

Lord Patel
Science and Technology Committee
House of Lords
London
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9 April 2021

Dear Lord Patel,

Thank you and your committee for holding a non-inquiry session on current issues related to R&D funding. We are grateful for your recent letter to the Prime Minister and Chancellor urging action to avert imminent threats to UK science research funding.

I have attached a version of the briefing that Universities UK co-produced with the Royal Society, Wellcome Trust and Russell Group for parliamentarians ahead of the second reading of the Advanced Research and Invention Agency (ARIA) Bill.

Since the briefing was produced, the government has confirmed that the budget for UK research and development will receive an additional £250million for 2020/21. The £400million announced at the 2020 Spending Review to support government R&D priorities will also be used to cover the cost of association to Horizon Europe. This is to be welcomed, however several questions remain including how the cost of future years' association to Horizon will be covered, and whether other areas of the UKRI budget will be cut as a result. It is estimated that UK's contribution to the Horizon Europe budget will rise to over £2billion a year over the course of the seven year programme and therefore a clear plan for how this will be funded from 2022/23 onwards is needed from government to avoid annual uncertainty of the kind felt by the university and research community this year.

Research undertaken by [Economic Insight](#) on behalf of Department for Business, Innovation and Skills (2015) found that an extra £1 of public funding for R&D gives rise to an increase in private funding of between £1.13 and £1.60. Therefore any overall cut to the research budget, through lack of additional funding to cover the cost of Horizon Europe association, would have an even greater impact on the overall amount of money invested in UK R&D.

Universities UK and our 140 members are supportive of the government's commitment to spend 2.4% of GDP (the OECD average) on R&D by 2027, and to boost public R&D spending to £22 billion by 2024/25 as stated in the 2020 Budget.

Research funding and universities

To be sustainable in the long term, universities need to cover the "full economic costs" of conducting research. However, in 2018–19, the research income UK universities received from government other sources was not enough to be sustainable. In 2018–19, UK higher education institutions recovered 74% of costs from research council funded projects (a deficit of £801 million), and 74.9% of costs from other government department funded research (a deficit of £387 million). In [UUK's vision for universities](#), we outline the need to ensure that research funders can support sustainability of the research base and meet more of the cost of research,

and the importance of sustaining investment in excellence-driven, low-bureaucracy flexible research funding (known as quality related research).

Despite universities' excellent research outcomes, the UK "punching above its weight" when it comes to important research metrics, and the major role R&D is expected to play in the government's plan for growth, the UK significantly under-invests in research and development relative to competitor countries. In 2018, [total UK expenditure on R&D](#) was 1.7% of GDP, notably below the OECD average of 2.4%. UUK believes that the UK should seek to match the level of expenditure which is seen in our competitor (and potential competitor) countries to avoid the risk of moving backward in terms of our relative research strength, and match the government's ambitions to become a science superpower.

Stop-start investment does not support a sustainable research system, as research projects can span decades or even lifetimes. Once lost, research capacity takes time to re-build and the UK will lose ground to competitor countries. Policies on research funding should be mindful of the long-term health, dynamism, and sustainability of the HE research base as a whole.

ODA funded research

Last month UKRI confirmed that the decision to reduce UK aid spending from 0.7 to 0.5% of GNI would lead to a £120million shortfall between commitments and funding available for 2021/22. This effectively halts valuable research and innovation activity and scientific collaborations in their tracks, at the same time as there is a major fall in charity investment in medical research due to the impact of COVID-19 on fundraising revenue.

ODA funded programmes, such as Global Challenges Research Fund (GCRF) and the Newton Fund, have paved the way in the UK's approach to tackling global challenges such as Climate Change and health. The decision to cut funding for both comes at a time where the UK is building up to host COP26 in Glasgow in November, and showing global leadership in tackling the Covid-19 pandemic.

GCRF and Newton Fund have accelerated the establishment of partnerships between UK based academics and institutions across the world; these partnerships are built on trust and desire to deliver global impacts. Cuts to GCRF and the Newton Fund will also have a direct impact on the ability of the UK government to pursue its international ambitions in higher education more broadly.

Higher education exports were worth more than £16 billion in 2018 – and the government has committed to growing overall education exports to £35 billion by 2030. The government's recent International Education Strategy identified a number of priority countries and regions where efforts will be made to forge new education partnerships and grow exports, including through transnational education. Of the ten countries identified in the strategy, six (Brazil, China, India, Indonesia, Mexico, Vietnam) have both Newton Fund and GCRF funding, and two more (Nigeria, Pakistan) have GCRF funding.

The voice of universities

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An example of important work that will be significantly damaged and disrupted by the reduction in ODA funded research.

Newcastle University's work leading the GCRF Water Security and Sustainable Development Hub which is directly supporting the UN and UK's climate change goals by addressing flood and drought risks, improving water quality, sanitation and hygiene. The Hub is built on a network of existing research relationships some of which have been nurtured over 20 years. These relationships are with partners from outside the EU (Malaysia, India, Colombia, Ethiopia) and the Hubs are building meaningful collaborations between UK and international partners and contributing to the government's 'Global Britain' agenda.

Failure to honour the original award contract will lead to redundancies of staff employed on the Hub. These will have hugely damaging effects on the UK's leadership in delivering life-saving water research and innovation.

I hope this information is helpful for your oral evidence session with the Secretary of State for Business, Energy and Industrial Strategy next week.

Yours sincerely,



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The voice of universities

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