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Llywodraeth Cymru  
Welsh Government

Rhun ap Iorwerth AM  
National Assembly for Wales

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Dear Rhun

Further to your questions to the Minister for Finance and Trefnydd in Plenary on 3 April, regarding expenditure on Research and Development (R&D). I am responding as this matter falls within my portfolio.

As our Brexit Policy Paper 'Wales: Protecting research and innovation after EU exit' states, over the past 20 years, Wales has grown consistently the volume, quality, impact and international reach of its research base. We are now among the most efficient research performers converting relatively small levels of funding into highly regarded research.

This impressive performance stems from a long standing collaboration between the Welsh Government, universities and business using a mix of HEFCW, Research Council, and targeted EU Structural Investment Funds.

This has allowed our research base to grow to a point where the impact of Wales' published research outperforms other parts of the UK and similar sized countries internationally. In 2014, Wales obtained the highest share of international collaboration of UK nations, with nearly 70 per cent of publications involving co-authors outside of Wales.

Investment for R&D from the EU Structural Fund Programmes allocated by the Welsh Government will reach £334 million for Wales between 2014 and 2020. This includes a significant portfolio of strategic, complementary and specialists investments, covering Life Sciences, Energy, Advanced Engineering and ICT.

Each investment adds value, helping to target Wales' Smart specialisation programme opportunities while also building on previous capacity investments made during the 7th Framework Programme for Research and Technological Development (2007-2013).

These investments are also delivering significant impact, for example, the current ERDF portfolio has already won over £68 million in competitive research and innovation funding (as of September 2018) with the expectation that this will raise to £230 million by the end of the Operational Programme.

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Separately, the Welsh Government invests in a range of other discrete R&D related projects such as investing more than £42 million in health and social services research annually and £20m in the Advanced Manufacturing Research Institute (AMRI), Broughton, which when built by 2020, will be a collaboration between the University of Sheffield's Advanced Manufacturing Research Centre (AMRC), Deeside Enterprise Zone Advisory Board, Swansea University and Coleg Cambria.

Elsewhere, since 2014, the government has provided in excess of £32m worth of SMART Cymru funding to 307 businesses, supporting 398 R&D projects. Through our SMART Innovation programme we have also worked with over 2,200 companies and encouraged 305 to seek competitive funding from Innovate UK and Horizon 2020 after undergoing a Diagnostic and Innovation Action Plan.

In addition, the level of Innovate UK funding secured for Wales has risen significantly, from £3.8 million in 2011 to £18.4 million in 2016, following strategic engagement by the Welsh Government. The amount of funding won by Wales from Innovate UK has been accelerating year-on-year with over £127m won since 2014/15. Notable investments won include:

- £10.5m Industrial Strategy Challenge Fund, Wave 1
- £56m Compound Semiconductor Catapult
- £1.6m Medical Advanced Treatment Centre
- £36m Active Building Centre, Swansea
- £5m for GovTech public sector challenges

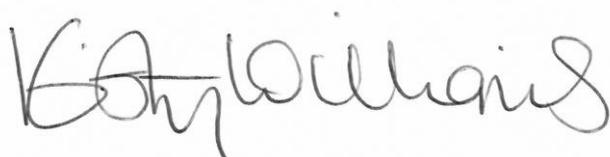
Brexit poses a substantial threat. Nearly 80 per cent of our total EU funding for research and innovation come from Structural funds and we can have no confidence that the UK Government will make up this deficit.

The UK Government has plans to introduce a Shared Prosperity Fund but has not yet set out details about the value of the fund and how it will operate for the devolved nations. Our Brexit Policy Paper also highlights the dependency on Structural Funds and the risk of not replacing such funding to our future research and innovation landscape. There is also a real need to ensure future investment addresses the pronounced regional imbalances which currently exist.

Funding is not the only issue. R&D depends on researchers and innovators passing freely across borders. Welsh Universities have established a reputation for working internationally and it is vital that the UK's post-Brexit migration regime does not damage Welsh Universities or businesses.

We continue to actively press the UK Government for the Welsh Government to continue to have the autonomy in making decisions and be able to exercise control over any funding allocations in Wales (including a proportional share of any new money identified). The Welsh Government has an established track record of using resources at its disposal to strategically invest in R&D.

Yours sincerely



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Minister for Education