

Responses to Committee queries following visit to Brussels

- 1. The Initial estimated budget for Horizon 2020 was €80bn. The estimate is now €70bn. Will a revised budget impact on the Executive's plans for Horizon 2020?**

Response from Department of Enterprise, Trade & Investment

The Departments plans for Horizon 2020 are detailed in the 2013 NI Horizon 2020 Action Plan. These are focussed on increasing awareness of the potential opportunities available under Horizon 2020 and also looking to increase the practical support and guidance available to NI applicants. A revision on the budget will have no impact on those plans.

- 2. In order to maximise the potential of Horizon 2020 to result in jobs in the long-term. What consideration has been given to targeting sectors which match the skills' sets in Northern Ireland and what consideration has been given to developing skills in those sectors which show the most potential under Horizon 2020?**

Response from Department of Enterprise, Trade & Investment

The Development of the new NI Contact Point (NICP) network funded, under the DETI/DEL EU Higher Education Fund, covers the sectors which align with the skills' sets and research strengths in NI and also takes cognisance of the areas being focussed on under Horizon 2020. To develop the skills and expertise required to apply for Collaborative EU R&D Innovation funding such as FP7 and now in to Horizon 2020, the NICP network will organise thematic and targeted workshops as well as ensuring that the links are established with both UK and Irish Nation Contact Points (NCPs)

Additionally, the Department will be heavily promoting the importance of more Northern Ireland researchers registering as an evaluator with the Commission as this can greatly assist with the development of the skills and experience of those involved in submitting Horizon 2020 applications.

- 3. Can Horizon 2020 funding be used to build skills and improve capacity for R&D?**

Response from Department of Enterprise, Trade & Investment

The specific elements of Horizon 2020 funding are yet to be finalised but there are elements that are continuing on from FP7 which do address the issue of skill development. For example, Marie Curie funding is available for the mobility and training of people across the EU. This funding allows researchers to move across the

EU and thereby provide access into other institutions where they can look to develop their skills and expertise. Marie Curie funding also has a stream that enables industry and academia to interchange staff on secondment which again helps build skills and capacity. University of Ulster and Queens have, as part of the DEL/DETI EU Higher Education Support Fund, been required to develop a strategy for increasing their engagement with the Marie Curie programme in to Horizon 2020.

- 4. In relation to the Department's plans for Horizon 2020, how will the Northern Ireland effort be led, what policies and strategies are being put in place to ensure maximum participation across key sectors and within relevant government departments, who will be involved at key stages and what resources will be devoted to leading, developing, implementing, monitoring and evaluating the policy and strategy for Horizon 2020, what processes will be put in place to implement the strategy for Horizon 2020, what long-term objectives and interim targets will be put in place for drawing down funding for Horizon 2020, for commercialisation of research and for impact of the economy?**

Response from Department of Enterprise, Trade & Investment

Horizon 2020 is the key financial instrument implementing the Innovation Union, a Europe 2020 flagship initiative aimed at securing Europe's global competitiveness. Running from 2014 to 2020, with an expected €70 billion budget, the EU's new programme for research and innovation is part of the drive to create new growth in Europe and is the successor to Framework Programme 7 (FP7). The new programme will bring together all EU research and innovation funding into one single programme. It will therefore have a much wider remit than FP7 incorporating a broader view of innovation.

In response to the commonly agreed need for greater simplification and ease of access, particularly for the SME community, the Commission is introducing a number of new measures and commitments. These include a single funding rate per project and a reduction of time to grant to an average of 100 days. The Commission will move to a single funding rate being applied to a project in an effort to simplify financial management. The time to grant has been acknowledged as too long for applicants, especially SMEs, to properly plan their future activity and resource requirements.

The Commission has proposed a new instrument to encourage the engagement of SMEs, as well as intending to set a target percentage of the Industrial Leadership and Societal Challenges budget to be ring-fenced solely for SMEs. The new SME instrument is designed to finance innovative companies.

Horizon 2020 will focus on three key priorities. These include Excellent Science with an indicative budget of €21.6 billion, Industrial Leadership with an indicative budget of €15 billion and Societal Challenges with an indicative budget of €26.2 billion. Excellent Science will support world class science by developing, retaining and attracting leading research talent. Industrial Leadership will see strategic investments into key technologies and seek to stimulate increased innovation in SMEs to create growth and jobs. Societal Challenges will seek to address the concerns of citizens and society which form EU policy objectives, through breakthrough solutions resulting from multi-disciplinary collaborations.

The Horizon 2020 Action Plan for 2013 was published in January 2013. Underpinning the Action Plan has been the €1.8m EU Higher Education Support fund created by DETI and DEL. This fund has enabled the appointment of seven research experts to align with the main research areas identified in Horizon 2020. These experts are supplemented by Invest NI who will fulfil the role of Contact Point for SMEs and AFBI who are in the process of appointing an expert on Agri Food.

An NI Horizon 2020 steering group has been established and includes representation from DEL, DOE, DOJ, DARD, DHSSPS, NI European Regional Forum, QUB, UU, Invest NI, Intertrade Ireland, Belfast City Council, Derry City Council, Colleges NI, CBI and NISP. The steering group is chaired by DETI and ensures that the relevant departments are being kept informed of progress in the various areas of activity, such as the NICP network, and also that the NI approach to Horizon 2020 remains a coordinated one.

The advantages of working on a cross-border basis going in to FP7 were made most strongly by Commissioner Geoghegan-Quinn during her visit in October 2010. Since then InterTradeIreland has led on activity in this area to drive increased collaboration. Added to the benefits of close proximity and many existing established links, there have been statistical benefits in terms of the success rate enjoyed by NI and RoI partners. Most recently this was reported by InterTradeIreland as 26.5% in comparison to the EU average of approximately 22%. InterTradeIreland will continue to support activity, looking forward to Horizon 2020, in developing partnerships between applicants from NI and RoI. As part of this they are fully engaged with the NICP network and continue to offer travel support both on a local and EU basis.

5. What consideration has been given to benchmarking against best in class and to collaborating with other EU Member States on Horizon 2020?

Response from Department of Enterprise, Trade & Investment

The key lesson taken from any Members states and Regions achieving success within FP7 to date has been the level of communication and coordination across the area. It is for this reason that the NI Horizon 2020 Manager has been appointed by DETI. He is now coordinating the activities of the new NICP network. Given the need for collaboration across the vast majority of both FP7 and Horizon 2020 this is an area of development for NI.

6. What is being done, North and South, in relation to taking the lead on the Social Cohesion strand of Horizon 2020 including which departments will be involved and how these departments are being included in current work?

Response from Department of Enterprise, Trade & Investment

The social sciences are to take on a larger element of significance under Horizon 2020 and it has been suggested that this will result in a requirement for a social science partner to be included in each project funded under the societal challenges pillar. In addition, under the new DEL/DETI EU Higher Education Support Fund, a Horizon 2020 Contact Point has been appointed to cover the Societal Challenge on conflict management and prevention, social inclusion etc. This Contact Point will therefore be working closely with all Departments who have an interest in this area.

7. What is the Department doing to raise awareness of and to encourage participation in the COSME programme for SMEs?

Response from Department of Enterprise, Trade & Investment

The Department is aware of the COSME programme and has been tracking its development within the Commission for some time. Indeed, the 2013-14 Implementation Plan for the Barroso Taskforce Working Group includes, at the Department's request, a DETI target to "explore the potential of COSME to support NI business growth and competitiveness".

8. Department to provide an update to the Committee when the specialisations under the Smart Specialisation Strategy have been finalised.

Response from Department of Enterprise, Trade & Investment

A Northern Ireland Smart Specialisation Framework will be submitted in draft form to the European Commission by the end of June 2013. The Framework will outline areas where Northern Ireland has the greatest potential for growth. These areas, which have been identified from extensive work undertaken by MATRIZ, were outlined in the Economic Strategy and include Telecommunications and ICT, Life and Health Sciences, Agri-food, Advanced Manufacturing and Advanced Materials. In addition, it is recognised there are additional opportunities for Northern Ireland

companies to compete on a global basis within areas such as sustainable energy, financial/business services, creative industries and tourism.

9. DHSSPS to provide a briefing on Connected Health with a specific reference to the opportunities that exist for research and development and for economic development.

Response from Department of Health, Social Services & Public Safety

The Department of Health, Social Services and Public Safety places a significant priority on developing Connected Health within Northern Ireland. The Executive's Programme for Government and Economic Strategy recognise the important contribution that physical and mental health and wellbeing can make to the growth of a health, sustainable economy.

Recognising the important linkages between health and the economy, in December 2011 Ministers Poots and Foster signed a Connected Health and Prosperity Memorandum of Understanding (MoU) to develop health, social care and economic opportunities in Connected Health through better coordination of public assets and funding. Under the auspices of the MoU, DHSSPS and Invest NI developed a Strategic Action Plan which sets out four priority areas which include targeted Connected Health R&D and innovation funding, the development of the NI Connect Health Ecosystem, collaboration with international regions for mutual gain and promoting the Connected Health agenda internationally.

In Northern Ireland DHSSPS supports research relevant to health and social care through its regional HSC R&D Fund, administered by the HSC R&D Division of the Public Health Agency. HSC R&D and Invest NI work closely to ensure their funds allocated to the health sector can deliver both improvements in healthcare and economic progress.

The current HSC R&D strategy, Research for Health and Wellbeing, has five strategic priorities in relation to health and social care which include developing an enabling infrastructure for R&D, building research capacity for R&D, funding R&D, supporting innovation as a means of transferring R&D findings into practice and ensuring patient and public involvement in R&D. The current strategy will apply until the end of 2013 and development of a revised strategy is well underway and includes a project board on which DETI is represented as well as a member of Invest NI senior management leaders from indigenous Life Sciences companies.

In 2012, Minister Poots commissioned an independent evaluation of the impact of the HSC R&D Fund. The resulting report confirmed that this fund, in addition to

generating evidence to support policy-making and service innovation, created and retained high-skilled jobs and enabled the attraction of more than £4 in additional investment for every £1 allocated.

10. Department to provide a briefing on what it is doing to secure funding under the €50bn EU Connecting Europe programme which includes energy and telecoms projects.

Response from Department of Enterprise, Trade & Investment

On 19 October 2011, the European Commission tabled a plan, the Connecting Europe Facility (CEF), to fund up to €50bn investment aimed at improving energy, telecommunications and transport infrastructure across Europe. To assist with the financing of CEF, the Commission also adopted the terms for the Europe 2020 Bond Initiative, one of a number of risk-sharing instruments from which CEF could draw in order to attract private finance in projects. The initial energy share of the allocation was €9.1 billion. This has, following Member State representation on respective contributions to Europe, been revised downwards to €5.1 billion over 7 years.

The associated draft Regulation on guidelines for trans-European infrastructure identifies 12 priority corridors and areas, and defines the procedure and criteria for investment projects to become a Project of Common Interest (PCI). The Union-wide list of PCIs will be established for the first time in 2013 and then updated every two years. The identification of PCIs will be based on a regional approach, in line with the identified priority corridors. The Commission is expected to adopt the Union-wide PCI list at the end of September/beginning of October 2013.

The PCI process is not a competition for funding. However, given the number of projects that the Commission intends to deem as eligible to apply for funding, DETI has sought to support, actively, two projects of importance to Northern Ireland as they seek PCI status. These are a proposal for a new compressed air energy storage solution in Larne and a proposal to lower wind curtailment by implementing communication infrastructure and enhanced grid control.

Natural gas projects of importance to Northern Ireland which are seeking PCI status are an underground gas storage project near Larne, an upgrade of the Scotland to Northern Ireland gas pipeline to accommodate physical reverse flow of gas between Ballylumford in Northern Ireland and Twynholm in South-West Scotland and a physical reverse flow of gas at the Moffat gas interconnection point in Scotland.

11. Department to provide a briefing on what it is doing in relation to the EU wide networks for social entrepreneurs which are being developed to keep social

entrepreneurs informed and in relation to how the Social Entrepreneur Fund can be exploited.

Response from Department of Enterprise, Trade & Investment

The Department is aware of the ongoing work of the European Commission, through the Social Business Initiative, to create a favourable environment for the development of social business in Europe, and of the social economy at large. With this in mind, officials have agreed the following target within the 'Competitiveness and Employment' element of the European Priorities 2013-14 Implementation Plan, 'Carry out an assessment of the opportunities and key policies for Social Enterprises in Northern Ireland for the forthcoming period 2014-2020 by 31 December 2013'.

This research is being taken forward on behalf of the Department by the Competitiveness and Employment Desk Officer in the Barroso Taskforce Working Group. The final paper will look at the key policies for the forthcoming programming period and the complementary funding streams which will be available to the sector. It will also highlight key commission officials in Brussels and wider social enterprise networks that should facilitate NI social entrepreneurs in furthering their European engagement.

The findings will help inform future policy decisions and will be shared with the ETI Committee when available.

12. Department of Employment and Learning to outline what consideration has been given to seeing if Northern Ireland can be sub-divided as a region so as to avail of funding from the budget for youth unemployment where it is above 25%.

Response from Department for Employment & Learning

The Department is keeping the situation under review. The current Northern Ireland youth unemployment rate is 21%. Figures for NUTS3 areas are not produced from the Labour Force Survey by DFP so it is unclear whether the smaller geographical regions would in fact record levels of 25% or above.

DEL statisticians are working with DFP statisticians to consider whether a smaller geographical breakdown might be possible using a combination of years' data. The position will therefore be kept under review.

However, contacts between officials in DEL and the European Commission have highlighted that any decisions on using resources from the youth unemployment Initiative for UK regions outside those at NUTS2 level with youth unemployment rates above 25% will be a matter for the UK Government.

13. To receive more information on the new public procurement directive which is designed to help SMEs to tender for public contracts and which will provide incentives to the public sector to consider innovative solutions.

Response from Department of Finance & Personnel

The European Commission (EC) published a consultation on its Green Paper on the modernisation of EU Public Procurement Policy in January 2011. The main objective of the reform is to simplify rules and procedures and make them more flexible. Final proposals were published on 20 December 2011 in the form of three proposed directives including Public Procurement, The Procurement by Entities Operating in the Water, Energy, Transport and Postal Services Sector and the Award of Concession Contracts.

Formal negotiations on the proposals commenced in January 2012 between the EC and the Council of the European Union. These are now entering the final stages of negotiations in trilogue with the European Parliament under the Irish Presidency.

Some of the main changes introduced in the draft proposals include a lighter touch regime for sub-central contracting authorities including councils and arm's length bodies, shorter time limits, a reduction in statistical requirements, the codification of a number of pieces of European case law providing greater certainty on issues relating to public to public cooperation/shared services and public contracting, contract modifications and fair trade products, the elimination of the distinction between Part A and Part B services and the extension of the option to reserve contracts for organisations with workforces where at least 30% of the employees are disabled or disadvantaged.

The award of service concessions is guided by the general principles of transparency and equal treatment of the Treaty on the Functioning of the EU. The EC considers that the new directive will help to prevent potentially serious distortions of the internal market such as direct awards of contracts without any competition. Agreement of this directive is likely to be delayed as a result of German concerns about how it may impact on the German water industry.

The current text for each of the directives sets a two year deadline for transposition into UK law, which will apply in Northern Ireland. Assuming negotiations reach agreement before the summer and there is approval in the European Parliament later this year the directives could become law by autumn 2015.

14. How can the ONIEB Desk Officers be used to keep the Assembly, members and Committees updated on what is going on in the EU, what are the formal channels of communication from Brussels to Government and the Assembly and what can be done to improve the information flow to the Assembly, its members and Committees?

Response from the Office of the First Minister & deputy First Minister

OFMDFM wishes to ensure that Desk Officer briefing is made available to OFMDFM's Departmental Committee in a way that respects the liaison arrangements between Departments and their respective Committees, given the broad interest in European matters.

Desk Officers will be compiling a quarterly report for members of the Barroso Task Force Working Group. It is suggested that we forward this report to the Committee for OFMDFM in due course. It would then be open to the Committee to circulate the quarterly report to other Departmental Committees as appropriate.

While OFMDFM Committee Members receive briefing from the Head of the Executive's Brussels Office when he attends formal sessions, Assembly Members receive briefs on relevant European issues when they visit the Executive's offices, wither as part of a Committee delegation or separately. The Head of Office in Brussels also attends the Cross Committee European Forum as well as providing informal briefing to the Assembly's European Officer.