

FLEXIBLE RESEARCH FUNDING: THE FOUNDATION OF LABOUR'S SCIENCE AND GROWTH AMBITIONS



Introduction

At the end of the last Conservative Government, overall public R&D spending had increased but had not yet reached the stated goal of £22 billion annually.[1] Under Labour, public R&D investment is set to exceed that target, reaching £22.5 billion a year by 2029/30.[2] UKRI funding is also set to rise, reaching almost £10 billion annually by 2030.[3]

Scientists for Labour welcomes this direction of travel. It reflects the importance of science, innovation and technology to Labour's growth mission, industrial strategy and public-service ambitions.

However, headline R&D totals are only part of the picture. The UK's ability to deliver on AI, quantum, life sciences, clean energy and other strategic priorities depends on a strong, sustainable and flexible research base: universities' capacity to support early-stage ideas, retain technical staff, maintain facilities and respond quickly to new opportunities.

Why Flexible Research Funding Matters

Government taking a stronger role in strategic priority setting for research can be of great benefit, and we welcome the intention to prioritise frontier technologies. However, these priorities work best when they sit atop a strong and flexible research base.

It goes without saying that many technologies now central to the UK economy emerged from research environments, and Quality-Related research funding provides universities with flexible funding linked to research quality. Unlike project-specific grants, it allows institutions to support early-stage ideas, maintain research capability between funding rounds, invest in facilities, respond to emerging opportunities and retain researchers, research software engineers, technicians, data infrastructure and others whose expertise cannot easily be sustained through short-term project grants alone.

Flexible research funding also supports the UK skills pipeline. Many people trained through university research do not remain in academia: the Royal Society notes that a large number of PhD students pursue careers outside the sector, taking transferable research skills into organisations across the economy[4]. HESA data similarly show that 81% of employed UK science graduates are in highly skilled occupations[5]. Weakening the university research base therefore risks weakening the supply of highly trained workers needed by strategically important sectors, including AI, engineering, advanced manufacturing, energy, defence and medical technology.

This funding is therefore absolutely vital to the ambition of the Government. Early-career researchers, data specialists, research software engineers - all roles that are important for a robust research ecosystem - can be very difficult to maintain in sufficient numbers if funding is allowed to remain too tightly coupled to specific projects. We must, therefore, be very cautious about treating QR funding as a 'nice to have'. QR funding should be recognised as essential national research infrastructure, rather than discretionary institutional funding.

The Pressure Point

The real-terms value of Quality-Related research funding in England has fallen by 16.5% since 2010. [6] Research England's 2025/26 settlement maintains the separate elements of QR funding at 2024/25 cash levels, which provides nominal stability but does not reverse the long-term erosion in real value.[7]

There are also pressures on related capacity funding. Research England funding for national facilities and initiatives fell from £86m to £80m in 2025/26, while Connecting Capability Fund-RED fell from £28m to £9m, though the latter partly reflects existing projects coming to an end.[8]

This sits within a wider financial squeeze on universities. The Office for Students estimates that, without mitigating action, 119 higher education institutions - **42.7% of the sector** - could report deficits in 2025/26[9]. At the same time, public research grants often do not recover the full economic cost (FEC) of research, requiring universities to cross-subsidise research activity from other constrained income streams.[10]

The Key Question(s)

The key policy question is not whether the UK should invest in strategic technologies. It should. The question is whether the flexible research base that underpins those technologies is being protected strongly enough to deliver them.

MPs may wish to ask ministers:

- What assessment has the government made of the growing gap between the full economic cost of publicly funded research and the proportion recovered through UKRI and other public funders?
- How will the Government ensure that QR and other flexible research funding are protected in real terms alongside targeted mission funding?
- How will UKRI allocations balance discovery science, applied research and strategic technology priorities?
- What assessment has been made of the impact of real-terms pressure on QR funding on early-career researchers, technicians, research software engineers and data specialists?
- How will the Government ensure that AI, quantum and other priority sectors have the underlying skills pipeline they need?
- How will mission-led R&D investment strengthen regional university research capacity, rather than concentrating opportunity in a small number of already well-resourced institutions?

We welcome engagement with MPs on these topics. Please email us at exec@sfl.org.uk if you would like to discuss further.

With thanks,

Scientists for Labour Executive Committee

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