



Priorities for the 2020 Spending Review

Wellcome Trust, 24 September 2020

1. Trajectory of the R&D budget

Progress towards the Government’s £22 billion target for R&D should be front-loaded, creating the headroom needed to tackle short-term threats to the UK’s research base.

Our representation highlights several areas within the research system in need of short-term liquidity over the next 12-24 months. This includes association costs for Horizon Europe, and a co-investment fund to support the struggling charity research sector. With the R&D sector facing strong headwinds, we recommend that the Government’s trajectory towards its £22 billion target is front-loaded to allow it to stabilise the sector and invest in its future success.

We recognise that a front-loaded investment trajectory would contradict our recommendation in the 2019 Spending Review for a “sustained and smooth” year-on-year investment schedule to avoid the “adjustment inefficiencies” associated with rapid budget increases.¹ However, the current extraordinary circumstances mean that this additional investment would be flowing into pre-existing, proven systems which have suddenly found themselves with major shortfalls.

This is important to ensure that the R&D budget continues to reflect a balanced portfolio from discovery to applied research and across disciplines, and the major funders of UKRI and NIHR.

2. Future of EU-UK collaboration

The Government should make an explicit financial provision to cover full association to Horizon Europe, which could then be used to support international collaboration via other means if association is impossible.

Knowledge and discovery do not stop at borders, and collaboration through Horizon Europe is a springboard to productive partnerships across the world – not just in the EU. The UK should pursue full association to Horizon Europe, with as few restrictions on access as possible. To support this, we urge Government to make an explicit financial provision to cover the cost of this association.²

In the event that association is impossible, this hypothecated resource could be used to support international collaboration via other means, as set out in the Government’s R&D Roadmap.³

¹ <https://wellcome.ac.uk/sites/default/files/priorities-2019-spending-round.pdf>

² <https://wellcome.ac.uk/sites/default/files/reaching-agreement-uk-participation-horizon-europe.pdf>

³ <https://www.gov.uk/government/publications/uk-research-and-development-roadmap>

The cost of Horizon Europe association should be phased into the R&D budget to avoid cancelling out yearly increases in the allocations.

Association to Horizon Europe would be a significant, multi-year financial commitment from the UK. The exact figure depends on variables including GDP data, exchange rates and administration fees, but we estimate this could total ~£1.9 billion in the first year of association.

Government recently announced a welcome £1.6 billion increase to the BEIS R&D budget in 2020/21, and we hope to see similar ambitious increases in subsequent years. To avoid cancelling out this 2020/21 increase, and potentially undermining future increases, we recommend that Horizon Europe association costs are phased into the R&D budget. This would avoid slowing down the ambitious trajectory of the R&D budget, even if in the longer-term the costs of association are met from within the Government's £22 billion R&D investment target.

3. Life Sciences-Charity Partnership Fund

The Government should allocate £310m of new resource in 2020/21 towards a co-investment scheme with charities to help bridge the sector's projected R&D spending gap.

The pandemic has seen charities' income plummet. As the UK went into lockdown charity shops were closed, fundraising events were cancelled, and donations fell. Members of the Association of Medical Research Charities (AMRC) are reporting a 37% loss in fundraising income, posing an existential threat to the research they fund across the UK.

We lend our full support to AMRC's call for a Life Sciences-Charity Partnership Fund.⁴ This co-investment scheme would provide a level of matched funding from Government for future charity research over the next three years. This would require at least £310m from Government in 2020/21 to bridge the funding gap, helping to preserve charities' vital and unique contribution to the UK's society and economy. We believe this investment should come in addition to the existing R&D allocations for 2020/21, to avoid merely shifting the burden within the system.

4. Fixing the fundamentals of the research system for a stronger future

The ambitions set out in the BEIS R&D Roadmap should be matched with flexible funding to allow the R&D system to adopt a stronger post-COVID-19 operating model. The COVID-19 pandemic has placed major strain on the R&D system and highlighted its fragilities.

A priority for the R&D budget is to transition a resilient, financially-stable operating model that also supports the much-needed culture change described in the BEIS R&D Roadmap.

Quality-Related (QR) funding and its devolved equivalents should expand as part of the Government's plan to substantially increase R&D funding by 2025.

Recent analysis from UKRI, Wellcome and others clearly demonstrates the role QR funding in delivering a dynamic R&D environment.^{5,6} However, the unique nature of the UK's dual-funding system means that there is little data on the perfect balance of QR funding versus grants.

⁴ <https://www.amrc.org.uk/Blog/government-must-act-now-to-save-charity-funded-research>

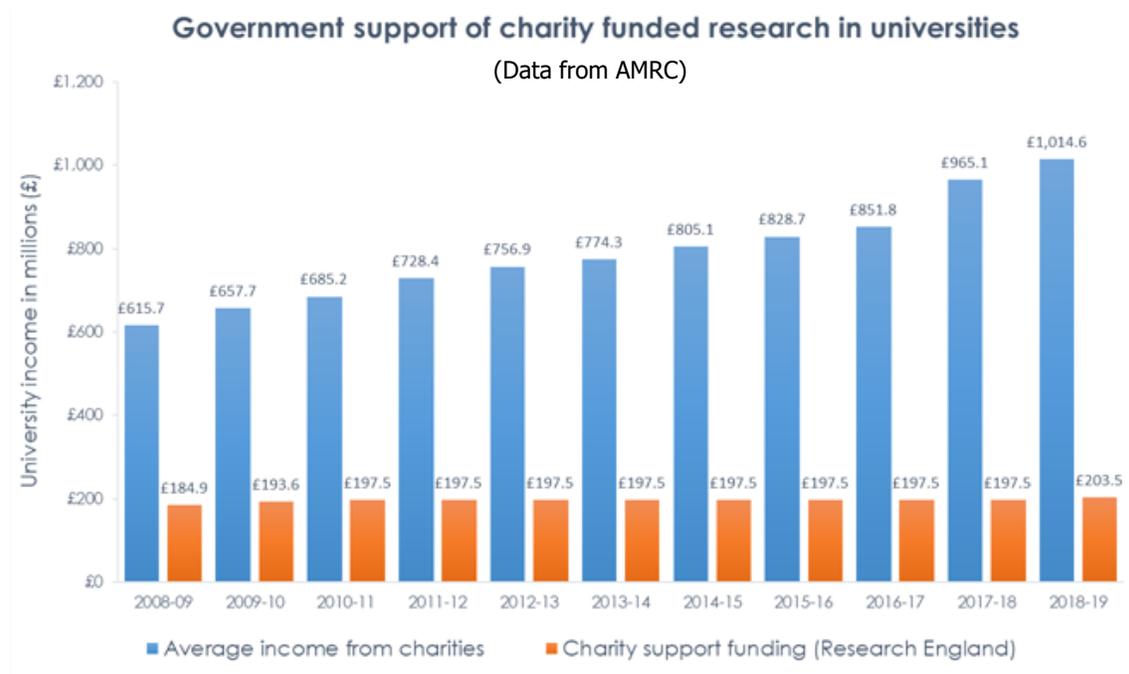
⁵ <https://www.ukri.org/files/policy/ukri-bf-programme-dual-support-use-of-gr-analysis-pdf/>

⁶ <https://wellcome.ac.uk/sites/default/files/empowering-uk-universities-how-strategic-institutional-support-helps-research-thrive.pdf>

In line with the Government’s ambitions to build an innovative, evolving research system, we see justification to experiment with increasing QR allocations and evaluating the impact. There are clear examples of latent potential within the system, and we continue to view QR as an efficient means of devolving investment decision-making to front-line institutions.

The Charity Research Support Fund (CRSF) and its devolved equivalents should transition to an operating model where supply is indexed to demand.

The CRSF and its devolved equivalents support charities to amplify the research impact of public donations. However, they operate on a fixed-pot funding model that has not kept pace with the times and funding levels have hardly varied during a period which has seen huge changes in charity investment. This inflexible model undermines the impact for charities, universities and the public purse. The CRSF model must be responsive to changing circumstances, and underpinned by sound logic.



As a medium-term goal, once the immediate charity funding crisis has been managed, Government should open a dialogue with those involved in the CRSF and its equivalents to explore alternative CRSF models. We believe that the supply of CRSF should be pegged to the ‘demand’ created by charity investment, allowing all partners to ensure that value-for-money is maintained in changing circumstances. An ambitious settlement would require all parties to agree a long-term, sustainable overheads rate that the CRSF should cover. Wellcome has experience of setting such a rate after recently updating our policy for funding R&D outside the UK.⁷

Establishing a stable, demand-led model could help the UK provide a uniquely attractive environment for charitable investment, potentially drawing in a greater share of globally-mobile philanthropy. This could help drive the UK towards its 2.4% of GDP investment target.

⁷ <https://wellcome.ac.uk/grant-funding/guidance/overheads-policy>

5. Leading the global response to COVID-19

To play a leading role in combatting COVID-19, the UK should make an additional one-off commitment of at least £1 billion towards the actions needed to end the pandemic.

Stimulus spending has helped to mitigate COVID-19's economic impacts, but unless an effective treatment or vaccine is found and made available everywhere, the global economic situation will continue to deteriorate. The ACT Accelerator has the largest R&D portfolio in the world and is the only mechanism with the full range of products needed to end the pandemic.

There is a global effort to mobilise \$35 billion to develop and deliver the vaccines, diagnostics and treatments needed. To play a leading role, the UK should commit at least a further £1 billion of funding, in addition to the £388 million already pledged to the ACT Accelerator from the ODA budget. This contribution could buy 440 million vaccine doses, 75 million treatments courses or 140 million tests for low-income countries. The Wellcome team would be happy to discuss the modelling that sits behind these individualised donor country targets.

Mirroring the economic stimulus spending, this additional investment should be viewed as an extraordinary expense and be funded from outside the UK's current research budget.

6. Establishing Britain's new place in the world

Protect and expand the UK's international leadership on global health through R&D, including through the ODA budget.

The UK is beginning to fundamentally rethink its place in the modern world. As an inherently global endeavour, research will be affected by the UK's new global identity and may also be able to contribute towards shaping it.

If the Government's policies are geared towards a clear vision of what 'Global Britain' should mean in the context of research, they could pave the way for the UK's future as a 'global hub' for life sciences and a 'science superpower', as the 2019 Conservative manifesto envisages.

In the immediate-term, we urge Government to:

- Continue to spend Official Development Assistance (ODA) on research for global health challenges, while remaining committed to the 0.7% GNI target. This is important to support the continuation of initiatives such as the DHSC-led Fleming Fund to ensure surveillance capacity and capability on drug-resistant infections in low and middle income countries.
- Maintain high standards for the impact of UK aid by building the evidence base on the effective use of ODA with rigorous project evaluation and transparency on how ODA-funded research responds to low and middle income country priorities.

Attract research talent to the UK by lowering the financial and administrative disincentives.

The Government's Global Talent Visa represents a welcome improvement in the process of bringing research talent to the UK, but its impact will be limited without reforms to visa costs.

The UK is one of the most expensive countries in the world for immigration charges. From October, the Immigration Health Surcharge will increase to £624 per year – meaning that a family of 4 on a 5-yr Global Talent Visa will need to pay more than £13,000 up front to move to this country.

UK charges are more than five times higher than the average for leading science nations.⁸ If the Government is serious about attracting research talent to the UK it should substantially reduce these charges so that they are in line with other competitor countries, and account for any effective cross-subsidy of DHSC to effectively reduce or remove the Immigration Health Surcharge as needed.

The Office for Talent should also be resourced to explore and deliver improvements to the ‘customer experience’ of immigration processes for researchers and their teams, and invest money in improving this. Canada has recently invested heavily in improving immigration services for researchers, and the UK should follow this example.⁹

7. A changing Wellcome

Towards the end of 2020 Wellcome will announce its new strategy which seeks to refocus our own operations for the decades ahead.¹⁰ This will see a radical shift in how we operate as a funder, to ensure we are championing and displaying the transformation we wish to see across the wider sector.

The Strategy will narrow our focus to allow us to deliver greater impact and make the most of Wellcome’s different strengths. Our areas of focus will be Infectious Diseases (including AMR and diseases with pandemic potential), Mental Health, and the Health Impacts of Climate Change. These will be supported by a strong foundation of funding for discovery research.

The scope of each of these areas will be outlined in the coming months, with details on how and where we’ll be seeking to partner with others in the sector. The Strategy has been built on extensive dialogue with institutes and individuals around the world, to understand the most effective routes to delivering impact. More details will be shared in a report due in October 2020, and the team who developed the Strategy would be happy to discuss it further.

For more information on the content of this submission, please contact Ben Bleasdale (b.bleasdale@wellcome.org, 020 7611 8780) at Wellcome Trust.

⁸ <https://royalsociety.org/-/media/policy/Publications/2019/international-visa-systems-explainer-july-2019.pdf> - Note that UK costs have increased further since this paper was published.

⁹ <https://www.timeshighereducation.com/news/canadian-brain-gain-policies-are-bearing-fruit-says-sector-chief>

¹⁰ <https://wellcome.org/what-we-do/our-work/wellcome-science-review-and-strategy>