

Ms Nicola Blackwood MP
Chair, Parliamentary Science and Technology Committee (Commons)
House of Commons, London, SW1A 0AA

Monday 15 July 2016

Dear Ms Blackwood,

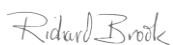
Parliamentary Science and Technology Committee (Commons) - Leaving the EU: implications and opportunities for science and research inquiry

The outcome of the EU Referendum has significant implications for UK science and innovation. AIRTO therefore welcomes the current inquiry by the Commons' Science and Technology Committee (*'Leaving the EU: implications and opportunities for science and research inquiry'*). Our immediate concern as the representative body for the UK's £8Bn¹ Innovation, Research and Technology (IRT) sector is to minimise any negative impact on both the sector, and on UK science and economic growth more widely.

There is now very complex task ahead, requiring difficult decisions to be made. Science, research and innovation are, however, intrinsically coupled with the prosperity of the economy, so it is important that economic leverage of scientific and technological advances (which are the core goals of AIRTO and its members) remain well-resourced in terms of ability to access established partners and sources of finance for research and innovation. In the wake of the BREXIT vote, we consider that policy makers should urgently recognise the criticality of sustained investment in research and innovation, particularly in the underpinning skills, infrastructure and science and engineering disciplines. AIRTO is keen to assist the Government in this process in order to mitigate potentially damaging impacts on the economy and to provide any necessary understanding of the vital issues now likely to affect innovation, jobs and the economy together with the continuing strength and competitiveness of the UK's IRT sector. Attached is summary of key topics of particular immediate importance.

We would reiterate AIRTO's offer of support to the task of renegotiation of the UK's future deal with the EU and planning the continuing support for science, research and innovation. We stand ready to discuss these and other actions for strengthening the economy.

Yours sincerely,



On behalf of AIRTO

¹The impact of the Innovation, Research and Technology sector on the UK Economy; Oxford Economics, November 2014

IMPACT OF LEAVING THE EU - KEY ISSUES and ACTIONS IDENTIFIED BY AIRTO

1. What the effect of the various models available for the UK's future relationship with the EU will be on UK science and research, in terms of:

Collaboration?

There will be an impact on the UK's capacity to partner with: i) other Research & Technology Organisations (RTOs) and academic institutions in the EU; ii) large business partners; iii) SMEs. In the long run, there will also be an impact on key regions through lost opportunity to leverage EU structural funds. **Action: the UK needs to plan additional outreach activities to EU partners, e.g. via UKTI, to ensure that the UK continues to benefit from collaboration, especially in large consortium opportunities.**

Free movement of researchers and students?

The scarcity of skills to underpin innovation is a major challenge for the UK. The free movement of people is currently a benefit of EU membership but may be negatively impacted, and this would be very detrimental to IRT sector organisations wishing to attract EU talent. This would impact negatively on our capacity to work collaboratively, with many of the world's leading EU partners. **Action: the UK needs to ensure the continued free movement of people coming to the UK to study and work in UK science and industry. In addition, the UK needs to see free movement of British nationals across EU borders for the purposes of study, research and innovation endeavours.**

Access to funding?

and

Access to EU-funded research facilities, both in the UK and abroad?

Continued access to, or replacement of, EU multi-annual Research and Innovation Framework Programmes must be ensured. The UK currently benefits by receiving over £1bn per year from these programmes, getting back far more than we contribute via our membership subscription. There is also a very immediate concern for clarity in the transitional period leading up to exit. We already have an anecdotal report of a current project proposal recently submitted for consideration by the EU being frozen, and are concerned European partners will be reluctant to engage with UK led projects given the future uncertainty over relationships. This will be damaging and could start to threaten jobs in the IRT sector. **Actions: to sustain the capacity and vibrancy of innovation in the UK either: i) the new arrangements being negotiated with the EU will have to maintain access for the UK to Europe's Framework Programmes; or ii) some of the EU subscription money reallocated on exit to UK national priorities must go to support innovation, possibly via Innovate UK; the potential opportunity exists to capitalise on advantages that could be conferred by dropping the EU's procurement rules. Clear guidance is also urgently needed on whether UK organisations should be planning further funding applications to the EU ahead of the anticipated invocation of Article 50.**

Intellectual property and commercialisation of research?

Private investment in the UK by multi-national technology intensive businesses provides an important stimulus to commercialisation of research and commercial customer base for the IRT sector. This encompasses a wide range of sectors including pharmaceuticals, construction, aerospace, automotive and transport, etc. **Action: The Government needs to continue sending important messages to the markets, and specifically to key multi-nationals operating or intending to operate within the UK. The Government must emphasise to industry that it will have a strong, continuing commitment to investing in the UK's infrastructure for science and innovation as a bedrock of industrial strategy for the future, and that the UK will continue to support its world-leading centres both within and beyond universities for science and innovation.**

2. What science and research priorities for the UK Government should be in negotiating a new relationship with the EU?

In the short term, access to EU research and innovation funding for UK organisations with current applications and those wishing to submit new applications – guidance and clarity is needed to avoid uncertainty in the way these will be handled by the EU and to give confidence to potential collaborators – **damage is already being done** and positive statements about the UK's continued engagement are needed to reassure the UK's European industrial and research partners and to ensure that applications are being fairly assessed and progressed by the Commission officials and expert examiners.

In the medium term, continued access to key programmes such as Horizon 2020 is essential.

3. What science and technology-related legislation, regulations and projects will need to be reviewed in the run up to the UK leaving the EU?

The ability to shape and influence the EU regulations remains extremely important as our members and their clients seek to collaborate with and export products and services to the EU. With respect to standards, in the immediate future some AIRTO members are Notified Bodies and are very concerned that the decision to leave the EU will potentially affect their businesses because Notified Bodies need to be based in an EU State to operate with EU clients. We are already aware that some customers are contemplating their long term certification partners and considering options for transferring to Notified Bodies outside of the UK. **Actions: every effort needs to be made to ensure that the UK has a voice in shaping relevant EU regulation going forwards. BSI must act to ensure routes are negotiated by which non EU countries can become (or remain) Notified Bodies as a matter of urgency.**

4. The status of researchers, scientists and students working and studying in the UK when the UK leaves the EU, and what protections should be put in place for them?

The UK needs to ensure the continued free movement of people coming to the UK to study and work in UK science and industry. All those EU nationals currently working or studying here should be given reassurance about their continued ability to do so. **In addition, the UK needs to ensure free movement of British nationals across EU borders for the purposes of study, research and innovation endeavours.**

5. The opportunities that the UK's exit presents for research collaboration and market access with non-EU countries, and how these might compare with existing EU arrangements?

There is the potential for the UK to benefit from being exempt from EU procurement rules. This could give the Government much more flexibility to support business and industry, and indeed innovation, through public sector procurement. **Action: the Government should identify what opportunities will now exist to use public procurement to support innovation. Dropping EU procurement rules could allow much more flexibility and this potential advantage should not be sacrificed in any deal to retain complete or partial access to the single market.**

6. What other measures the Government should undertake to keep UK science and research on a sound footing, with sufficient funding, after an EU exit?

The changes ahead will make generating research revenue harder for UK institutions, including Catapult Centres, RTOs, and Public Sector Research Establishments (PSREs) and their industrial partners and clients (e.g. both large businesses and SMEs) who benefit from EU funding opportunities. The Government was already planning to introduce alternative funding arrangements to replace some grant funding from Innovate UK with loans. **Action: the UK Government needs to make more national funding available via Innovate UK to compensate for the fall in funding available from EU sources. Consideration should also be given to delaying the introduction of alternative loan-based financing mechanisms via Innovate UK until there is greater certainty in the overall funding landscape for research and innovation.**

The UK is already in the midst of reorganising much of its strategy for stimulating research and innovation with the advent of UK Research & Innovation (UKRI). There is a risk that key staff in BIS and other departments will be overburdened by the implications of the referendum vote. **Action: the Government should ensure that additional resource is drafted in to avoid delays in the development of the National Innovation Plan or the establishment of UKRI.**

Declaration of interests:

This submission is made by the Association of Innovation, Research and Technology Organisations (AIRTO). The organisation represents research and technology organisations operating in the space between the academic research of universities and the commercial needs of industry. AIRTO members undertake research and development, and knowledge/technology transfer. This submission does not necessarily represent the views of individual member organisations. AIRTO currently comprises organisations employing more than 40,000 scientists and engineers, with a combined annual turnover in excess of £5Bn (AIRTO Ltd is a company limited by guarantee registered in England No 1217006. Registered office address: National Physical Laboratory, Hampton Road, Teddington, Middlesex, TW11 0LW. AIRTO is a not-for-profit organisation funded by membership subscriptions, and managed under contract by NPL Management Ltd). The members of AIRTO currently are:

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