



# European Research Council Task Force

## Final report

12 July 2011

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## Executive Summary

With the background of the Review of the ERC structures and mechanisms, and bearing in mind its recommendation and the encouragement of the Competitiveness Council to take stock of progress in 2011, the Commission established in December 2010 an ERC Task Force with the mandate to produce options for a lasting legal and organisational structure of the ERC under the forthcoming Horizon 2020 - the Framework Programme for Research and Innovation. The Task Force held four meetings during the period December 2010 – May 2011.

Like the ERC Review before it, the Task Force considers that an improved Executive Agency structure is the most appropriate and efficient in the timescale of the Horizon 2020 Programme. The priority should be stability and the immediate focus should be on sustainability and optimisation of a structure that has largely proven its effectiveness.

The major recommendation is to effect a two-fold change which moves the ERC further into line with international best practice and will have a tangible effect on its flexibility and efficiency:

- An increase in the ERC's operational autonomy, through a more extensive and explicit delegation of scientific and administrative responsibilities from the Commission to the ERC Scientific Council and ERC Executive Agency (ERCEA) respectively, with stronger roles for the ERC President and ERCEA Director.
- An improvement of the arrangements for oversight of the scientific, financial and administrative operations of the ERC, relaxing the day-to-day supervision.

The specific measures proposed are:

- a Brussels-based ERC President, devoting at least 80% of his/her time to ERC business, nominated by the Commission after a selection by means of an ad hoc search committee; this would dispense with the need for a separate post of ERC Secretary General;
- compensation of the ERC Scientific Council members and administrative assistance to its Vice-Presidents at their home institutes;
- provision, in the ERC's legal base, for a co-ordination group bringing together the Scientific Council leadership with the top management of the ERCEA;
- reinforced presence of the Scientific Council in the ERCEA Steering Committee;
- a stronger role for the ERCEA Steering Committee, which would be the focus for administrative oversight, in place of the current prescriptive arrangements, and which would supervise the ERC represented by both the ERC President and the ERCEA Director;
- creation of an independent ERC Foundation ("Friends of the ERC"), which would be able to handle private donations.

Although its mandate was focused on governance, the Task Force also examined the quality of service the ERC provides to applicants and grantees. In its fifth year of operations, the ERC is now serving a population of more than 1800 grantees and has acquired a considerable experience in the management of grants. Nevertheless, a number of preoccupations have been expressed by the ERC's beneficiaries, and the Task Force has some concrete recommendations to offer regarding time-recording methods, audit policy and support to Principal Investigators by their host organizations.

The ERC has become a recognised success of the 7<sup>th</sup> Framework programme, having established itself as an indispensable component of the European Research Area with a high reputation for the

quality and efficiency of its operations. It is and should remain a learning organization and its progress should be monitored and reviewed to optimise its performance. In the longer term (but certainly not before the mid-term of Horizon 2020 Programme), depending also on how the ERC's mission and budget develop, it may be necessary to rethink the structure.

## ERC Task Force

### Draft Report

#### 1. Introduction and background

The European Research Council (ERC) has been a recognised success of the 7<sup>th</sup> Framework programme, having established itself as an indispensable component of the European Research Area with a high reputation for the quality and efficiency of its operations.

In a remarkably short time, the ERC has gained widespread recognition as a world-class research-funding agency. It has received more than 24,000 proposals and selected over 1,800 projects for funding. The independent interim evaluation of FP7 recognised that, *"Despite being a new, and thus untried instrument, the European Research Council (ERC) has manifestly succeeded in attracting and funding world-class research and is playing an important role in anchoring research talent."* ERC grantees feature very prominently as winners of the highest international research awards (including the Nobel Prize, Fields Medal, Wolf Prize, Lasker Award, Millennium Technology Prize and Crafoord Prize. Their research is starting to leave its mark in the top journals of their respective fields, with publications acknowledging ERC funding in high-impact journals (such as Nature and Science).

At the same time, the ERC provides a powerful dynamic for driving up the quality of the overall European research system. The ERC's international peer review evaluation provides a gold standard for national systems. Several countries have introduced reforms to their national systems based on the ERC model and/or launched schemes to fund runners-up in the ERC calls. And the prestige of hosting ERC Principal Investigators is also leading to intensifying competition between Europe's universities and other research organisations to offer the most attractive conditions for top researchers.

The ERC has become an important agent of change. It benefits the European research system by setting the highest standards of scientific excellence in universities and research institutions which, in turn, will also attract industry eager to profit from excellent people and new ideas, thus, creating many new opportunities for society at large. Strengthening research quality and effectiveness is a way to enhance its contribution to innovation and to achieve the goals set out in the Europe 2020 strategy.

#### The ERC Review

All parties recognise that the ERC's legal and administrative structure needs to be robust and sustainable if it is to fulfil the promise of becoming a truly world-class funding agency.

With this in mind, provision for an independent Review of the ERC' structures and mechanisms was included in its legal base. The Review<sup>1</sup>, which reported in July 2009, identified a number of areas in which improvements were necessary, in particular the need to streamline governance, as well as to simplify further and make compatible the underlying financial and staff regulations with the needs of frontier research. Recommendations were made for action by the Commission, the

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<sup>1</sup> "Toward a World Class Frontier Research Organisation – Review of the European Research Council's Structures and Mechanisms", 23 July 2009. (see: [http://erc.europa.eu/pdf/final\\_report\\_230709.pdf](http://erc.europa.eu/pdf/final_report_230709.pdf))

Scientific Council and the ERC Executive Agency, and a further review of the situation was advocated by July 2011.

Broad endorsement of the Review's conclusions was forthcoming from the Commission, Council of Ministers, and Scientific Council, and both the Commission and the Scientific Council have taken measures for their implementation.

## **2. The ERC Task Force**

Within the anticipated Horizon 2020 - the Framework Programme for Research and Innovation, to be established in the EU's next programming period, from 2014, the ERC should be reinforced as a stable, central institution of European frontier science funding for the long term. With the background of the ERC Review, and bearing in mind its recommendation to take stock of progress in 2011, the Commission established a Task Force on 21 December 2010, to produce options for a lasting legal and organisational structure of the ERC for the Horizon 2020 Programme and beyond.

The Task Force was established under the responsibility of DG Research and Innovation and included representatives of the ERC Scientific Council (ScC) and ERC Review Panel as well as participants from the responsible Commission departments, including Secretariat General, Legal Service, DG Budget, and DG Human Resources. The Task Force's mandate was to "examine the remaining unresolved issues and explore governance options to guarantee the long term stability of the ERC structure within the European Research Area and in the context of the new Lisbon Treaty"<sup>2</sup>

Meeting periodically in Brussels, it examined the various options for a future governance structure of the ERC which fits its unique mission and are in line with best practice for world-class funding agencies, drawing on expertise, analysis and perspectives from within the Commission, the ERC and, as needed, elsewhere.

## **3. Analysis and recommendations**

The Task Force considers that the ultimate criterion when evaluating the ERC must be what it actually delivers. Has it done what was asked of it in the legislation and served its clients effectively? To what extent has this, in fact, been hindered by existing legislation, regulations and/or their interpretation? The concrete evidence on these practical questions is the measure of the depth of problems that exist and the need for corrective action. Although its mandate was focused on governance, the Task Force therefore first examined the quality of service the ERC provides to applicants and grantees.

### ***3.1 Outstanding administrative issues***

Overall, the situation appears satisfactory. In its fifth year of operations, the ERC is now serving a population of more than 1800 grantees and has acquired a considerable experience in the management of grants. From the outset, its administrative procedures were expressly designed to streamline transactions with applicants and beneficiaries. As a learning organisation, it has made considerable progress towards further simplification of administrative processes both before and subsequent to the ERC Review.

Nevertheless, a number of preoccupations have been expressed by the ERC's beneficiaries, and the

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<sup>2</sup> See <http://europa.eu/rapid//pressReleasesAction.do?reference=IP/10/1759&>

Task Force reviewed the state of play regarding these issues and how they are being addressed, as outlined below.

- **The need for timesheets**

Representatives of the ERCEA explained that grants have a large share of personnel costs (on average 70% of the EU contribution). It is therefore essential that a reliable system is put into place to verify the eligibility of these costs in line with the applicable legal provisions. The latter require a time recording system or alternative evidence providing the same level of reliability as to the reality, accuracy and completeness of the information provided on hours worked.

The requirement for timesheets comes into question in cases when the researcher works full time, solely for the project in question. This is very often the case for ERC projects where the majority of researchers are generally recruited for the purposes of the project only.

**The Commission is requested to simplify the requirements for time recording in the future Horizon 2020 Programme. For those persons working full-time on a project, the need to have timesheets should be waived and, for part-time PIs, they should be greatly simplified.**

- **Audit policy**

One of the specificities in the management of ERC grants is the separation of the scientific and financial/managerial strands, resulting in two different reporting streams. Scientific reports (only 2 per project) are prepared by the researcher on behalf of the beneficiary (Host Institution), whereas the latter is in charge of preparing the financial reports (4 per project), with some limited input from the side of the researcher. The link between funding and the scientific aspects of the project is however made, notably during the second interim and the final payments, which must take into account the assessment and approval of the scientific reports.

As in all FP 7 projects, the reimbursement of costs in ERC grants is based on cost declarations by beneficiaries, without any further need to provide documentary evidence. Legality and regularity of expenditure is checked during on-the-spot controls (audits) at the premises of the beneficiaries a posteriori. These audits are embedded in the "FP7 Ex-post control audit strategy" and their purpose is to detect and correct a sufficient volume of eventual erroneous transactions.

**This approach leads to a high number of audits which is considered burdensome and not best practice for a research council. The Commission is therefore requested to reconsider its audit strategy. The number of audits should be reduced, and a single-audit approach should be used. In accordance with a trust-based approach to grant management, a risk-based and fraud-preventive audit strategy should be adopted.**

- **Support given to Principal Investigators by their host organizations**

The ERC expects Host Institutions (HI) to provide adequate support to Principal Investigators (PI), regarding the management of their grants, under the strict condition that the latter determines the scientific strategy for the project and the allocation of resources within it.

These are novel arrangements for the grant recipients, and there remain weaknesses in understanding and application of the rules. For example, the PIs' obligation to devote at least 50%

of their time to Starting Grants and 30% for Advanced Grants, and/or to work within the EU and associated countries have sometimes not been fulfilled. In other cases PIs have complained that they do not have control over their grants' budgets, in spite of the supplementary agreement signed by the HI to this effect.

While the proportion of problematic cases remains very small (i.e. less than 3 %), the need for better communication and support to the PIs from ERCEA during the lifetime of the project has been acknowledged. **In order to lighten the burden to Principal Investigators located in smaller, less experienced Host Institutions, the Task Force recommends that the ERCEA offers training to both Host Institution and Principal Investigator thus extending the number of potential applicants.**

### *3.2 Improvements to the ERC's governance*

The Task Force considered the possibility of an entirely new structure for the ERC, established under either Art 187 or Art 182(5) of the Treaty. It took note of two expert reports commissioned by the German federal Ministry for Education and Research and provided to DG Research and Innovation.<sup>3</sup> Bearing in mind the balance of benefits and risks of moving away from a proven structure towards one which, while having some advantages in principle, also implies many uncertainties and transitional difficulties, it concludes that, in the timescale of the upcoming Horizon 2020 Programme, the future of the ERC lies within the structure of an executive agency. While Art 182(5) of the Treaty contains in principle entirely new possibilities to set up much more autonomous structures, including one for the ERC, the Task Force considered it too early to come up with specific proposals in this direction.

The reasons for this assessment are as follows. The basic design of Commission executive agencies reflects the objective of implementing funding programmes with a high level of administrative efficiency and simplicity. Since the ERC has a deliberately very straightforward funding strategy, a “hands-off” approach to grant management and a highly streamlined and consistent set of processes for peer review, the agency design is, in many respects, reasonably well-suited to this particular operation. Although the standardised structure means that various structural elements are fixed (Council Regulation 58/2003 on Executive Agencies) other aspects which have raised criticism in the case of the ERC are more a function of the basic financial and staff rules (Financial Regulation, Staff Regulations) which apply, in more or less the same form, to any body responsible for directly dispensing Community funds. Moreover, the Commission has already acknowledged the need for specific features in the arrangements for the ERC, for example by giving unprecedented powers to the ScC as an external body.

The concerns which have been raised with regard to the ERC's governance, as opposed to the administrative environment dealt with earlier in this report, can be traced partly to the complexities induced by grafting special features onto a standardised structure which was not initially designed for that specific purpose. These difficulties have been compounded by the rather prescriptive approach the Commission has taken to the day-to-day control and supervision of the ERC executive agency, which has not adequately reflected its specific features.

It cannot be surprising that such a novel initiative as the ERC, an unprecedented institutional construction, departing in fundamental respects from the pre-existing norms of EU research

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<sup>3</sup> "Die Governance-Struktur des Europäischen Forschungsrates", by Prof Alexander Lorz (26 Oct 2010); "Reforming the Governance Structure for the European Research Council (ERC)", by Prof Herwig C. H. Hoffmann (12 Oct 2010)

management, is judged in retrospect to involve sub-optimalities, nor that, in the absence of prior experience, the Commission has tended towards a rather prescriptive supervision regime. However, a critical assessment from the perspective of several years of operational experience suggests that substantial improvements can be made by rationalising and streamlining key elements of the governance system, along with a clarification of roles and simplification of relationships.

The experience gained of the ERC as an effective, well-functioning and stable operation gives confidence that more autonomy and less intensive day-to-day supervision will not lead to maladministration or reputational damage to the Commission or, ultimately, the ERC itself. Furthermore, the Council has given very strong support to the improvement of ERC governance and supervision arrangements in its conclusions on the review of the ERC's structures and mechanisms at the Competitiveness Council of 2 March 2010. Inter alia, these conclusions state that the Council,

*"in order to explore ways and means of introducing more flexibility in the operation of the ERC Executive Agency and to adapt it to the ERC mission, INVITES the Commission to further study the possibilities offered by Council Regulation 2003/58 on the statute for Executive Agencies, in particular Art.6.3 which leaves to the Commission the definition of "the terms, criteria, parameters and procedures with which an executive agency must comply" in performing its tasks".*

### The overall ambition

The challenge is to make tangible improvements to governance and supervision arrangements in the context of a basic agency design which is to a large extent "hard wired". The suggested modifications to the ERC's governance arrangements put forward by the Task Force are described in the paragraphs which follow. **The overriding ambition is to effect a two-fold change which moves the ERC further into line with international best practice and will have a tangible effect on its flexibility and efficiency:**

- An increase in the ERC's operational autonomy through, on one hand, a more extensive and explicit delegation of scientific and administrative responsibilities from the Commission to the ERC Scientific Council and ERCEA respectively, with stronger roles for the ERC President and ERCEA Director, thereby creating a cleaner and simpler institutional boundary between the ERC and Commission and, on the other, clarifying and streamlining the internal arrangements and in particular the *interactions* between the two components of the structure (ScC and ERCEA). Due to the good will of all concerned, the practical arrangements have greatly been improved, but safeguards should be taken so that actual and highly effective practices are adequately reflected also in the legislation.
- An adjustment to the arrangements for supervision of the ERC operations (scientific, financial, administrative) in order to reinforce the accountability of the ScC and ERCEA Director, through the "vertical" chain (i.e. to the Commission via the Steering Committee and parent DG) and considerably relaxing the day-to-day supervision.

### Specific measures to achieve the aims

The individual measures advocated by the Task Force to achieve the above aims are as follows.

- **More flexibility in the adoption of scientific work programmes by the ERC**

The legal base of the Ideas programme gives the ScC a formal responsibility for the preparation of



the scientific work programme which the Commission then approves and submits to the ERCEA for implementation. The ScC's exercise of this responsibility, in full independence and with logistical and analytical support of the ERCEA, speaks well of the goodwill of the parties and the practicality and effectiveness of the arrangements in place. However, routing of the work programme in this way via the Commission involves some delays and appears to constrain the ERC's agility; it also contributes to the sense of a "ménage à trois" between the Commission, Scientific Council and ERC Executive Agency, in which responsibilities and accountabilities overlap.

The Task Force has considered the possibility of decoupling the financing decision from the work programme.<sup>4</sup> A plausible scenario for this would be that, every year a financing decision is adopted by the Commission, which is limited to the essential elements as required by the Financial Regulation<sup>5</sup>, including the annual operational budget. The detailed work programme, which will effectively be "the ERC Annual Scientific Strategy", is established by the ScC and formally adopted by the Steering Committee with enhanced membership of ScC (see next point); it could be adjusted during the course of the year within the limits of the annual financing decision<sup>6</sup>.

While such a scenario has attractions, "the devil is in the detail" and further complexities may appear in what is an untried arrangement. **The Task Force therefore recommends that the status quo should be maintained and in particular that the strong and exclusive control of the Scientific Council on the Work Programme is re-iterated in the basic act. However, if future simplification measures allow more flexibility, consistent with the role of the Scientific Council, this position may be reconsidered.**

**Under the current process for the adoption of the work programme, the Task Force questions the value of the involvement of the programme committee and would see it as a possible improvement if the future ERC would have no comitology obligations and would instead channel its interactions with the Member and Associated States through the National Contact Points.**

- **Increased role of Scientific Council (ScC) in the ERCEA Steering Committee**

There have been repeated suggestions that the Steering Committee should involve a greater representation of the scientific community or directly the Scientific Council, and indeed a majority of such members. These suggestions however do not reflect the requirement in Council Regulation 58/2003 that the Steering Committee decides on a majority vote which, in view of the Steering Committee's supervisory role, has led the Commission to insist on a majority of members.

Much confusion has in fact arisen from the use of the term "Steering Committee" for a body whose

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<sup>4</sup> The Commission's formal adoption of the work programme is necessary because the latter constitutes the *financing decision* on which projects are then selected and grant agreements prepared by the ERCEA. The conjunction of work programme and financing decision, within the terms of the Financial Regulation, and therefore the need for the Commission's imprimatur, derives from the assumption that the work programme involves discretionary decisions involving a measure of political choice. However, both in principle and practice, this condition would not seem to apply in the case of the ERC, where the scientific component of the work programmes reflect a "bottom-up", "investigator-driven" philosophy, absent of thematic priority-setting.

<sup>5</sup> Article 90 of the Implementing Rules. Essential elements would include the objectives and priorities, expected results, the essential selection and award criteria to select proposals, the funding rate for ERC grants; some of these are already established in a binding way in the basic act.

<sup>6</sup> This arrangement would be somewhat analogous to the situation of a typical national research agency, with an annual budget review (although with the additional predictability of a multiannual financial perspective).

function is very specifically that of supervision of the executive agency by the Commission, rather than – as might be supposed from its name – having a role in defining the agency's strategy.

As it remains a standard component in the construction of executive agencies, the name cannot be changed. Moreover, the Task Force recognises that the Steering Committee will play a vital role, in a construction giving more autonomy for the ERC, as the clear *focus* of accountability of the ERC vis-a-vis the Commission.

Through a Brussels-based, properly remunerated President (see next point) and with more direct authority over the work programme, the ScC should have, effectively, a much stronger role, allowing for explicit "performance requirements" - in particular as regards the President - than is the case today. While maintaining its formal function in relation to the ERCEA, the Steering Committee should be – under a reinforced governance model - the point of accountability of an operation which (in view of the proposals set out above) is more integrated and autonomous than today, with greater delegated powers<sup>7</sup>.

**In order to increase the role of the ScC, the Task Force proposes that the two scientific members of the Steering Committee should be members of the ScC. The Chair would be the Director General of the parent DG.**

**In such a configuration, the Steering Committee would supervise the ERC which would be represented by both the ERC President and the ERCEA Director. Both these persons should be, formally, "observers" but would obviously have speaking rights and would together prepare the Steering Committee's agenda.**

- **Creation of a full-time ERC President**

The current governance arrangements of the ERC are sub-optimal and have created uncertainty about roles and responsibilities. To some extent these difficulties are the unanticipated consequences of measures to ensure liaison between the various entities involved. The experience suggests that effective liaison is assured better by clarifying and distinguishing the distinct roles of these entities and assuring their direct communication/interaction. A possible solution would be to make the ERC President (i.e. ScC Chair) a quasi-full time, Brussels-based appointment. Combined with giving the ScC a voice in the appointment of the ERCEA director (see below), this would dispense with the need for an ERC Secretary General. It would also dispense with the need for a "support CSA" (Co-ordination and Support Action) at the place of work of the President, since such support would be provided by the ERCEA.

**The Task Force considers that a provision for a Brussels-based President, devoting at least 80% of his/her time to ERC business, should be included in the legal basis of the ERC, replacing the provision for a Secretary General. The President would be the voice and public face of the ERC, his/her role would encompass that of the existing Secretary General and would therefore include leadership of the Scientific Council, representation of the ERC in the world of science, and liaison with the ERCEA.**

The ERC President should be appointed by the Commission at a level commensurate with its top management.

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<sup>7</sup> The Steering Committee would then have an analogous role to the "administrative board" or "board of trustees" in a more traditional agency structure.

**Recruitment of the President must meet the highest standards of rigour and transparency. The Task Force recommends an approach consistent with international best practice - the use of an ad hoc search committee, nominated by the Commission and reporting to it; the search committee should consult the Scientific Council and be able to obtain support from a head-hunting firm; it should advertise the position as well as use its own means for receiving nominations. The basic act should specify that the recruitment process and candidate selected have the approval of the Scientific Council. In alignment with best practice in world leading funding agencies, there should be no age limit for candidates, who would normally be nationals of any Member State or a State associated to the Framework Programme.**

These parameters will determine the administrative nature of the post of the ERC President<sup>8</sup>, which should also take into account the President's tasks and responsibilities vis-à-vis the ERC as well as his/her non-ERC related activities and remuneration, in line with rules on external activities, absence of conflict of interest and transparency. Administrative support to the ERC President should be provided by the ERC Executive Agency.

- **Provision of support to ERC Vice-Presidents and remuneration of Scientific Council members**

The Scientific Council should elect among its membership Vice-Presidents, one for each domain, who support the full-time President in the selection of panel members, and other activities of the Scientific Council. The three Vice-Presidents are not employed by the ERCEA, but remain associated with their respective home institutions. However, they need appropriate local support.

**The current solution<sup>9</sup> through a “support CSA” is considered inadequate and, for reasons of transparency and administrative complexity, improvements should be sought. Any new mechanism should be included explicitly in the ERC's future legal base (the basic act).**

**The Task Force recommends that the basic act should also include a provision for the honorarium for members of the Scientific Council, which has been implemented as from February 2011 as recommended by the ERC Review panel**

- **Selection procedure for the Agency Director, accommodating the input from both the Commission and the Scientific Council**

The crucial relationship between the Scientific Council and ERC Executive Agency should be close and direct, mediated in the first instance between the ScC President and the ERCEA Director.

It was emphasised in the Ideas specific programme that the senior staff of the ERC dedicated implementation structure (the ERCEA) should be selected taking account of the views of the Scientific Council. The recommendations of the independent ERC Review regarding the open appointment of the ERCEA Director strengthened this imperative, establishing a procedure applicable to the external recruitment of a director, as a Commission official, with a strong involvement of the Scientific Council. The Task Force considers that the enhanced procedures, as established in practice, are a satisfactory basis for the recruitment of future ERCEA directors, ie:

**Internal selection procedure:** This will follow the procedure set out in the Commission

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<sup>8</sup> e.g. "Special Adviser"

<sup>9</sup> In Annex 1 of Council Decision 2006/972 it is clearly stated that “administrative assistance may be provided for the Chair and vice-chairs of the Scientific Council”.

Guidelines for the nomination of executive agency directors<sup>10</sup>. As regards the pre-selection committee: "For the ERC Executive Agency for which the Commission nominates the Director taking account of the views of the Scientific Council, a representative of the Scientific Council plays the role of observer in the pre-selection committee and can give advice on the candidates interviewed by the committee". As regards the Consultative Committee on Appointments (CCA) an observer is nominated by the Scientific Council

**An external selection procedure should only be used in exceptional situations (e.g. failure to fill the post).**

- **Liaison between Scientific Council and ERCEA on operational matters**

The "ERC Board" is an informal construction constituted by the ERC President, the Vice-Presidents and the Director of the ERCEA, which has proved highly effective as a liaison and co-ordination mechanism for linking the day-to-day operations of the ERCEA with the scientific strategy set by the ScC. Since this system works reasonably well, the Task Force considered whether it should be given a formal, legal basis.

**The legal base should therefore provide for regular liaison on strategy and operational matters, between the Scientific Council leadership - the (full-time) President of the ERC and the three elected Vice-Presidents (one from each domain) - and the Director of the ERCEA. As now, it is envisaged that meetings would be held in Brussels on average once a month. As the term "Board" gives the impression of an executive body with the capacity to instruct the ERCEA Director, another term (e.g. "Coordination Committee") should be used and mentioned as such in the basic act.**

- **Adjustment to the administrative oversight in order to relax the "day-to-day" supervision by the parent DG**

The ERCEA Delegation Act gives the agency the responsibility for implementing the "Ideas" programme. The parent DG nevertheless is responsible for "monitoring and supervising" the agency and retains considerable discretionary powers of oversight – ex-ante, during, and ex-post operations – on the ERCEA's activities. The arrangements for this are set out in a "Memorandum of Understanding (MoU), a highly prescriptive document which creates more obligations on the agency than the Delegation Act foresees.

The MoU describes and regulates every potential issue arising in the management of the ERCEA in which DG-Research and Innovation could feel interested, and has become quite an administrative burden, involving numerous people in DG Research and 4-5 people in the ERCEA. Other Executive Agencies have a smaller number of staff assigned for this function.

**The Task Force proposes that this and any other MoU should be dispensed with, and supervision exercised via the Steering Committee.** The MoU in fact tends to diffuse responsibilities since the Director of the ERCEA in any event remains fully responsible for the activities delegated to him/her in the Delegation Act. At the same time, the principle of accountability is fully served by the existence of the Steering Committee to which the Director of the ERCEA is responsible and accountable. In Article 6 (5) of Council Decision 2006/972 on the specific programme "Ideas" it is stated that "the Commission shall ensure that the dedicated implementation structure follows strictly, efficiently and *with the necessary flexibility*, the

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<sup>10</sup> SEC(2009) 27/2

objectives and requirements of this specific programme alone”.

**Without changing the formal powers of monitoring and supervision of the parent DG, the effect of such adjustments should be to create a stronger sense of autonomy of the ERCEA under the control of the Director with the supervisory function exercised through the latter's accountability to the Steering Committee.**

**In the same sense, measures which would enhance the Director's ability to secure lean and effective management should be explored, such as the possibility, in agreement with the Steering Committee, to adapt the ratio of contractual and temporary agents within the flexibility allowed by the authorised budget.**

- **Possibility of private donations to the ERC**

A question raised in the Task Force was the extent to which private philanthropic donations could be accepted by the ERC and the conditions under which they would then be managed.

One potential benefit of private funds is that, rather than replace Commission funding, they could be used to provide complementary funding, including where and when Commission funding is not possible or not flexible enough (meetings, foreign visitors etc).

However, although the current framework allows for the management of private funds, there are rather strong restrictions, and such funds, once accepted, would be subject to the same conditions applying to funds from the EU budget.

**The Task Force therefore considers that a more practical approach would be the creation of an independent, private ERC Foundation ("Friends of the ERC"), which would be able to handle "earmarked" donations or fund activities.**

#### **4. Conclusions**

The ERC has fulfilled and perhaps surpassed the very high expectations placed upon it by the research community and political actors, and, in the short period since it was established at the beginning of the 7<sup>th</sup> Framework programme, has reached an extraordinary level of prominence on the European and international stage.

The close attention given by the Commission to the concerns of the research community in the design and management of the ERC, and its commitment to excellence and constant learning through experience, has been a hallmark of this new activity from the outset and contributed strongly to confidence and enthusiasm in EU research. The ERC is a flagship for European research, whose performance and credibility depend on constant self-scrutiny and improvement. The Task Force's swift arrival at a diagnosis of the ERC's current strengths and weaknesses, and the fact that it is very much in line with that of the independent review of the ERC's structures and mechanisms carried out in 2009, testifies to the level of agreement amongst the stakeholders both on the way forward and the critical issues to be addressed in the next programming period.

**Like the ERC Review before it, the Task Force considers that an improved executive agency structure is the most appropriate and efficient in the timescale of the anticipated Horizon**

**2020 - the Framework Programme for Research and Innovation, which will come into being in 2014. The Task Force agrees that the priority should be stability and the immediate focus should therefore be on sustainability and optimisation of a structure that has largely proven its effectiveness.**

This said, important changes are necessary, as described in the main body of this report. On one hand, the ERC's governance should be adapted and simplified, with changes in the legislation wherever necessary. The aim is to increase its operational autonomy and accountability, and overcome the perception of a "ménage a trois", by reconfiguring the relations between the Commission, Scientific Council and ERC Executive Agency, as well as to improve the efficiency of the chain of decision making. On the other, further attention is being given to the continuous improvement of administrative procedures in line with international best practice.

These adjustments should be made as soon as possible, bearing in mind that some – in particular those relating to governance - require changes in the legal base which can only be made on the basis of the Commission's anticipated proposals on the Horizon 2020 Programme. Once accomplished, the conditions will be right for the ERC to take on an even stronger role as the central pillar for frontier research funding in Europe.

**The ERC is and remains a learning organization. Its progress will be subject to review, in line with the provisions under the forthcoming Horizon 2020 Programme and the related specific programme. In the longer term (but certainly not before the mid-term of the Horizon 2020 Programme), depending also on how the ERC's mission and budget develop, it may be necessary to rethink the structure, including a renewed consideration of the possibilities offered by Art.182(5) of the Treaty.**