



The Save British Science Society

SUPPORTING SCIENCE & THE APPLICATIONS OF SCIENCE

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The importance of a strong science research base to an innovative economy in Wales

SBS response to the Welsh Assembly Government's consultation on its
Action Plan for Innovation

1. Save British Science is pleased to submit this response to the Welsh Assembly Government's consultation on its Action Plan for Innovation. SBS is a voluntary organisation campaigning for the health of science and technology throughout UK society, and is supported by 1,500 individual members, and some 70 institutional members, including universities, learned societies, venture capitalists, financiers, industrial companies and publishers.

2. SBS supports the plan's basic thrust, and in particular a strong drive to promote more investment by companies in research and development. Of the 24 Welsh companies listed on the London Stock Exchangeⁱ only one invests enough in research to be included in the **R&D Scoreboard**.ⁱⁱ This means that although Wales has approximately 4% of the UK's population, it has only 0.3% of the UK's most research-intensive companies.

3. The target, set out in the consultation document, of R&D investment reaching 1.0% of Welsh GDP should be seen as a minimum. The European Union has recently announced an intention to invest 3.0% of GDP into research and development, to catch up with the USA (which invests 2.7% of its GDP) and Japan (which invests 3% of its GDP).ⁱⁱⁱ

4. Over the longer-term, Wales must be more ambitious in its aims if it is to compete with other small European countries. Welsh industry currently invests a smaller proportion of its profits in research than the industries of Ireland, Denmark or Norway.^{iv}

5. Many of the factors that can encourage businesses to locate research facilities in particular places are not in the control of the Welsh Assembly. For example, the fiscal regime is set in Westminster, where new tax credits for research and development have recently been introduced.^v

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6. With this in mind, it is important for Wales to take full advantage of all the mechanisms that are at its disposal in encouraging research and development. SBS therefore fully supports the consultation document's intention to maximise the impact of universities and colleges.

7. Significant economic impact of research in universities and colleges will only come if they are carrying out research that is funded at competitive levels.

8. The table below shows that the Higher Education Funding Council for Wales invests less, per head of the population, than the equivalent body in Scotland, and about the same as the English Council.^{vi}

	Annual investment in research via the Higher Education Funding Council, per head of the population
Scotland	£39
Wales	£24
England	£23
Northern Ireland	£20

9. One of the results of this underfunding relative to Scotland is that, Scottish institutions receive almost three times as much investment via Research Council grants (from the Westminster budget), per head of the population, as Wales does.^{vii} This is partly because they have a better-funded base from which to make grant applications.

10. The single biggest step the Welsh Government could take to improve the output of its universities would be to increase the budget of the Higher Education Funding Council for Wales, focused on high quality research, irrespective of any obvious or immediate commercial potential. This in turn would lead to a greater pool of ideas on which genuinely innovative businesses in Wales could draw, in order to create new products and processes.

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Notes and References

ⁱ <www.londonstockexchange.com/landmark/wales/trigger_wales.asp>

ⁱⁱ **R&D Scoreboard 2002**, Department of Trade & Industry, 2002.

ⁱⁱⁱ **More Research For Europe: Towards 3% of GDP**, European Commission, 2002 [COM(2002) 499 final].

^{iv} **Statistics on Science & Technology in Europe, 2000 Edition**, European Commission, 2000.

^v **Finance Act 2002** [2002 c.23].

^{vi} **The Forward Look 2001: Government-funded science, engineering & technology**, Office of Science & Technology, 2001 [Cm 5338]

^{vii} **Hansard** [House of Commons] 12 June 2000, column 465W