

Written Evidence submitted by Universities Wales

1. Background

The loss of EU Structural Funds directly impacts Welsh universities ability to deliver skills, research and innovation activity to individuals, businesses and communities in Wales. This area has been a key priority for Universities Wales. Our work has included detailed data gathering on the projects, benefits and jobs at risk as well as ongoing engagement with the Senedd and Welsh Government, and Westminster and UK Government.

Following the Welsh Affairs Committee's publication of evidence from Welsh universities, Universities Wales has committed to providing an update on the sector position.

This briefing includes details on the financial context and impact on Welsh universities' research and innovation projects following the loss of EU structural funds, impact, and key messages.

2. Funding Context

In the most recent funding round, Welsh universities were awarded over £350m as lead partners in ESIF funded projects making them the second largest recipients of structural funds for that round. Through the use of EU Structural Funds, Welsh universities delivered skills, research and innovation activity that benefited individuals, businesses and communities. This work was delivered across the breadth of Wales by the nine Welsh universities and spanned close to market skills development and knowledge exchange through to crucial investments in infrastructure such as a world-leading brain research centre and innovation campuses.

Welsh universities have a proportionally larger role in local economies in Wales than universities elsewhere in the UK. They generate, on average, a larger proportion of local gross value added, a larger proportion of local employment and sizeable knock-on benefits through the expenditure of institutions, staff and students. As well as generating around 60,000 jobs, our universities generate around £5bn of output in Wales and make up 12% of service sector exports.

3. Case Studies

Between 2014 and 2020, and the subsequent tail off years, over £370m was invested in university-led projects in Wales through ERDF and ESF funds. Projects that delivered benefits across Wales such as:

FLEXIS, led by Cardiff University, Swansea University and the University of South Wales, brings together expertise from across these universities to facilitate an affordable, sustainable, and socially acceptable transition to a low carbon future.

KESS2, led by Bangor University in partnership with all universities in Wales, which aims to increase the research capacity of SMEs across Wales by linking partners with a PhD or research master's project.

ASTUTE 2020, led by Swansea University in partnership with Cardiff University, Aberystwyth University and UWTSD, which provides resources, facilities and advice to the Welsh manufacturing sector to stimulate ideas and embed sustainable technologies.

SPECIFIC, led by Swansea University, focuses on creating buildings that store and release heat and electricity from solar energy. Researchers are developing technologies such as printable solar cells and material that stores summer heat for winter use. They have created seven spinout companies and work with hundreds of businesses and partners.

BEACON, is a partnership led by Aberystwyth University, working with Bangor University, Swansea University, and the University of South Wales. The BEACON team works on converting biomass and bio-industry wastes into biobased products with commercial applications via biorefining and bio processing.

4. Impact on Welsh universities

More than 60 research and innovation projects across Wales are now at risk. These projects span many areas of priority for both the Welsh and UK governments including digital transformation, net zero and supporting growth in local businesses. In Wales, around 1,000 skilled jobs are at risk.

While the UKSPF will award £459m across 2022-25 in Wales (with £101m of this ring-fenced for Multiply) the funding methodology inhibits our ability to deliver regional or national joined up activities with long-term planning horizons. Key factors in this include the timescales under which local authorities have had to develop proposals, making regional or national collaboration difficult, and the short-term funding horizons making it challenging to develop long-term interventions such as KESS.

Given this, from a university perspective UKSPF cannot be considered replacement funding for ESIF.

5. Key Messages

The withdrawal of EU Structural Funds now means that decisions have to be taken which will lead to the loss of the talent and infrastructure needed to support regional development in Wales.

- There are 60 projects in Wales remaining which are due to come to an end this year, putting approximately 1,000 jobs at risk.
- Bridging funding of approximately £71m would enable ESIF funded projects in Wales to continue for a further 12 months.
- The wider remit of the UK Shared Prosperity Fund means far less is available to support successful skills, research and innovation projects. Locally focused mechanisms also make large-scale, cross-regional collaboration needed for effective R&I projects almost impossible.

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