



8 April 2021

The Lord Patel
Chair, Science & Technology Committee
House of Lords
Via email

Dear Lord Patel,

Thank you for the opportunity to make a written submission on issues relating to R&D funding, in advance of your evidence session with Ministers and officials from BEIS and HMT on 15 April.

Wellcome was very pleased to see the recent [announcement](#) that funding for the UK's association to Horizon Europe will not be at the expense of UKRI's budget this year. Our current understanding is that the expected cost of around £1bn in 2021/22 will be met from:

- £250m additional funding for R&D, as announced;
- Reallocation of £400m assigned at the 2020 Spending Review to “support strategic government priorities, build new science capability and support the whole research and innovation ecosystem”; and
- £350m previously earmarked within the BEIS budget for Horizon Europe alternatives, if association had not been possible.

This is excellent news, as it means that participation in the Horizon Europe programme should not disrupt UKRI's funding this year – assuming that the estimated cost is accurate. We welcome this outcome, particularly in the context of the current economic uncertainty. Your Committee could usefully seek clarification of the estimated cost of Horizon Europe in 2021/22, the various funding sources that have been assembled to cover it, and ultimate budget responsibility for any gap between the estimates and the final cost.

Nevertheless, there are several outstanding issues relating to R&D funding:

- Our understanding is that the funding arrangement above applies only to 2021/22. Meanwhile, the Government remains committed to the target of increasing public spending on R&D to £22bn per year by 2024/25. Reaching this target (from the new 2021/22 level of £14.9bn) requires increases of more than £2bn per year for each of the next three years.

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- The Government will therefore need to follow through on its commitment at the Spending Review later this year, by setting suitable budgets for 22/23 and 23/24. The figures announced at the 2020 Spending Review for those years are only for 'UKRI core budgets' – i.e. the research councils and Research England, but excluding Innovate UK. This is an important foundation for research spending, but is a subset of total public R&D investment.
- The typical annual cost of participation in Horizon Europe is expected to be approximately £2bn per year, with the lower figure of £1bn for the current year reflecting delays in the programme starting. R&D budgets for future years will need to take account of this, with the cost of Horizon Europe being folded in over time to avoid undermining progress in increasing spending.
- We understand that cuts to the Global Challenges Research Fund (GCRF) and Newton activities – including termination of existing projects – will continue as planned. [UKRI has confirmed](#) that the ODA allocation from BEIS is capped, meaning that UKRI is not allowed to use alternative funding sources to support these activities.
- The Government is resisting calls to support charity spending on research during the pandemic; it has been reported that charities have cut more than 40% of their research spending in the past year, with more cuts to follow.

The issues above have been raised on many occasions – for example in Wellcome's submissions to the [2021 Budget](#), the [2020 Spending Review](#), and the [2019 Spending Round](#).

Wellcome's views on cuts to aid spending and the prospect of terminating research projects are set out in a recent [opinion piece](#) from our Director, Sir Jeremy Farrar, and in our [response to the Integrated Review](#) of Security, Defence, Development and Foreign Policy.

We strongly support the Government's ambitions for R&D in the UK, but as the Secretary of State told the Commons S&T Committee, the Government is "talking the walk of a science superpower [...] but we also have to walk the walk".

Yours sincerely,

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