

# AUTUMN BUDGET 2024 / SPENDING REVIEW – STAKEHOLDER REPRESENTATION

## Summary

### KEY ASKS

- **Support a strong funding environment for research in the UK - including by following through on plans to invest £22bn on R&D in 2026/27**
- **Address the financial instability in universities**
- **Support the new and ongoing costs of world class infrastructure and international collaboration**
- **Remove the barriers to attracting talented researchers to the UK**

## Context: the importance of investing in R&D

The Government should build its strategy for achieving its five missions on the foundations of the UK's world leading R&D sector. Investing in the R&D sector provides excellent value for money – the National Centre for Universities and Businesses (NCUB) estimates that in the UK each £1 of public R&D stimulates between £0.60 to

£1.10 of private R&D investment in the short term, and between £3.09 to £4.02 in the long term.<sup>1</sup> As highlighted by Mariana Mazzucato et al in their report, *Mission-Oriented Industrial Strategy: Global Insights*, “growth requires investment, and the sustainability of national debt depends less on the level of debt than on what the Government is investing in. By investing in drivers of productivity and growth, such as education and R&D, governments can expand the productive capacity of the economy, which can bring down the debt-to-GDP ratio.”<sup>2</sup> By investing in research and innovation, the Government would drive economic growth in towns, cities and regions across the nations contributing towards a healthier, more prosperous future for the UK.

## About the Wellcome Trust

Wellcome is a global research foundation supporting science to solve the urgent health challenges facing everyone. As the largest non-governmental funder of UK research, we've committed to spend **£16 billion to achieve our mission from 2022-2032** and awarded **£820 million to UK institutions in 2023** alone. Our long-standing commitment to science and innovation has enabled new and life-changing discoveries. This includes supporting discovery research into life,

<sup>1</sup> National Centre for Universities and Businesses (NCUB), *Unlocking growth: The impact of public R&D spending on private sector investment in the UK*, (2024)  
[6251 NCUB UnlockingGrowth Report](#)

<sup>2</sup> M. Mazzucato, S. Doyle, L. Kuehn von Burgsdorff, *Mission-Oriented Industrial Strategy: Global Insights*, (Institute for Innovation and Public Purpose, July 2024)

health and wellbeing, and taking on developing solutions to three worldwide health challenges: mental health, infectious disease and climate and health. By maximising the benefits of science for people's health through funding excellent research across science, social science and humanities, we're contributing to a richer research ecosystem that puts innovation and discovery at the heart of the UK's global reputation. Wellcome is committed to partnering with the UK Government to achieve this vision and to realise our shared high ambitions for UK research and its powerful impact in the world.

Wellcome supports more researchers in the UK than anywhere else and the UK is one of the best places in the world to do research. Despite the difficult fiscal situation, the Government must signal that it acknowledges the potential of R&D to lead to a healthier future for everyone by improving life, health and wellbeing, and stimulating growth. Failing to seize the opportunities that investing in R&D offers will risk large amounts of private investment leaving the UK in search of more ambitious, stable, and generous investment environments and will have long term deleterious effects on the health and wealth of the nation.

Wellcome's submission focuses on how the Budget and Spending Review should support a strong enabling environment for R&D in general and concludes with proposals that will help

address the global health challenges that Wellcome focuses on.

## Supporting a strong enabling environment for R&D in the UK

### 1. Sustain a strong funding environment for research

Concrete public spending commitments for R&D in the short term, and ambitious goals in the longer term, will provide a strong signal that businesses and globally mobile philanthropies need to increase their own investment in R&D and help attract the most talented researchers to the UK.

For the 2024/25 and 2025/26 Budget, the Government should:

- **Follow through on plans to increase R&D investment to £22 billion in 2026/27**, with staged increases over 2024/25 and 2025/26 to meet this. The previous Government originally promised to reach this level of spending in 2024/25, and then delayed its commitment by two years at the last spending review. A second delay now would send exactly the wrong message to businesses and philanthropies. Following through would be a clear signal of intent that the Labour Government is serious about investing in R&D and building on the UK's strategic advantage to ensure healthier and more prosperous nations.

- **Create long term funding cycles for R&D**, based on the proposal in the Labour Manifesto. The Government should always have a rolling long-term plan for spending, regardless of the timing of Budgets and Spending Reviews. It is important that UKRI are included in this as the major conduit for public spending on research, rather than just selected individual institutions. Funding cycles must also ensure that planning figures are a ‘floor’ and not a ‘ceiling’, to protect the value of funding from being eroded over time by external factors like inflation. Wellcome has taken this approach by setting out its commitment to invest £16bn in R&D over 2022-2032; this is a minimum as a strong statement of intent, and if economic conditions allow then it can be increased.
- **Develop plans to help attract more globally mobile philanthropy to the UK.** The UK has a vibrant charity sector that invests large amounts in R&D, and this could be bolstered further by dedicating funds to leverage funding from global philanthropies that support research. Wellcome would be happy to work

with the Government to explore mechanisms for this.

For the longer-term Spending Review period, the Government should:

- **Set a long-term target to make the UK the most research-intensive nation in the G7.** The US currently leads the G7 in R&D intensity, with public and private investment amounting to almost 3.5% of GDP, followed by Japan (3.27%), Germany (3.13%) and the UK (2.9–3%).<sup>3</sup> While R&D spend has increased in recent years, public R&D spend in the UK is markedly lower than peer countries placing 27th of the 36 OECD countries.<sup>4</sup> For this aspiration to be long-term and sustainable, the Government should set out a plan that sustains and steadily increases R&D funding over a longer period, ultimately with the goal to lead the G7 in R&D intensity. Taking a consistent, long-term approach to funding would sustain the UK’s strategic advantage and underpin its ability to address the biggest challenges facing the UK and the world.

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<sup>3</sup> House of Commons Library. Research and Development Spending. 11 September 2023. Accessed via: <https://commonslibrary.parliament.uk/research-briefings/sn04223>

<sup>4</sup> Open Government License. *Independent Review of the UK’s Research, Development and Innovation Organisational Landscape: Final Report and Recommendations*. March 2023. Accessed via:

<https://assets.publishing.service.gov.uk/media/6409fda2d3bf7f02fef8832b/rdi-landscape-review.pdf>

## 2. Address the financial instability in universities by improving cost recovery on research grants

A failure to increase and stabilise the investment streams of UK Higher Education Institutions (HEI) is increasingly leading to financial precarity in research and across universities more broadly. According to the Office for Students, 40% of providers are forecasting a deficit in 2023/24.<sup>5</sup> The financial health of HEIs should be prioritised as they are a vital catalyst of growth in local areas, providing jobs and research outcomes that support the Government's mission of economic growth across the entire nation.

Research in universities is funded, in part, by external funders such as government and charities, and partly by universities themselves, drawing on income from other sources. For many years, UKRI has aimed to cover 80% of the full economic of research, but TRAC data suggests that cost recovery on research council grants is currently at 69%.<sup>6</sup> Ensuring that 80% of the Full Economic Cost (FEC) of research is met will help HEIs rely less on volatile funding streams, such as international student fees, as a means of cross-subsidising research. This in turn will help to reduce financial precarity.

Moving away from reliance on volatile and unpredictable funding streams will also remove the unpredictability in financial planning, allowing HEIs to make decisions based on strategic alignment and not financial survival.

Through the Budget, the Government should:

- **Develop a funded strategy, alongside universities and research funders, for ensuring that 80% of the full economic costs of research funded by research councils are met.** UKRI is currently working to understand why this target is not being met and, alongside diagnosing the problem, steps now need to be taken to fix it. This strategy should be a collaboration between the Government, universities and research funders to understand their respective roles and responsibilities and what they need to run strategically and effectively.
- **Commit to improving the Charity Research Support Fund (CRSF) to ensure that 80% of the full economic costs of charity research are also met.** £16 billion was invested in UK medical research by AMRC charities over the last 10 years.<sup>7</sup> The CRSF, set up two

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<sup>5</sup> Office for Students, *Financial Sustainability of Higher Education Providers in England*, [Financial sustainability of higher education providers in England 2024 \(officeforstudents.org.uk\)](https://www.officeforstudents.org.uk/publications/financial-sustainability-of-higher-education-providers-in-england-2024), (2024)

<sup>6</sup> Annual Trac 2021-22: Sector Summary and Analysis by TRAC Peer Group, [Annual TRAC 2021-22: Sector summary and analysis by TRAC peer group \(officeforstudents.org.uk\)](https://www.officeforstudents.org.uk/publications/annual-trac-2021-22-sector-summary-and-analysis-by-trac-peer-group), p19

<sup>7</sup> Association of Medical Research Charities, *Bolstering Charity-University Research Partnerships*, July 2024  
<https://wellcomecloud.sharepoint.com/sites/teampolicy/Policy%20lab/A2%20-%20Sustainability%20of%20funding/24.07.16%20AMRC%20Bolstering%20Charity-University%20Research-Partnerships%20CRSF.pdf>

decades ago by the previous Labour Government to support charity funded research, has been allowed to stagnate since then and has not kept pace with increases in charitable spend on research. The declining CRSF threatens the sustainability and viability of charity-university research. Wellcome supports the Association of Medical Research Charities (AMRC) ask that Government ensures the CRSF keeps pace with increasing charitable funding. Without the Government's long-term commitment to the CRSF, charity funding for life-saving research will not go as far, will be less productive, and will continue to contribute to the financial precarity of universities. Wellcome is keen to work with the Government to find innovative solutions to this problem, recognising that Wellcome is a significant funder.

- **Increase QR (Quality-related) research accordingly.** Changes to the CRSF, as a component of QR, need to be matched by increases to QR funding itself. The balance of the dual support system has been eroded over time and needs to be reset. In real terms, QR has declined by 9% since 2010.

### 3. Support the new and ongoing costs of world class collaboration and infrastructure

Infrastructure in this context includes both digital and physical and encompasses labs, databases, and biological samples. For the UK to be an attractive place for scientific investment and talent, the infrastructure for great research to take place must exist. A great example of this is the European Molecular Biology Laboratory (EMBL) – European Bioinformatics Institute (EBI) data resources which contributed to the wider realisation of research impacts conservatively estimated to be worth some £2.2 billion annually from a total annual expenditure of £100 million.<sup>8</sup>

In the Budget, the Government should:

- **Commit to continue supporting critical research infrastructure, like Diamond Light Source, population health research platforms (eg UK Biobank, Our Future Health) and research data platforms, at the levels previously agreed,** to enable these world class facilities to continue to drive innovation and support UK scientific research.
- **Follow through on the £200M investment announced by the previous Government to implement Trusted Research**

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<sup>8</sup> EMBL-EBI, *Data Driven Discovery: The Value and Impact of EMBL-EBI Managed Data Resources*, (2021) [EMBL-EBI-impact-report-summary-2021.pdf](#)

**Environments (TRE) in the ‘Data Saves Lives’ strategy**, published in response to the 2022 Goldacre Review, given public engagement suggests people are more comfortable with TREs than other models of health data access.<sup>9</sup>

For the longer-term Spending Review period, the Government should:

- **Set out a clear plan and timeline for returning ODA spending to 0.7% of GDP**, including continued prioritisation of R&D within this, to allow the UK to work closely with the global community on cutting-edge research and development.
- **Earmark funding for the UK’s association to EU Framework Programme 10 in 2027.** The Government should commit to assessing the benefits of association as the Programme is designed in the coming years and allocate funding from 2027 in anticipation of joining.

#### 4. Remove the barriers to attracting talented researchers to the UK

The Government should prioritise attracting and retaining the best talent to work and live in the UK. This should include a focus on improving the research environment and removing barriers to working in the UK.

In the Budget, the Government should:

- **Allocate additional funding to UKRI so researchers can flexibly expense upfront visa costs as part of UKRI grants**, including applying for visa costs for staff that are employed after the initial application. UK visa costs for researchers are 21x higher than France (Talent passport for researchers), 34x higher than Germany (Scientific visa), and have increased by 126% since 2019, while other countries have made theirs cheaper. Despite the current tone of political discussion around immigration, polling conducted by CaSE suggests 52% of people would prefer universities in the UK to recruit the best global talent even if that means more immigration to the UK. The research workforce is vital to cutting-edge discoveries and driving growth in the sector and a failure to attract talent will lead to a failure to realise the economic and social potential that R&D can offer across the UK.

For the longer-term Spending Review period, the Government should:

- **Reinvigorate the R&D People and Culture Strategy (2021) and allocate funding for implementation:** the R&D People and Culture strategy vowed to unleash a new wave of talent, attracting, developing and retaining diverse people with the right skills for R&D. Much of this will still be

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<sup>9</sup>[‘What words to use when talking about health data: rapid evidence review’](#), Understanding Patient Data, p.5-6

relevant but action is needed to drive changes. The Government should review the People and Culture Strategy to ensure it is still fit for purpose, and develop a refreshed action plan and timetable to follow through on this.

## Supporting the UK to solve global challenges

Alongside supporting a broad base of discovery research, Wellcome's strategy focuses on three global health challenges that threaten to undermine efforts to improve health for decades to come – the effects of mental health issues, escalating infectious diseases, and climate change. These issues limit life for people of all ages in all parts of the world, including the UK, and can devastate communities for generations. Wellcome is making significant commitments to supporting research towards equitable and accessible solutions.

There is also a need to ensure the underpinning global health system is as efficient, effective and equitable as possible in driving progress across health challenges. The UK government should seek to make necessary changes in its behaviour, risk assessment, funding conditions, and accountability requirements to create an enabling environment for the realisation of the five shifts set out in the Lusaka Agenda, in line with their existing

commitments to aid and development effectiveness. By doing so Government can ensure the impact of available resources is maximized, while accelerating change to meet the challenges of the future and deliver universal health coverage.

Wellcome and the UK Government can work together on these three challenges:

1. **Mental Health:** Wellcome is the largest non-government funder of mental health research globally, and is working to transform the ability to intervene as early as possible in mental health problems that affect millions of people across the UK. We are funding research into the development of new and improved early interventions for anxiety, depression, and psychosis. By building on the UK's unique strengths in mental health science and innovation, we believe transformational action to increase access to new and improved therapies is possible, with an opportunity for the UK to occupy a global leadership role on mental health within this Parliament. In the UK, only 6.1% of the health research budget was spent on mental health, and funding has remained largely unchanged for a decade.<sup>10</sup> Despite this, there is an exciting pipeline of discoveries that point the way to new

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<sup>10</sup> Baker, K, & Kirk-Wade, E. (2023). [Mental health statistics: prevalence, services and funding in England](#). House of Commons Library [accessed 18 03 2024]

and better interventions reaching the market within the next five years.

In the Budget, the Government should:

- **Create a new mental health innovation fund, to act as a pathfinder for the role of research in a prevention and community-focused NHS.** We would be interested in exploring a partnership to develop an outcomes focused fund that draws from the latest evidence to enable pull-through of new and improved interventions. In doing so this fund can model a new way of integrated research in a reformed NHS by focusing on prevention of problems before they escalate for the need for specialist help, use of community resources and better use of digital interventions to reach patients at scale.
- 2. **Climate and Health:** Wellcome's aim is to ensure that health is a key consideration in climate change policy. Climate change is already creating intolerable health risks in the UK, as it is globally, furthering existing health vulnerabilities, and placing further pressure on the NHS and other public services. In addition to individual and societal harm, the health impacts of climate change also have a significant economic cost, with heat-related mortalities and related socio-

economic change in England estimated to cost £6.8bn per year in total in the 2020s. The Government should accelerate climate action at home and abroad in order to protect human health, and keep global temperature rise to 1.5C.

The COP29 summit in Azerbaijan is an opportunity to put health at the heart of climate change negotiations. We welcome reports of the UK's intention to announce a revised Nationally Determined Contribution; it is essential that this is aligned with 1.5C, prioritises health outcomes and recognises the health co-benefits of climate solutions. The UK should champion an ambitious New Collective Quantified Goal at COP29 to ensure that all countries are resourced to prioritise climate action. In addition, the UK should ensure that climate finance discussions recognise the UK's role in underpinning human health and health systems globally, and that the UK's provision of climate finance is optimised to improve physical and mental health outcomes.

In the Budget, the Government should:

- **Commit to a refresh of the National Adaptation Plan 3, ensuring it addresses the implications of climate impacts for health and wellbeing.** NAP3 does not adequately respond to

the climate impacts on health which are identified under the Climate Change Risk Assessment. Further ambition, cross-government action and financial resources within national adaptation planning is critical to avoid the worst climate impacts and to build a resilient society across the UK.

- **Provide support for the UKSHA to address research gaps identified within their Health Effects of Climate Change report.** For example, developing further evidence on health benefits, co-benefits and trade-offs to support decision makers in planning and prioritisation of objectives.
  - **Commit funding to address the recommendations identified by the Climate Change Committee in their recent 2024 Progress Report to Parliament.**
3. **Infectious Disease:** Wellcome's focus is on achieving the long-term outcome of a 'reduced risk and impact of infectious diseases' by targeting the factors leading to escalation.

In the Budget, the Government should:

- **Commit further funding for the Pandemic Fund.** We commend the support from the UK in the early establishment of the Pandemic Fund, alongside

partners including the Wellcome Trust. A pledging moment for the Fund is expected in October 2024, and the ongoing support of donors, including the UK, will be critical to sustaining the collective commitment that the Fund represents to epidemic and pandemic preparedness, prevention and response, as well as incentivising country recipients to increase national investments. The ongoing US-centred outbreak of H5N1 in farm animals, and the recent rapid escalation of a long-running mpox outbreak in southern and central Africa, have highlighted the paramount importance of sustained investments in such mechanisms to mitigate escalating global disease threats.

- **Protect the further investment in the Fleming Fund of £210m to 2025 committed in the 2022 Spending Review.** The Fleming Fund supports low- and middle-income countries to tackle antimicrobial resistance (AMR) through improving surveillance capacity.