

## Written evidence submitted by Wellcome (FRE0092)

### About Wellcome

Wellcome is a global charitable foundation working to improve health, supporting over 14,000 researchers in more than 100 countries. We are the world's second-largest charity, spending around £1bn per year in pursuit of our mission.

### Key points

- Wellcome has proposed a set of compromises to move the discussions on UK participation in Horizon Europe forward. Compromise is needed on both sides, but a deal is possible.
- This issue has received considerable attention through the negotiation process, but a breakdown in the wider future relationship discussions will effectively end this route to association. Any further talks on Horizon Europe would become extremely difficult in this scenario. Research cooperation could become a victim of a wider political impasse as this specific outcome is intimately entwined with the outcome of the overarching future relationship discussions.
- It is in the interests of citizens, patients and the economy that the EU and the UK continue to collaborate via the EU framework programme.

### Detailed responses

**What are the key priorities of your members and your sector in general regarding science and research in the negotiations between the UK and the EU? Has the Covid-19 pandemic changed any of these priorities? What might be the consequences of a deal which does not meet these priorities?**

1. Negotiating full UK participation in the Horizon Europe programme ('association') remains a key priority for the research sector, and this is the focus of our submission.
2. The Covid-19 pandemic has underlined the importance of multilateral research cooperation, with scientists all over the world working together on trials and sharing research data. Our ability to respond to this emergency has been greatly improved by close scientific and clinical partnerships across Europe.
3. Negotiating association to Horizon Europe is likely to include discussion of some other issues relevant to the sector, such as mobility of research workers. However, Brexit issues beyond Horizon Europe that are important to science include the free flow of personal data for research (which requires an 'adequacy' decision from the European

Commission and is relevant to many sectors),<sup>1</sup> the UK's relationship with the EMA,<sup>2</sup> and alignment of regulation on clinical trials.<sup>3</sup>

**To what extent did the UK Government consult your sector before publishing its negotiating aims and draft texts? How well does what the Government has proposed meet its needs? What further provisions would you have advised the Government to seek?**

4. The UK's draft legal text published on 19 May did not include any proposals relating to participation in Union Programmes. David Frost subsequently explained to the House of Lords EU Committee that this was deliberate rather than an oversight:

*"We are talking to the Commission about Horizon Europe and three or four other programmes that we are interested in participating in, if we can find the right terms. We have not published our own text on that, although we keep the right to do so. Principally, it seems that, because these are EU programmes, it is logical to work off the EU's text rather than writing our own. This is a slightly special case in this process".<sup>4</sup>*

5. Ideally this would have been made clear at the point of publication of the UK text, rather than leaving the research community to wonder whether the issue had been deprioritised. While not including any proposals relating to Union Programmes might be a reasonable initial approach, this was not discussed with the sector and was open to misinterpretation.
6. Getting communications with the community right is crucial. Collaborative partnerships for Horizon Europe bids are now beginning to form, and misunderstandings relating to the Government's approach could have a significant impact on whether UK researchers are invited to join these collaborative groups.
7. The lack of published UK proposals in this area means that it is harder to scrutinise the Government's approach to discussions on this topic, or determine how closely aligned the UK and EU positions are.
8. Nevertheless, the Government's R&D Roadmap published in July provides very helpful reassurances on the UK's interest in participating in Horizon Europe, and a message for teams considering collaborating with UK researchers:

*"We aim to maintain a close and friendly relationship with our European partners and are in negotiations with the EU to participate in the next generation of European research and innovation programmes starting in 2021: Horizon Europe and Euratom*

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<sup>1</sup> ["UK-EU relationship: data adequacy"](#), Institute for Government

<sup>2</sup> Cancer Research UK, [The UK's future relationship with the European Medicines Agency](#), October 2019

<sup>3</sup> Cancer Research UK, [The UK and EU: What people affected by cancer need from the future relationship](#), 2020

<sup>4</sup> House of Lords EU Committee, [Oral evidence 28 May 2020](#), Q3

*R&T. It is our ambition to fully associate to both programmes if we can agree a fair and balanced deal, but we will make a final decision once it is clear whether such terms can be reached”. [...]*

*“Under all scenarios, it is our aim that UK organisations and entities continue to participate in Horizon Europe collaborative projects open to third countries, as well as in wider international collaborations. We therefore strongly encourage research talent, businesses, and innovators in the UK and worldwide to work together in establishing global consortia with UK partners now and in the future”.*<sup>5</sup>

9. These are important messages and they need to be promoted widely during this period of uncertainty for the community. The Committee could usefully ask the Government about its communication strategy in the UK and EU during the rest of the transition period.

**How do the UK and the EU’s positions in the negotiations compare with regard to science and research? On which areas are the UK and EU’s aims farthest apart? Where do their positions align? Do you believe science and research has received sufficient focus thus far?**

10. The EU and UK have both recognised the importance of cooperation on science and research through including participation in Union Programmes in their negotiating mandates. The UK mandate states that “the UK is ready to consider standard third country participation in certain Union programmes”, including Horizon Europe, “where it is in the UK’s and the EU’s interest that we do so”.<sup>6</sup> Similarly, the EU mandate states that:

*“The envisaged partnership should establish general principles, terms and conditions for the United Kingdom’s participation in and contribution to Union and Euratom programmes, subject to the conditions set out in the corresponding instruments, in areas such as science and innovation”.*<sup>7</sup>

11. The result is that UK participation in Union Programmes, including Horizon Europe, has been discussed in every negotiating round so far through a dedicated workstream. In that sense, science and research are receiving sufficient attention through this process.
12. However, it appears that there are several sticking points in the negotiations which need to be resolved if progress is to be made – in particular in relation to financial contributions, UK commitment to the programme, mobility, and oversight of the use of programme funds. Compromise is required on both sides, and we have recently published a statement with proposals in this area (see paragraph 34 below).

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<sup>5</sup> HM Government, [UK Research and Development Roadmap](#), July 2020, pp42–43

<sup>6</sup> HM Government, [The Future Relationship with the EU: The UK’s approach to negotiations](#), February 2020, para 19

<sup>7</sup> Council of the European Union, [ANNEX to COUNCIL DECISION authorising the opening of negotiations with the United Kingdom of Great Britain and Northern Ireland for a new partnership agreement](#), 25 February 2020, 5870/20, para 14

13. There are relatively few official statements on the progress of the negotiations in relation to Horizon Europe, but David Frost told the House of Lords EU Committee in May that:

*“A number of areas remain to be clarified. In particular, the Commission has proposed a mechanism that would mean that in no circumstances could the UK be a net recipient from any of these programmes; it could only be a net contributor. Some provisions about the terms of access, the GDP key and the terms on which either side could exit the programme need to be sorted out. If we can sort these out, we are very much open to participation. The negotiation is pretty constructive, but we are still some way from agreement on it”.*<sup>8</sup>

On 23 July, Michel Barnier’s press statement after the most recent round of talks referred to negotiators having had “useful discussions to narrow our divergences” on participation in Union Programmes.<sup>9</sup>

**Which EU agencies and programmes relevant to science and innovation are open to third country participation? What is the legal basis for this co-operation? What is the level of involvement in decision-making for third countries in these EU agencies and programmes?**

14. An extensive list of EU agencies relevant to science (and their jurisdiction / complaints mechanisms) was produced by the House of Commons Science and Technology Committee in 2018.<sup>10</sup> In this submission we focus on participation in the Horizon Europe programme.
15. The EU regulation establishing the Horizon Europe programme is still in draft. However, Article 12 of the draft text makes explicit provision for third country participation through bilateral agreements with the EU, as is the case with the current Horizon 2020 programme.<sup>11</sup> This will provide the legal basis for an agreement on UK participation in Horizon Europe.
16. The draft regulation specifies in A12.1(d) that participation agreements cannot “confer to the third country a decisional power on the programme”. In practice, decisions in Programme Committees are consensus-driven and so voting rights are not as significant as they might appear. It is also extremely unlikely that the EU would be willing to compromise on this point.

**Could you set out the role of the Court of Justice of the EU for any agencies you have highlighted?**

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<sup>8</sup> House of Lords EU Committee, [Oral evidence 28 May 2020](#), Q3

<sup>9</sup> European Commission, [“Press statement by Michel Barnier following Round 6 of the negotiations for a new partnership between the European Union and the United Kingdom”](#), 23 July 2020

<sup>10</sup> House of Commons Science and Technology Committee, [Brexid, science and innovation](#), HC 705, Annex B

<sup>11</sup> European Commission, [Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing Horizon Europe – the Framework Programme for Research and Innovation, laying down its rules for participation and dissemination](#), COM/2018/435 final

17. EU bodies such as the European Court of Justice, the European Court of Auditors and the European Anti-Fraud Office will have a role in ensuring the rules of participation are followed across the Horizon Europe programme, including through arbitrating on disputes.
18. This oversight only applies to those in receipt of EU funding, we are not aware of any impact on national laws, or on citizens that are not involved with receiving grants. Moreover, Wellcome's internal analysis has found no examples of the European Court of Justice arbitrating pre-competitive research disputes.
19. The Government has recently confirmed that this role for the ECJ does not cross its 'red lines' in relation to national sovereignty. In a letter to the European Scrutiny Committee, the Chief Secretary to the Treasury explains that:

*"Under the EU's proposals [for UK participation in Horizon Europe], UK courts would not be bound by any decision of the CJEU, and no decisions of the CJEU would require the UK to amend or update its laws. Therefore, there is no jurisdiction for the CJEU over the UK's laws".*

*"The CJEU would retain its role overseeing the actions of EU bodies where the UK agrees to participate in an EU. For example, if the Commission decided to impose a financial penalty on a UK participant for incorrect use of EU funds, that participant could challenge the legality of the Commission's decision in the CJEU".<sup>12</sup>*

### **How is a third country's contribution to an EU agency or programme in the field of science and innovation calculated?**

20. Article UNPRO.2.1(2) of the EU's draft legal text proposes that the UK makes an 'operational contribution' calculated from the ratio of the UK and EU's GDP, using the latest available GDP data from Eurostat at 1 January 2021.<sup>13</sup> It also proposes a 'participation fee' to cover administrative costs, but leaves the percentage figure for this to be discussed in the negotiations.
21. Once the size of the Horizon Europe budget is finalised, the UK's upfront operational contribution under this model can be calculated with some precision, as the relevant GDP data is already published. However, the UK's potential receipts from the programme are difficult to estimate, as the UK's success rate in Horizon 2020 has decreased recently.<sup>14</sup> It is the estimated *net* contribution that is more politically significant than the up-front GDP-based calculation.
22. It is clear that as a third country the UK can no longer be a net beneficiary of the research framework programmes. Article UNPRO.2.2 of the EU's draft legal text proposes a one-way 'rebalancing' mechanism, to apply if the UK's receipts from the

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<sup>12</sup> Letter from Rt Hon Steve Barclay MP to Sir Bill Cash MP, 14 July 2020

<sup>13</sup> European Commission, [Draft text of the Agreement on the New Partnership with the United Kingdom](#), 18 March 2020

<sup>14</sup> See paragraph 39 below

programme exceeds its operational contribution.<sup>15</sup> However, there is no such safety mechanism in the opposite direction; the UK's net contributions are potentially unlimited within the envelope of its operational contribution. This is one area that the EU should compromise on if progress is to be made in the negotiations, as the UK and other larger economies are unlikely to be willing to gamble so much on their success rate without some form of rebalancing or limit.

23. The draft regulation establishing Horizon Europe does not specify how third country fees should be calculated, which gives some space for the EU-UK negotiations to consider this. However, it is reasonable to expect that the EU will want to be consistent in its approach with contributions when negotiating with other third countries, lending an additional dimension to the discussions. Our view is that it is important for the EU – and for science – that a model that would encourage larger economies such as the UK to participate is developed. Without this, the ambition of the programme will be limited.
24. The draft regulation does state that agreements with third countries should ensure “a fair balance as regards the contributions and benefits of the third country participating in the Union programmes” and requires “an automatic correction of any significant imbalance”.<sup>16</sup> This leaves open the possibility of a two-way correction mechanism.

**Are any third countries currently receiving more in funding than they contribute? Are there any non-financial benefits for third countries that would appear to justify their status as net payers into the EU's science and research programmes?**

25. Some third countries have been net beneficiaries of previous programmes. While it held full associate status in EU Framework Programmes, Switzerland received more money than it paid in.<sup>17</sup> However it is clear from the draft Horizon Europe regulation that this will not be possible in the new programme—the direction from the EU is strong on this point.
26. Other associated countries such as Norway make significant net financial contributions to Horizon 2020, but recognise that there are considerable non-monetised benefits from participation. The Research Council of Norway's submission to Wellcome's 'Brexit and Beyond' consultation in 2018 explained that “full participation in the EU Framework Programmes as an associated country is without any doubt our country's most important international partnership within research and innovation”.<sup>18</sup>
27. The benefits of association are not purely financial and a significant value should be placed on the intangible benefits of association. These include access to networks and

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<sup>15</sup> European Commission, [Draft text of the Agreement on the New Partnership with the United Kingdom](#), 18 March 2020

<sup>16</sup> European Commission, [Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing Horizon Europe – the Framework Programme for Research and Innovation, laying down its rules for participation and dissemination](#), COM/2018/435 final, Article 12

<sup>17</sup> Universities UK International, [Delegation to Switzerland information note](#), May 2017

<sup>18</sup> Wellcome, [Brexit and Beyond submissions](#), 2018, p100

infrastructure, and operating at a scale, ambition, and associated risk level beyond what could be achieved bilaterally. Many other third countries recognise this and make overall net financial contributions to Horizon 2020 so that they can also play in the ‘Champions League’ of research funding schemes.

28. Wellcome has published a series of case studies exploring the non-monetised benefits of participation in research framework programmes.<sup>19</sup>
29. However, the current proposals are likely to create a financial imbalance that would be too much for the UK to reasonably pay, with no limit to how large this imbalance could become. This issue is addressed in our suggested compromises through a ‘two-way’ correction mechanism (see below).

### **To what extent is science and research co-operation isolated from the wider political context of the negotiations?**

30. Science and research co-operation is embedded in the future relationship negotiations, rather than being addressed separately. The result is that participation in Horizon Europe has received considerable attention through the process, but a breakdown in the future relationship negotiations will effectively end this route to association. We consider this failure to agree on wider issues to be a bigger risk to the outcomes for science than an inability to find compromises on research issues specifically. Research cooperation could become a victim of a wider political impasse as this specific outcome is intimately entwined with the outcome of the overarching future relationship discussions.
31. In a ‘no-deal’ scenario there will be very little time – and possibly even less political inclination – to revive Horizon Europe discussions before the start of the programme in 2021. In this case we hope that the idea of a standalone ‘deal for science’<sup>20</sup> could be revisited, but this might be very challenging in the corresponding political environment. Moreover, there is no precedent for an agreement to associate to a Framework Programme in the absence of a wider agreement with the EU. Alternative routes to association will therefore be extremely difficult if the current negotiations fail to reach agreement.

### **Could you sketch out a possible compromise between the UK and the EU on science and research and how it might be achieved?**

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<sup>19</sup> Wellcome, [BrexIt and Beyond: Impact case studies of EU funding](#), 2018

<sup>20</sup> Wellcome, [A post-Brexit agreement for research and innovation: Outcomes from a simulated negotiation process](#), January 2020

32. In July, Wellcome published a statement on how a suitable compromise on participation in Horizon Europe could be achieved.<sup>21</sup> This statement is supported by over 100 organisations and individuals across the UK and EU, including Universities UK, the European Universities Association, the Russell Group and the European Society for Paediatric Oncology. The list of individuals also includes two key architects of the Horizon Europe programme – Carlos Moedas, former European Commissioner for Research, Science & Innovation, and Pascal Lamy, former Director-General of the WTO.

33. The statement identifies a number of sticking points and proposes potential solutions, including in relation to:

- Demonstrating UK commitment to the programme
- Ensuring a fair financial contribution through a ‘two-way’ correction mechanism
- Accepting EU oversight of the use of programme funds
- Agreeing to introduce reciprocal mobility arrangements to support the programme
- Clarifying that the results of research can be exploited beyond the EU

Further details of our proposals and the rationale for them are provided in the statement.

34. The statement argues that a ‘landing zone’ for the discussions on Horizon Europe exists, and calls on both sides to make compromises to ensure that an agreement is reached.

35. Whatever solutions the negotiators choose to settle on, they should seek to come to an agreement quickly. Rapid progress is needed in the coming weeks if productive research collaborations are to continue smoothly into 2021, when the Horizon Europe programme begins.

**What would happen if agreement was not reached between the UK and the EU on science and research? What would be the international legal baseline they would fall back on? What would be the consequences of this for your members and your sector in general?**

36. The Government’s R&D Roadmap usefully sets out the steps that it would take in the event of a delay to Horizon Europe association or no agreement being reached, including addressing funding gaps and developing alternative schemes.<sup>22</sup>

37. Ultimately, it is the UK’s aim to be a ‘science superpower’ that would be affected if agreement cannot be reached, through the reputational damage to UK science. Moreover, the challenges of creating a domestic alternative with the same level of cost-efficiency, ambition and prestige as Horizon Europe should not be underestimated. As we explained in our submission to the Smith-Reid review:

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<sup>21</sup> Wellcome, [Securing a strong outcome for research in the EU-UK future relationship: Reaching an agreement on UK participation in Horizon Europe](#), July 2020

<sup>22</sup> HM Government, [UK Research and Development Roadmap](#), July 2020, pp42–43

*Stepping away from a collaborative framework that the UK had a central role in designing is also a reputational risk that could undermine attempts to build new relationships elsewhere. Put simply, there are no quick and cheap ways to replace Horizon Europe.<sup>23</sup>*

38. From the EU's perspective, failure to reach agreement would also be a significant blow to the ambition of the programme, with the prospect of securing the participation of countries such as Canada, Australia and Japan becoming more remote. Put together, it is science that would suffer in this scenario, with a corresponding impact on citizens and patients.

**What has been the recent experience of your sector with regard to access to projects with EU partners, applications to EU funding streams, retention of EU staff and students and other such EU science and research matters that should continue to be applicable during the transition period?**

39. The Royal Society's work in 2019 on the impacts of Brexit revealed that the UK's share of the Horizon 2020 budget had decreased from 15.8% in 2015 to 11.3% in 2018.<sup>24</sup> The Committee could usefully ask the Government to provide the latest figures for 2019 and 2020. We understand that this will show a further decline, reflecting the impact of ongoing uncertainty.

**August 2020**

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<sup>23</sup> Wellcome, [Evidence to inform Professor Sir Adrian Smith's review: Future frameworks for international collaboration in science and research](#), May 2019

<sup>24</sup> Royal Society, [Brexit is already having an impact on UK science](#), October 2019



# Committee on the Future Relationship with the European Union

House of Commons, London, SW1A 0AA

Email: [freucom@parliament.uk](mailto:freucom@parliament.uk) Website: <https://committees.parliament.uk/committee/366/committee-on-the-future-relationship-with-the-european-union/>

23 July 2020

Dr Beth Thompson MBE  
Head of UK/EU Policy  
The Wellcome Trust

Dear Dr Thompson,

The House of Commons Committee on the Future Relationship with the European Union is inquiring into the progress of the negotiations between the UK and the EU. Under normal circumstances, the Committee holds regular oral evidence sessions in Westminster. However, measures to prevent the spread of the coronavirus make this difficult.

The Committee is keen to gather as much evidence as possible to inform its deliberations so I am writing to you to ask whether you would be willing to help us with our work by making a written submission. We welcome general responses to our [call for evidence](#), which was published on 4 March. We also hope that you would be willing to answer some of the more specific questions set out below on issues that fall within your area of expertise. Submissions need not address every bullet point and can include other matters that you think are relevant to the negotiations and should be drawn to the attention of the Committee.

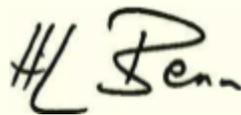
- What are the key priorities of your members and your sector in general regarding science and research in the negotiations between the UK and the EU? Has the Covid-19 pandemic changed any of these priorities? What might be the consequences of a deal which does not meet these priorities?
- To what extent did the UK Government consult your sector before publishing its negotiating aims and draft texts? How well does what the Government has proposed meet its needs? What further provisions would you have advised the Government to seek?
- How do the UK and the EU's positions in the negotiations compare with regard to science and research? On which areas are the UK and EU's aims farthest apart? Where do their positions align? What is your assessment of the level of technical detail the negotiators have grappled with on this topic to date? Do you believe science and research has received sufficient focus thus far?
- Which EU agencies and programmes relevant to science and innovation are open to third country participation? What is the legal basis for this co-operation? Could you set out the role of the Court of Justice of the EU for any agencies you have highlighted? What is the level of involvement in decision-making for third countries in these EU agencies and programmes? Which of these agencies and programmes do you understand are being discussed in the negotiations between the UK and the EU? Which of these do you wish the UK to prioritise?
- Does an agreement need to be reached on the EU's Multi-annual Financial Framework before any detailed discussions can take place about how much the UK would need to contribute to EU programmes or agencies? How is a third country's contribution to an EU agency or programme in the field of science and innovation calculated? Are any third countries currently receiving more in funding than they contribute? Are there any non-

financial benefits for third countries that would appear to justify their status as net payers into the EU's science and research programmes?

- Are there any lessons for the UK with regards to the EU-Switzerland relationship, and how this has affected Swiss participation in Horizon 2020?
- To what extent is science and research co-operation isolated from the wider political context of the negotiations? To what extent are any discussions on science and research related to other areas of the negotiations, such as regulatory standards or labour mobility, or the unilateral data adequacy assessments? What implications could these other provisions of a future UK/EU agreement have on your members and your sector in general?
- Could you sketch out a possible compromise between the UK and the EU on science and research and how it might be achieved?
- Based on the parameters set out by the UK and EU draft legal texts, could reaching an agreement with the EU restrict the UK's ability to pursue co-operation agreements covering science and research with third countries? If so, how? How might any future joint UK-US-EU multi-lateral collaboration work, or do differing regulatory and data standards prevent such collaboration? Is the UK pursuing co-operation arrangements with countries that already have agreements with the EU on participation in science and research agencies and programmes? If so, what does these arrangements look like?
- What would happen if agreement was not reached between the UK and the EU on science and research? What would be the international legal baseline they would fall back on? What would be the consequences of this for your members and your sector in general?
- Is it clear what your members and employers in your sector must do to prepare for the end of the transition period? How much progress have been made on preparations so far? Do SMEs face any additional challenges?
- What has been the recent experience of your sector with regard to access to projects with EU partners, applications to EU funding streams, retention of EU staff and students and other such EU science and research matters that should continue to be applicable during the transition period?

The Committee staff will be happy to discuss the inquiry, any issues raised, or the process for submitting written evidence. You can contact them at [freucom@parliament.uk](mailto:freucom@parliament.uk).

Yours,

A handwritten signature in black ink, appearing to read 'H/ Benn'.

**Hilary Benn**  
Chair of the Committee