagement and collaboration between universities and companies.

I will run through a few slightly eclectic points that I did not manage to fit into a comprehensive overview. It was suggested that there is a need to develop an innovation spectrum to describe the range of innovation in the commercial sectors, so that companies that might not think that innovation funding is for them can see how they might fit into the overall scheme, which would encourage people to access funding. It was also said that there is a need to recognise the range among universities—from those that do pure science research to those that do more applied research. That demonstrates that there is more of a continuum than people often think, and that organisations that might not see themselves as being potential applicants for funding should consider applying.

Finally a point was made about the need to promote awareness of existing technology among firms; it is felt that that is lacking in some areas.

The Deputy Presiding Officer: Thank you very much. I ask Dr Aileen McLeod, who is the chair of breakout group 2, to come forward. I believe that you discussed funding innovation and investigating new opportunities.

11:38

Aileen McLeod (South Scotland) (SNP): The group that I chaired did discuss funding innovation and the new opportunities that would come from that but, helpfully, we also discussed what success would look like for Scotland. We came up with some good ideas about the importance of the implementation of a strategy for a team Scotland approach.

We had a good discussion and some very useful contributions were made from around the table. The implementation strategy and the team Scotland approach are all about how to develop our business and research links so that they can be more effective and enable us to build our capacity.

We had a discussion about adopting a sectoral or market approach that is linked to market opportunities. There is a feeling that we should be doing more to develop our geographical links where there are common interests and synergies.

There is a sense that there is a need to do more to influence activity and to engage more effectively with the key players in Brussels, although it was recognised that Scotland Europa is able to facilitate such discussions for our SMEs. However, those who are involved in collaborations and the consortia themselves need to be clearer about

their objectives when they are putting forward a case in Brussels, and they need to ensure that more of their programmes are aligned to Scotland's strengths.

We also know that competition under horizon 2020 is going to be tougher than ever, although the budget has been increased to €80 billion. The programme will not come on stream until 2014, but there is a feeling that we need to be fully ready and able to position ourselves to take full advantage of it as soon as it comes on stream. Its competitive nature means that we need to look at how we can ensure that our industrial leaders and our SMEs are fully prepared.

That said, there is recognition that our SMEs have limited capacity to access EU funding in the horizon 2020 programme, and limited capacity to engage, given the medium-term to long-term nature of the programme. It is well known that many do not have the necessary resources, expertise, experience or funding. On the plus side, those that have been able to engage with, for example, FP7, were able to speak of the benefits in building credibility and relationships with major corporations.

We also managed to have some discussion about public procurement and its importance as a driver of innovation. It is felt that these are early days, but we see public procurement as presenting a real opportunity, particularly in terms of encouraging and supporting innovation in our SMEs.

We discussed the importance of investing in cluster development, which we see as being key to encouraging and strengthening strategic innovation partnerships, and to the ability of team Scotland to compete. Although universities are good at that, we need to look at how we can further strengthen innovation, working with the universities and the private sector.

The Deputy Presiding Officer: Excellent, Aileen. Thank you very much.

I invite Marco Biagi, who chaired breakout group 3, to come forward. I believe that his group discussed the usual suspects—whatever that may mean—and getting fresh talent to the market.

11:42

Marco Biagi (Edinburgh Central) (SNP): Thank you, Deputy Presiding Officer. Your “whatever that may mean” comment is prophetic because, like students who are set a task in an exam, we spent the first chunk of time trying to define and work out what we were actually being asked. The wording was

“Beyond the ‘usual suspects’: getting fresh talent into the system”

and the first suggested question was,

“Who are the ‘unusual suspects’?”

I suspect that we might have gone over much of the territory of the other two groups, but that is part of the nature of such conferences and there is nothing wrong with doing so.

Given that our group included a number of representatives of SMEs and universities, together with statutory bodies that deal with those groups, it was always natural that our conversation would turn to SMEs as “unusual suspects” and how we can try to reach out not so much to business broadly—which the first group discussed—but particularly to organisations at the smaller end. There was, along the way, some consideration of the importance of individuals—for example, people who have just completed PhDs in scientific subjects—attempting to commercialise at that scale, but we moved on to the issue for SMEs in general.

It is fair to say that we had a heady dose of realism injected at one point, when the discussion turned to the likelihood of much of horizon 2020 having already been set, many of the processes having been set in motion, and there being a limit to how much the time to grant can be reduced. The aim is to reduce it from a year to 100 days, but to be frank even that might well be optimistic in practice. In facing those difficulties, the issue is perhaps not so much how we can shape horizon 2020, but how we can shape our reaction to it and how we can best support SMEs to engage.

A number of issues came out of that. Awareness is a key issue. A lot of SMEs in Scottish priority sectors such as finance and health might think that research is not for them. European research funding for health services is not necessarily the first thing of which a telehealth provider thinks, but telehealth is an area of great innovation, if not research. In that sense, the change in horizon 2020 is welcome and needs to be exploited through ensuring sufficient awareness.

It is fair to say that we had a division of opinion, which is always interesting. Unfortunately, the discussion about how best to build capacity among SMEs was just starting to get energetic when we had to pack up and return.

There was a range of opinion. Scott Johnstone from the Scottish Lifesciences Association promoted that association's example of having taken an industry relatively organically and boosted its profile and the ability of SMEs to participate in obtaining funding, with relatively little central financial support from statutory partners. On the other hand, Kim Murphy from Glasgow described a more local engineering design and manufacturing project that used public sector

leadership—the example of Jim McDonald of the University of Strathclyde was highlighted—to bring together the relevant businesses to think about the opportunities that are available, as well as to build capacity to apply for funding.

Somewhere in between is the food and drink sector, which has had support from the Scottish Further and Higher Education Funding Council and Scottish Enterprise and which is developing in its own way a sectoral capacity to participate in European funding streams. An issue in that is lack of awareness in a great deal of situations. Innovations that are attached to the food and drink industry might not be thought of as food and drink matters. The example of energy efficiency in distillery work was cited; I am familiar with that because of a project in my constituency.

There was no consensus on whether public sector interventions tend to trip over themselves or are invaluable in bringing together SMEs that have limited capacity, time and knowledge, but it was definitely accepted that we need capacity building that uses networks in a sectoral approach, of which many good examples exist. As the participants in the group were largely from SMEs and universities, examples of how universities have worked successfully with SMEs to build capacity were given.

That is broadly what we discussed. I am sure that the scribing will provide far greater detail about everything else. I am glad to have participated in and facilitated the discussion.

The Deputy Presiding Officer: Many thanks, Marco. I now call Liam McArthur, who chaired breakout group 4, which considered the role of the Government, cutting red tape and securing value for money. I am sure that those issues are dear to all delegates' hearts.

11:48

Liam McArthur (Orkney Islands) (LD): While listening to James Temple-Smithson, Aileen McLeod and especially Marco Biagi, I have been struck that similar discussions took place in each breakout group. As Marco Biagi suggested, that is not necessarily a surprise. I will hold to the maxim that, although everything has been said, as long as not everybody has said it, I will crack on.

I am grateful to all the people in our breakout group and particularly to Professor Pete Downes, who was a very able facilitator and who brought insight to the deliberations. He was particularly helpful in pulling together the discussions at the end.

We all arrived at our breakout session with Melfort Campbell's frustrations with the process still ringing in our ears. That brought home to us a

live example of problems in accessing the current funds. We need to be cognisant of that in relation to horizon 2020.

As others have said, the significance of the opportunity needs to be underscored. That reinforces the fact that the Government at all levels and across its agencies needs to take a clear role in enhancing the ability of Scotland, which has a number of strengths to play to, to punch above its weight.

I think that it was accepted at the outset that, given the scale of horizon 2020 and the way in which it is structured, some complexity and red tape are inevitable. Our trying to kid ourselves that we can pare them back beyond a certain level is probably a little naive, but there is a real sense that there is a role across the Government in facilitating through signposting, navigating and providing the necessary advice.

The other conclusion that we drew on the scale and structure of the funds is that they absolutely require that consortia be built up and operate, because the funds do not really lend themselves to individuals seeking to make bids, particularly if they are looking for a quick turnaround of investment.

There are undoubtedly frustrations, but there are also examples of where Scotland is currently doing very well; the university sector is the obvious example. Marion Dewar talked about the success in accessing ERC funding. The fundamental research that our universities in Scotland are doing is playing out on a European scale: we have that strength. The UK punches above its weight and Scotland within the UK punches above its weight still more, but that is not being translated into innovation. We need to get far better at bringing in the SMEs. It is felt that SMEs in a number of member states appear to be benefiting from the fundamental research by Scottish universities and their success in accessing funding rather more than SMEs in Scotland are. We are keen to see how we could address that and the role that the Government would have in that respect.

It is also felt that we need to redouble our efforts on building up better networks within Scotland. I think that Marco Biagi made that point, and others have alluded to it. Successive Governments have recognised that as a priority, and various schemes have been introduced over the years. All those schemes have had some success, but it is clear that there is still a need to do more. The Scottish Government, its agencies and local government have a role to play in that respect.

Support for SMEs in developing their own European networks is thought to be important. We recognised that there are constraints on SMEs

because of their scale, but things can be done that are mundane for those of us who have spent a considerable number of years in Brussels, such as going out to Brussels, putting faces to names and simply building up networks. That can be a slow and laborious process and there is often no shortcut. A couple of other examples that were cited in our group put more emphasis on knowledge transfer partnerships as a way of developing those networks. Horizon 2020 does not seem to lend itself very much to that approach, but the Scottish Government certainly has a role to play in providing such fora for networks to develop.

The view was expressed in the group that universities need to be more proactive; perhaps they could have more of an SME strategy. It is clear that the expertise exists to develop applications for funding; some applications under the programmes have proved to be very successful. It is an art form in itself. The research needs to be of a certain quality, but there is a knack in putting together such bids, and it is clear that a number of our universities have expertise in that. Perhaps we need to get better at sharing that expertise more widely.

There was also a fair amount of discussion about portals. We drew the conclusion that cutting red tape is probably not best achieved by putting in place an additional level of assistance or screening. As well as portals such as Scotland Europa and Interface, the enterprise agencies and the local authorities are very active in this sphere, particularly in areas in which there is close collaboration with the universities. We could not come up with a magic bullet for how the process could work better, but there is definitely a feeling that we need to assess what portals are out there and how effective they are, and to build on what we have, because it is clear that some things are working, but not necessarily working as extensively as they might. That points to some of the issues that were touched on in the “beyond the usual suspects” breakout group.

A number of other points were made, but those were the general themes. Like Marco Biagi, I am sure that the scribes will have caught the bits that I have let slip through the gap.

The Deputy Presiding Officer: Thank you very much, Liam. I now call Patricia Ferguson, the chair of breakout group 5, which discussed how to win the competition for funds.

11:56

Patricia Ferguson (Glasgow Maryhill and Springburn) (Lab): As the Deputing Presiding Officer indicated, our group looked at how to win the competition for funds. I would particularly like

to thank our facilitator, Mike Rogers, who gave us some very useful insights into a number of the areas that we discussed, one of which was that the European Commission needs to win the funds in question from member states in Brussels, so it is important that that process is successful. It is also important that, once the framework programme is agreed, there is certainty of funds throughout the programme period.

As far as the role that Government and its agencies can play is concerned, we felt that getting to the point of bidding for funds is often difficult, particularly for an SME. It was put to us that it can take up to 18 months to have a bid accepted, and that there are no funds that allow a company to take forward its proposal. It appears that there was such a fund in the past, but that it has recently been discontinued. It was felt that that would be a useful addition to the range of support that is there.

In addition, like other groups, we felt that SMEs needed a bit more support to help them to compete for funds. We recognised Scotland Europa’s role in supporting SMEs, but we felt that that support was sometimes a little less visible than some of the other good work that it does. We also felt that it would be good to team up less experienced SMEs with more experienced partners in academia or research, to give them the benefit of that experience. We felt that it would be good to have some kind of linkage within each sector to allow people to share their experiences and their views of what was happening.

There was a feeling that although lots of support was available, much of it was in silos, and that there was a need to promote a broader range of wider opportunities, which the support agencies were not quite good enough at. To paraphrase one of Marion Dewar’s analogies, there needed to be a ladder of funding that organisations could access.

On our second question, which was about lessons learned from previous programmes, we felt—again, this links back to something that we talked about earlier—that we were not always good at promoting success and that we needed to do a bit more of that. In addition, it was pointed out to us that in Malta there are four national contact points, whereas in the UK there is only one, which means that the folk in Malta who do that job can get to know their industries and their SMEs much better than is possible in some of the other countries. Perhaps we could look at that.

It was also pointed out that it is possible for SMEs and others to dip their toe in the water by first subcontracting before seeking to lead projects later. Although leading a project might be quite attractive on paper, it comes with a lot of headaches and might not be the way in which a

company would first want to engage with the process.

We felt that academia in our country is good at getting funding and at creating academic contact, but that horizon 2020 would present a challenge in linking academia with the SME networks, as others have suggested. We wondered how those links and partnerships could be better facilitated. We questioned whether European regional development funding could be used to promote those connections in the future.

We considered how we could look at early-stage research that could lead to world-class research, rather than just look at world-class research. We commented on the fact that there is increasing demand for funding and that, although funding has increased, so has the number of applications. I was interested to learn that, because of the respect that is given to the criteria that are used and the good reputation of the invigilation of those criteria that goes on in the Commission, some member states will fund bids that pass the quality criteria but are not funded through to the proposal stage. We wondered whether that could be considered.

We also felt that a match-funding element would be very important and that there might be a role for Government in ring fencing money for early research programmes. There is a need to ensure that a multi-year promise of funding for projects would be delivered, and the example was given of a situation in which that had not transpired. The work that is being done by the Scottish funding council to seed fund some projects was cited; that seems to be going well and is helping projects to grow. The Scottish funding council proposes that there should be more such innovation centres, which we thought would provide a helpful gravitational pull.

We had most difficulty with the area of non-technological innovation because it was not absolutely clear to us how that would develop. We felt that it would perhaps be difficult for the humanities areas of academia to understand and be able to participate in the horizon 2020 regime because that is not such a clear part of the programme going forward. We struggled slightly to see how that could be included in the societal element of the funding. We noted that some areas such as ICT are still recognised and that the UK does very well in those areas, but we felt that a little more could be done.

Near the end of our discussion, the interesting point was made that, although our academics are very good at working in partnership—as has been said before—those partnerships are sometimes with organisations, SMEs and others that are based overseas. Although those partnerships are useful in developing theories, processes and

outcomes, they are occasionally aiding our industrial rivals. Therefore, it might be worth investing more in linking academia and SMEs going forward, particularly given the emphasis on that in horizon 2020.

We had a very good discussion, and I am sure that the scribes have many more notes than I have. We recognised some of the challenges and issues that other groups have identified, which I hope will be themes that we are collectively able to act on in the future.

The Deputy Presiding Officer: Thank you very much, Patricia. That was terrific. That concludes the feedback session. I thank all the reporters—James Temple-Smithson, Aileen McLeod, Marco Biagi, Liam McArthur and Patricia Ferguson—for their hard work and for the copious notes that they all took.

The next part of today's session is a closing speech from David Willetts MP, the UK Government's Minister of State for Universities and Science. David has been the MP for Havant since 1992. Prior to his election, he worked in the Treasury and the Number 10 policy unit. He served as Paymaster General in the previous Conservative Government and has held various posts in the shadow cabinet. He was a visiting fellow at Nuffield College, Oxford; is a governor of the Ditchley Foundation; and is a member of the council of the Institute for Fiscal Studies. David has written widely on economic and social policy and you will be delighted to know that his most recent book is entitled, "The Pinch: How the baby boomers took their children's future—and why they should give it back".

12:05

David Willetts MP (Minister for Universities and Science): Thank you very much indeed for the invitation to be here today. The plug for my book was a bonus that I was not expecting, so thank you for that, in particular.

This is a great opportunity to exchange information and for me to learn from the valuable feedback reports about ways in which we can make the most of the opportunities that face us as we construct horizon 2020. Of course, we all agree that horizon 2020 has potential to add real value to the research and innovation effort across the EU, especially at a time when the challenge is growth. We need to get our economies moving by backing the research and development and the innovation that will take us into the technologies and sectors of the future.

The opportunity to have this discussion is particularly valuable because it is happening at absolutely the right time. Next week, I will be attending the competitiveness council where my

continental European colleagues and I hope to reach political agreement on the content of the overarching horizon 2020 regulation. In the jargon, it is a partial general approach—as you become more familiar with European negotiations, you realise that putting together apparently contradictory terms is an important part of the process. A partial general approach means that you agree the substance of the proposal but leave the funding issues—the wider EU budget and the multiannual financial framework negotiations—to be decided at a later European Council. Our approach is clear. We believe that research and innovation should account for a larger proportion of an EU budget that is restrained, overall.

I should stress that, although a lot of work has been done to reach this stage, and I hope that we will take a crucial step on the road in Brussels next week, there are further stages of the co-decision process, which involves a crucial role for the European Parliament.

I express my appreciation of the excellent co-operation that Department for Business, Innovation and Skills officials and officials in the Scottish Government have shown during the process of preparing the British Government's approach. Throughout, we have been able to benefit from the exchange of ideas and have established and refined a UK negotiating position that probably reflects the views of all the universities' businesses that can hope to benefit from it. The text that we are likely to agree next week, on 31 May, has been improved in the course of the negotiations, which have drawn heavily on the expertise in Scotland.

Before I go through the particular features of the negotiations, I want to say that we can be proud of the quality of the research base that we have across the UK. Within that, I am aware of the distinctive strengths of the university and research base in Scotland. Scotland has some very distinctive and world-recognised research and business clusters, particularly in the life sciences, which have been on my mind this week as we have been doing a lot of work on them. We are absolutely committed to funding that work—indeed, after this conference, I will be off to the Roslin Institute for which, as I announced yesterday, we have been able to secure extra funding—and, of course, we continue to support excellence at institutions such as the University of Dundee, which I believe has secured some funding from the Medical Research Council. We also recognise the importance of the University of Aberdeen's strengths in pharmacology and I have learned a lot from the University of Glasgow's innovative open-access intellectual property work.

Retaining a focus on excellence is part of our shared approach. A lively debate has emerged in

public and informal sessions of European ministerial meetings, with pressure from some countries to shift towards using horizon 2020 as a regional policy instrument. Our clear view is that structural funds play a very important role in that respect and are the correct instrument for delivering regional policy and that the criterion for allocating research funding must be excellence. That argument has been broadly won, although I must emphasise that those of us who have the advantage of universities with often extraordinary histories of research recognise the obligation to extend the hand of friendship and co-operation to some of the newer EU members that hope to grow their universities and, wherever possible, work with them in research projects.

We have retained in negotiations the concept of support right the way across the research and innovation cycle from very important blue-skies research to the delivery of new and innovative goods and services. Indeed, that issue, which has been crucial in the shaping of horizon 2020, has been touched on in some of the reports from today's sessions.

Another important point that has not yet been mentioned is that it is always easy to focus on the physical sciences and high tech and that we must recognise that the social sciences and humanities are a crucial part of Europe's research base. It is hard to think of any global challenge that we can tackle without harnessing the distinctive insights and expertise of those disciplines and we have secured a recognition of the contribution that research in social sciences and humanities can make in tackling the list of societal challenges that we face.

We have been able to secure excellent research in Scotland with funding from existing EU framework programmes. That said, we recognise—this is a theme that has emerged from reports that we have heard this morning—that although we have great strengths at the university research end, we have not always been so good at moving such strengths into commercial application. When I look at the balance of funding secured under the seventh framework programme, I can see that across the UK we have tended to do better at securing university funding than at securing funding for businesses. That pattern is even starker in Scotland and we must try to do better at getting representation for the business and commercial application end of things. That is why one of our shared objectives is to ensure that horizon 2020 is attractive to industry as well as to academia.

A crucial challenge in that regard, which we have heard about in some of the feedback reports, is to ensure that the simplification of procedures promised by the Commission in the rules of

participation really happens. Proposals for simplified time recording and near-to-market support and acceptance of participants' normal accounting practices are positive moves, but one of our key aims in negotiating these rules will be to ensure that the Commission meets its target of reducing the time to grant by 100 days.

Another crucial objective, which has rightly been emphasised already, is that of securing a better deal for SMEs. We welcome the dedicated SME instrument in horizon 2020. It is important that that focuses on commercialisation and accelerating entry into the marketplace. Approaches such as pre-commercial procurement can play a key role in getting innovative products to market.

Another area in which we have a distinctive strength, although we can of course pursue it further, is financial services, not least in great cities such as London and Edinburgh. We are often looked to as a source of expertise on venture capital and innovative financing. We welcome the early-stage equity instrument and we are trying to shape the development of proposals for the pan-EU venture capital fund of funds.

Something else that is important and which has been mentioned is the European Institute of Innovation and Technology and its knowledge and innovation communities—the KICs—which have the potential to create networks linking universities and businesses across Europe. However, so far, British performance in securing high-level participation in the first round of KICs has not been as good as we had hoped. It was a particular disappointment that, when the original assessments were made back in 2009, Edinburgh put an enormous amount of effort into its bid for the ICT KIC, but lost out to a bid led from Sweden. I have great respect for Sweden. I have been to the Karolinska Institute to learn how it operated and managed its bid so that we can raise our game next time. It was clear that the institute put enormous effort into building strong European networks and understanding clearly the criteria and basis for judgment that were used in the decisions on the allocation of the KICs.

I am determined that, next time, leading research-intensive universities such as those that are represented today should have a better chance of appearing in more KICs. We will host a conference in London on 3 October to which we will invite people from across the UK research base to learn how we can improve our tactics. Representatives from the European Institute of Innovation and Technology will be there. That will be about learning exactly what we need to do to ensure that we get the best possible participation next time round.

I have heard people say that we hope to benefit from the proposed increase in the EIT budget. As I

said, we are in principle in favour of research being a large part of an overall controlled budget. However, I should report that, in meetings of EU ministers, particularly in informal discussions, there is a degree of scepticism about the huge proposed growth in that particular strand of the budget. Some people want evaluations of the effectiveness of the 2009 round to be done before they agree to the large increase that the Commission proposes. That will be an interesting debate.

I accept the point that has been made about the national contact point and support system. That is another issue on which we clearly need to raise our game to ensure that our universities derive maximum benefit from participation in EU funding.

There is a lot to do, but I think that we are making progress. Today's discussion has been helpful for me as we shape our views and move to the final part of this stage of the process. I again express my appreciation for the way in which officials and ministers in BIS have worked closely with the Scottish Government and the institutions that are represented here to ensure that the important concerns of the Scottish research and business community are properly reflected in our negotiating approach. I look forward to keeping in close touch with you on our progress. Thank you very much indeed.

The Deputy Presiding Officer: Thank you, minister, for that valuable and illuminating contribution. Obviously much has been done, but there is still much to do. Once again, I thank you.

I call on Christina McKelvie as the convener of the European and External Relations Committee to close on behalf of the committee.

12:20

Christina McKelvie (Hamilton, Larkhall and Stonehouse) (SNP): Scotland has always been at the forefront of innovation. We are a nation of inventors. There are few aspects of our daily lives that have not been improved by a Scot with an idea. As my granny used to say, sometimes necessity is the mother of invention.

Look at inventions from the casting of steel from wrought iron to the pneumatic tyre and tarmac, from the telephone, television and teleprinter to penicillin, beta blockers and Dolly the sheep. The Bank of England and the bank of France owe their origins to a Scot, as does the overdraft facility and the popularity of paper currency, but we need to work on the popularity of our bankers.

Scotland has a rich history of innovation and, as our conference has demonstrated, it also has a rich future. As we have heard today, horizon 2020 offers many opportunities for Scotland's research

community and its business sector, big or small. From the last research funding programme, Scotland secured more than £350 million and 780 Scottish organisations were involved in more than 4,000 projects. That sounds like a lot, but I am sure that we can do a lot better.

What can we expect from the next funding programme? That is the question that we have asked you today. What opportunities are there? There is little doubt that Scotland has much to offer in the new areas of renewable energy, health and life sciences, nanomaterials, and communication technology. We have one very new OBE with us today that was granted for services to life sciences.

Today's conference was about bringing people together. The Parliament is not just a legislature; it is a gathering place and a place of ideas. I tend to call it the people's Parliament. It is always a good idea to have such discussions in the presence of those whom we wish to influence, and I thank John Swinney of the Scottish Government and David Willetts MP, who is the Minister of State for Universities and Science in the UK Government. I look forward to hearing how Mr Willetts gets on at his meetings next week. I am sure that the committee will be interested in that.

I also thank Marion Dewar of the EC for her participation today, which has been very valuable.

My committee will be in touch with you all very soon to echo and pursue the points that have been raised here. I heard some helpful and interesting feedback from our breakout chairs, and I thank them for the work that they did today.

I also thank the officials. We could not be here today without the behind-the-scenes contribution of the Scottish Government officials and Scotland Europa; they have worked very hard. We also appreciated having the Deputy Presiding Officer here. The staff of the Scottish Parliament also deserve our thanks; we have been looked after very well. In particular, I thank our committee clerks. I give special thanks to Jennifer Bell, who has worked very hard to pull all this together.

I thank the EC for its financial contribution to today's event. We will have a nice lunch after the meeting.

I echo Marion Dewar's call for the final call for funding for the FP7 programme, which is 9 July. We will try to say something about that so that everyone knows that that money is available and they can get their bids in.

Innovation is fostered by the information that is gathered from new connections—hopefully we have made some today—from insights gained by journeys into other disciplines or places, and from active collegial networks and fluid open

boundaries. Innovation arises from on-going circles of exchange in which information is not just accumulated and stored, but created and, more importantly, shared. It is the knowledge that we have shared today that is helpful. When that knowledge is generated from new sources and connections that did not exist before, it can lead us into new and exciting places.

I hope that you have enjoyed today, and I hope that everything that you have contributed will help us to contribute to the magical process of taking forward Scotland's innovation.

The Deputy Presiding Officer: Many thanks, Christina. That concludes today's event in the chamber. I add my thanks to those of Christina and others to you all for coming. A networking lunch is now available in the members' restaurant. I thank you for your contributions and your enthusiastic approach, and I hope that you have found the event to be interesting and informative. I hand you back to the events team who will guide you to lunch.

Meeting closed at 12:25.

