

Lord Patel  
Chair  
Lords Science and Technology Committee  
House of Lords  
London, SW1A 0PW

The Russell Group of Universities  
One Great George Street  
London SW1P 3AA  
T +44 (0)20 3816 1300  
russellgroup.ac.uk

09 April 2021

Dear Lord Patel,

The Russell Group is grateful to the Lords Science and Technology Committee for this opportunity to highlight current issues relating to UK R&D funding.

We have publicly backed the Government's ambitions for the United Kingdom to be a science superpower and to boost public R&D spending to £22 billion by 2024/25, with a commitment to spend 2.4% GDP on R&D by 2027.

We welcome the announcement on 1 April that £250 million of additional funding will be made available to support the UK's participation in Horizon Europe, which will deliver significant benefits for UK science and enhance our global leadership in R&I. However, we remain concerned about in-year cuts to the Global Challenges Research Fund (GCRF) as a result of reductions in ODA spending announced at the Spending Review 2020. We therefore look forward to working with the Government on affirming its longer-term commitments to R&D spending in the run up to the next Spending Review, including support for the UK's ongoing participation in Horizon Europe.

Our priorities on GCRF, long-term planning for R&D and improving the sustainability of R&D funding in the UK are set out below.

### **Investing in the Global Challenges Research Fund**

The Global Challenges Research Fund (GCRF) has been an invaluable vehicle for international science diplomacy, allowing the UK to leverage its status as a leading scientific nation to build and deepen ties with key countries to address global challenges, build new markets for UK exports and improve global security and influence.

We understand the serious economic challenges currently facing the country and welcome the intention to restore aid spending to 0.7% of GNI as soon as possible. However, the immediate cuts which are now being proposed to live GCRF projects will risk damaging the UK's global reputation as an international partner for R&D. We are enclosing a briefing on GCRF which contains examples of the kinds of projects which could be stopped partway through or prevented from beginning at all.

Key asks for Government:

- **Reconsider immediate in-year cuts to GCRF**, which supports the Government's ambitions to establish the UK as a global science

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- superpower. **If this is not possible, work with the sector to look at how spending can be re-profiled** to minimise the number of projects facing immediate cancellation.
- **For future financial years, fully re-commit to the GCRF in the next Spending Review** by either re-profiling ODA spending towards R&D priorities, or by re-instating previous funding levels via increases in R&D investment, in line with the Government's commitment to increase R&D investment to £22bn by 2024/25.

### **Long-term planning for R&D**

In order to support the Government's plans for R&D-led economic recovery from the pandemic, longer-term certainty in research budgets and R&D strategy is needed. UKRI, the Government's main funder of research, enters into this financial year without clarity on its budget (as it did last year), making financial and longer-term strategic planning highly challenging.

Association to Horizon Europe will help us maintain and enhance the UK's position at the forefront of global science collaboration, but to achieve the ambitions to be a science superpower we need to be able to do this alongside enhancing our domestic R&D capacity. The announcement of the additional funding to support association to Horizon Europe announced on 1 April 2021 is therefore extremely welcome and we will continue to work with the Government to support a longer-term commitment to the UK's ongoing participation in the programme in the run up to the next Spending Review.

Meanwhile, the announcement of a £120 million cut to BEIS' ODA allocations, which could affect over 800 live GCRF projects, came in the same month as the launch of the Government's new Integrated Review of Security, Defence, Development and Foreign Policy, which seeks to boost UK influence and foreign policy. Consequently, at a time when the Integrated Review states the UK will seek to bolster its influence in the Indo-Pacific region, over 60 collaborative R&D projects with partners in India face cuts. A more consistent, joined-up approach across the whole of Government would be welcome.

Key asks for Government:

- Set out a clear trajectory for how Government spending will reach £22bn by 2024/25, including settlements for UKRI funding and Horizon Europe commitments

### **Sustainability of R&D funding**

In deciding how to allocate R&D budgets for 2021/22 and ahead of the next Spending Review, we would encourage the Government to consider how to improve the sustainability of the UK's world-leading research base. There are also opportunities to reduce bureaucracy in order to boost efficiency and impact.

The Treasury and UKRI should give particular consideration to delivering a significant boost to quality-related (QR) funding and equivalent streams in the devolved nations. QR funding allows universities to engage in long-term strategic planning for research and to respond quickly to emerging opportunities, giving them an edge against international competitors (we are enclosing a briefing note on QR funding for further information). However, we estimate the value of QR funding has fallen by 14% since 2010 and QR funding relative to Research Council grant funding has also decreased over time, from 80p in the pound in 2007, to 50p in the pound in 2018.

The UK's talented researchers have worked tirelessly over the course of the pandemic to deliver ground-breaking new insights and discoveries relating to Covid-19, whilst also ensuring other areas of vital work have been able to continue, covering issues such as pollution, green energy, antimicrobial resistance and non-Covid-healthcare issues, amongst others. Shifting the balance from project-based funding (which requires lengthy submissions with relatively low success rates) to boosting QR and equivalent funds would help to protect high-value jobs and relieve pressure on our scientists and academics.

In addition, we encourage the Government and UKRI to consider how the sustainability of research funding can be improved to help secure the sovereignty of our research. While the Research Councils have previously committed to supporting 80% of the full economic costs (FEC) of research grants, they currently only fund 74% of FEC. This approach contributed to a deficit of £4.5bn in research activity in 2018/19.

As a key area of university activity which generates a surplus, income from international student fees plays an important role in maintaining the sustainability of research, along with revenue generated from business conference hire, endowments and the provision of some student accommodation. The result of the pandemic is such that these income streams are likely to be unreliable for a number of years, putting financial pressure on universities and impacting their ability to meet the full costs of their research, particularly as public R&D investment rises. In the context of an increasing budget for research (with the Government's stated intention to increase investment to £22bn by 2024/25) there should be scope for the volume of research activity to increase alongside a sensible increase in the FEC that universities can recover, which will be necessary to maintain the highest quality outputs expected of world-leading UK institutions.

Key asks for Government:

- Shift towards long-term, low bureaucracy investments in people and ideas by introducing **a significant uplift in quality-related (QR) funding for research**, which will help the Government deliver breakthroughs in blue-skies research, boost the research talent pipeline and power future economic growth.
- Take forward the commitment in the R&D Roadmap to “consider opportunities to **fund a greater proportion of the full economic cost of research projects in universities**. This includes asking whether government should fund at a higher rate, to safeguard the sustainability of the research we fund”. Increasing the level of full economic costs (FEC) recovered on grants, including from Research Councils, government departments and National Institute for Health Research (NIHR) will help ensure universities have the financial capacity to deliver the world-leading R&D the country needs.

We stand ready to work with Government to support the aspiration for the UK to become a science superpower and embrace the opportunities ahead. I hope that the above is useful to your inquiry and the Russell Group is at hand to provide any additional information and support if required.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Tim B.', with a horizontal line underneath.

Dr Tim Bradshaw  
**Chief Executive, Russell Group**