

Committee for Enterprise, Trade and Investment

Report on Committee visit to Brussels

This report details actions from the recent Committee visit to Brussels and it will be updated as actions are completed

Report on the Northern Ireland Assembly Committee for Enterprise, Trade & Investment

Date:

Committee Membership

Mr Patsy McGlone (Chairperson)
Mr Phil Flanagan (Deputy Chairperson)
Mr Steven Agnew
Mr Gordon Dunne
Mr Paul Frew
Mr Alban Maginness
Ms Maeve McLaughlin
Mr Stephen Moutray
Mr Robin Newton
Mrs Sandra Overend
Ms Sue Ramsey

Introduction

1. The Committee for Enterprise, Trade & Investment held a series of meetings in Brussels between 22nd and 25th April 2013. The visit had a number of purposes relating to improving its capacity and capability to fully scrutinise the Departments role in implementing EU policies relevant to its remit.
2. Horizon 2020 is a €70bn programme for innovation and R&D. The Department has a target to draw down €100bn of funding during the lifetime of the programme. It is therefore important that the Committee gains an insight into Horizon 2020 and its development in the EU and in other Member States so as to better scrutinise and advise the Department on the implementation of Horizon 2020 in Northern Ireland. A guide to Horizon 2020 is included at Annex A.
3. The Committee wanted to gain a better understanding of the EU institutions and how they impact on the work of the Department and the Committee. A number of Member States and regions have parliamentary representation in Brussels. The Committee wanted to assess the extent to which a stronger Assembly presence in Brussels would enhance the Assembly's position, support committees in their scrutiny role and keep members better informed on the development relevant EU policy.
4. In order to inform its scrutiny role the Committee wanted do develop an understanding of how the network of Northern Ireland government representation worked together. This includes, the Office of the Northern Ireland Executive in

Brussels, the Invest NI representation in Brussels and the three Northern Ireland MEPs. The Committee also wanted to consider how they worked with the Executive, government departments and the Assembly and its committees to maximise what Northern Ireland can get from the EU. The key focus for the Committee is on innovation and R&D, trade, investment, economic growth energy, telecoms and tourism.

Day 1 Briefings

Growth and Jobs and the Irish Presidency

5. Mr Tom Hanney, Ambassador and Deputy Permanent Representative of the Irish Permanent Representation briefed the Committee.
6. The original projected budget for Horizon 2020 was estimated at €80bn. This figure has been revised downwardly to €70bn. The RoI set a specific target for R&D under Framework Programme 7 (FP7). A unit in Enterprise Ireland was established to coordinate FP7 activity. Experts were identified in specific sectors and they were brought together as part of a national effort on FP7. A similar system is being put in place in Northern Ireland.
7. Horizon 2020 will be less bureaucratic to operate than FP7. Much of the bureaucracy will be eliminated. Regardless of the size of a project, 100% of direct costs will be covered along with 25% of indirect costs.
8. As research funding is being cut at national level in most Member States, EU funding is now considered essential.
9. The target in Horizon 2020 to increase SME participation relates to a large extent to close to market research.
10. The COSME project for SMEs will come on stream later this year. It is outside Horizon 2020 and will include funding for advice, pilot projects and consultancy to grow beyond borders. A summary of COSME is included at Annex B.
11. A new public procurement directive is designed to help SMEs to tender for public contracts. It will provide an incentive in public procurement to encourage the public sector to consider innovative solutions.
12. DETI has a target to increase draw down from Horizon 2020 to €100m. Staff are being employed in universities to maximise draw down from universities and to develop links with SMEs and bring together the best businesses which are capable of scaling up the output of research.

Issues relating to Horizon 2020, the EU Framework Programme for Innovation, Research & Development

13. The Committee was briefed by Ms Maire Geoghan-Quinn, EU Commissioner for Innovation, Research & Development.
14. There is engagement with the First Minister and deputy First Minister. There is a determination to ensure improvement in uptake under FP7 and engagement with the EU Commission. There is a drive to encourage newcomers to the programme.
15. The figure of €70bn is considered a positive result. Parliament was pushing for more but are now pushing for flexibility to transfer money to other policy areas if not being spent. The objective is for a decision to be reached before the summer.
16. Northern Ireland has a figure of £51m (sterling) funding for FP7 with 10% going to SMEs. This is considered significant. It is recommended that, for Horizon 2020, Northern Ireland identifies its strengths and concentrates its efforts. There must be more 'ear-marking' than before. DETI and Invest NI have identified a requirement for seven posts and currently has four people in post.
17. The structure that is in place is key to drawing down funding. It was suggested that an appropriate system should be put in place and benchmarking undertaken against the RoI. Smart specialisation is key where clear choices are made on what specialisations will be focused on. This should result in specialised focused plans being developed in a couple of key areas. There should be learning from those who are successful in the area. Bring practitioners along to meet SMEs who can learn from them including where to go and how to go about getting a successful funding application in place. Framework programmes have always funded on the basis of Excellence. The 'Excellence' of the proposal is key to success.
18. Horizon 2020 can feed into other EU backed funding. Structural Funds are being used to create synergy through building and equipping infrastructure to achieve the required level of excellence. The Marie Curie Actions programme, which helps to fund the best researchers in Europe, provides opportunities for young lecturers and professors.
19. It is important to use the national contact point to help get people with complementary projects together.

Drawing Down EU Funding

20. The Committee met with the Desk Officers from the Office of the Northern Ireland Executive in Brussels. The Executive funds four posts in relation to four broad areas:
 - Innovation and Technology;

- Competitiveness and Employment;
- Climate and Energy; and
- Social Cohesion.

21. In relation to Innovation and Technology, they are currently looking at the health arena. DHSSPS is very focused on Connected Health. DETI is very focussed on the Smart Specialisation Strategy and is currently working out what the specialisations will be in the strategy.
22. In relation to Climate Change and Energy, the main push over the last year has been around policy rather than funding draw down which has been only around £23m. Under the Connecting Europe there is €50bn available for energy and telecoms projects. An EU press release on the Connecting Europe Facility is at Annex C.
23. Under Competitiveness and Employment there has been €2m draw down through the FE colleges.
24. Last year, the DETI side looked at high level policy in the tourism sector including current and future opportunities. Social enterprises are key this year. Bryson is keen to explore what is available. EU wide networks are being developed to help social entrepreneurs see what is going on. They are also looking at how to exploit the Social Entrepreneur Fund. They have been working to consider how some smaller funds which will be available under Horizon 2020 can be accessed. DETI is being praised for its Action Plan to get projects ready for application.
25. The Brussels Desk Officers have a role in Brussels but also have a role in Northern Ireland to ensure information is disseminated appropriately across the region including work being done by DETI and Invest NI. They also have a role in relation to local councils and the Invest NI client base. Departments also have a role in keeping Desk Officers up to date on what is going on in Northern Ireland. Some departments are better at this than others.

The National Assembly for Wales in Brussels

26. The Committee was briefed by Greg Jones, the Welsh Assembly Brussels Representative.
27. The advent of the Irish National Support Network, headed by Imelda Lambkin, has led to a 250% increase in R&D activity in Ireland. This was communicated to the National Assembly for Wales. Wales has a much higher level of participation in FP7 than, for example, Scotland.

28. There are benefits in having a presence in Brussels. There is no direct accountability to ministers therefore you can ask more difficult questions. Also, you can get to know what is going on within other regions in other Member States. The role sometimes suits the needs of the Welsh Executive but there are battles too but, as Wales is a small region, there is a need to be seen not to be working against each other.

European Parliament Committee on Industry, Research & Energy (ITRE)

29. Members met with Mr Sean Kelly MEP and ITRE Committee Member. Mr Kelly informed the Committee that the target for Horizon 2020 is to reduce red tape by 25% but that, whether or not this is achievable, is open to debate.

30. There are a lot of programmes for SMEs but they are not getting to the people who need to know about them. Those who have been successful once are often successful again. Around 70% fail and those who are unsuccessful are deterred due to high costs. There is also a linguistics skills gap.

31. Having more connection between universities and business and aligning courses to business needs improves success. Lobbying is important at the early stages, especially lobbying rapporteurs. However, lobbying often comes too late. If something is agreed and goes through, it can take years to change it. There therefore needs to be more engagement with national and regional parliaments.

32. There is work being done to have a single mobile phone roaming charge across the EU. There is a possibility that spending on the roll out of telecoms/broadband could be cut by 70%.

33. Ireland, North and South are working up to be the lead on the Social Cohesion strand of Horizon 2020. Ireland is putting together the networks.

Day 2 Briefings

Belgium/Northern Ireland Trade and Investment

34. The Committee received a briefing from the British Embassy Team on Belgium/Northern Ireland trade and investment.

35. The team works with the Belgium and Luxembourg markets rather than in the EU. They have supported eight Northern Ireland companies in trade over the past few years. More could be done in terms of reaching out including more trade missions; more accurate, specific, realistic information on issues such as employment levels, universities, and opportunities; ministers need to come to Brussels and speak to the

press and use the economic/political team and the European marketing team. A direct flight to Brussels would also help.

Renewable Energy – Wind Energy

36. Senior Filippo Gagliardi from the European Wind Energy Association briefed the Committee. On the European Wind Initiative in the European Strategic Energy Technology Plan. Details of the briefing are at Annex D.
37. The target for 2020 is to have 20% of EU electricity generated from wind energy. The target for 2030 is for 33%. There is no obligation on national governments to participate in wind energy. Large scale marine wind turbines need a particular element which currently only comes from China, this results in supply issues.
38. Work is being done on floating systems for deeper waters (deeper than 60 metres). This work is not expected to be commercialised in this decade. Half of the budget comes from the private sector.
39. The wind sector can add value through job creation and business that cannot be provided by solar electricity as panels are not bulky and can be easily imported cheaply in bulk from Asia.

EU Matters Impacting on Northern Ireland Economy, Energy and Agri-Food

40. The Committee met with the three Northern Ireland MEPs, Jim Nicolson, Diane Dodds and Martina Anderson.
41. There was recognition of the difficulty in getting funding under Horizon 2020 down to SME level across Northern Ireland. There was a fear that the simplification that has been anticipated may not be realised in practice. We have two funding champions whose job it is to get funding for R&D. Universities need to be linked to SMEs. There was a view that the target of 20% increase in draw down is not ambitious enough given what is available and compared to other regions. For example, the level of draw down by QUB under FP7 was equal to Galway Technical College.
42. There is a growing acceptance in the Assembly and Executive that we engage with the EU to maximise the benefits to Northern Ireland.
43. New Regional Aid Guidelines need to help attract inward investment. Pressure must be exerted in Europe in relation to the guidelines. It is worth exploring how Northern Ireland can attain maximum benefit from 'transition region' status. In addition to regional aid, there needs to be a debate around economic development zones.

44. In the budget, €6bn was set aside for youth unemployment where it was greater than 25% in a region. If Northern Ireland can be sub-divided, some smaller areas could become eligible.

Day 3 Briefings

The Role of the Oireachtas in Brussels and During the Irish Presidency

45. The Committee was briefed by Derek Dignam, the Oireachtas Representative in Brussels.
46. Monthly reports, weekly reports and special reports are sent back to the Oireachtas on matters which may be of interest to committees. There is a scrutiny and subsidiarity role. The Oireachtas scrutinises a small number of policies every year. These are dealt with by the relevant committee.
47. Because there are so many documents, a system has been developed which is based on the Dutch system. This involves:
- Prioritise programme based on the EU programme;
 - Identify around 40 pieces of legislation which are of interest;
 - When they come out, this becomes the focus of a committee's work for that time;
 - If any draft acts are of interest other Member States that would help decide the relevance to the Oireachtas.
48. Representation gives a voice to committees and Parliament. For example, on CAP there has been on-going dialogue, stating the position as things move along rather than waiting on once large report. Most instructions come from the committee which wants work done on its behalf. The representative may do a paper or position at the request of that committee. The committee decides the position and what work needs to be done. The representative works in the background in co-ordination with the relevant government department, taking the position from the relevant committee.
49. The House of Lords is a good model to look at in dealing with Europe. The EU Commission uses some of their reports.

Update on Forward Direct Investment

50. The Committee was briefed by Damian Nicell, the Benelux Representative for Invest NI.

51. Invest NI works with countries and regions where there is a complementary fit. It works with companies to seek investment by engagement. Northern Ireland is promoted as a platform for technology and innovation and back office such as shared services. A number of multi-national development partnerships are selected.
52. There is an issue of commercialising innovation and Northern Ireland is promoted in this regard. There is a need to focus on a smaller cluster of areas in which to be considered 'world class' if we are to succeed.

Committee Agreed Actions

53. The initial estimated budget for Horizon 2020 was €80bn. The estimate is now €70bn. The Committee agreed to ask the Department if a revised budget impact on the Executive's plans for Horizon 2020.
54. In order to maximise the potential of Horizon 2020 to result in jobs in the long-term, consideration must be given to targeting sectors which match the skills' sets in Northern Ireland and to developing skills in those sectors which show the most potential under Horizon 2020. The Committee agreed to receive an up-date from the Department on its progress in these areas.
55. It was unclear from briefings received whether or not Horizon 2020 funding can be used to build skills and improve capacity for R&D. The Committee agreed to seek the Department's views.
56. In relation to the Departments Plans for Horizon 2020 the Committee agreed to seek further information on the following:
 - a) How will the Northern Ireland effort for Horizon 2020 be led?
 - b) What policies and strategies are being put in place to ensure maximum participation across key sectors and within relevant government departments?
 - c) 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?
 - d) What processes will be put in place to implement the strategy for Horizon 2020?
 - e) 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 on the economy?
57. During the visit, the Committee saw examples of excellent practice in Framework Programme 7 and in relation to preparations for Horizon 2020. The Committee therefore agreed to receive detail from the Department of any consideration which it has given to benchmarking against best in class and to collaborating with other EU Member States on Horizon 2020.

58. The COSME Programme is an EU wide programme to support Small and Medium-sized Enterprises. The Committee agreed to ask the the Department for details of what it is doing to raise awareness of and to encourage participation in the COSME programme.
59. The Department is currently considering what specialisations are to be included in the Smart Specialisation Strategy. The Committee agreed to receive an update from the Department when the specialisations under the Strategy have been finalised.
60. Given the relationship between innovation and R&D and Connected Health, the Committee agreed to receive a briefing from DHSSPS on Connected Health with a specific reference to the opportunities that exist for research and development and for economic development.
61. Given the opportunity that exists under the€50bn EU Connecting Europe programme, the Committee agreed to ask the Department to provide a briefing on what it is doing to secure funding under the programme, which includes energy and telecoms projects.
62. The Committee heard reference to the Social Entrepreneur Fund. The Committee agreed to ask the 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. The Committee also agreed to ask SENI for its understanding of the Social Entrepreneur Fund and what SENI has done to date in relation to the Fund.
63. The Committee considered how the ONIEB Desk Officers could be used to keep the Assembly, members and Committees updated on what is going on in the EU. Members agreed to ask OFMDFM to clarify what the formal channels of communication from Brussels to Government and the Assembly are and what can be done to improve the information flow to the Assembly, its members and Committees.
64. The Committee heard that the Department is being praised for its Action Plan to get projects ready for application and agreed to ask the Department to provide details of the Action Plan.
65. The Committee was informed that Ireland, North and South are working up to be the lead on the Social Cohesion strand of Horizon 2020 and that Ireland is putting together the networks. The Committee agreed to ask the Department 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.

66. The Committee was informed that regions with youth unemployment rates above 25% can avail of funding from the Budget for Youth. The Committee agreed to ask the Department for Employment & 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 this budget in areas where unemployment is above 25%.
67. Committee agreed to organise a visit to Enterprise Ireland to benchmark practice for drawing down Framework Programme Funding.
68. The Committee agreed to receive further information from the Department for Finance & Personnel 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.
69. The Committee was informed that the House of Lords was considered a model of good practice in dealing with Europe and therefore agreed to receive information from the House of Lords on its approach to dealing with EU matters.
70. In order to highlight Horizon 2020 and to encourage SMEs to consider availing of opportunities under the Programme, the Committee agreed hold an event in Parliament Buildings, co-hosted by NIABT to hear from experts on FP7 and Horizon 2020.