



CYMDEITHAS DDYSGEDIG CYMRU THE LEARNED SOCIETY OF WALES

Response to the Senedd Finance Committee's inquiry into the Welsh Government draft budget 2024–25 24 November 2023

1. The Learned Society of Wales is the national academy for arts and sciences. Our Fellowship brings together experts from across all academic fields and beyond. We use this collective knowledge to promote research, inspire learning, and provide independent policy advice.
2. We welcome the opportunity to submit information to the Senedd's Finance Committee in advance of Welsh Government tabling its draft 2024–25 budget proposals later this year.
3. We appreciate that high inflation, the cost-of-living crisis, and tightened budgets necessitate difficult funding decisions, but research, development and innovation funding is not a luxury – it is a proven lever for economic growth and the activities it supports contribute to solving the significant challenges that society faces.
4. The Learned Society of Wales recently commissioned an analysis of all the impact case studies submitted from Welsh universities to the Research Excellence Framework 2021¹. The report includes multiple findings that underscore the depth and breadth of the vital contributions made by Welsh university research. For example, 70% of the reported research has had a direct impact within Wales. A quarter of the research impact benefitted children and young people, with a total of 25 different groups of people benefiting, from families to carers, policy-makers to the elderly. On the economic front, a third of the case studies illustrated the tangible financial outcomes of Welsh research, including job creation and income generation showing how our universities, working with industry partners, can fuel economic progression. When considering partnership working, 94% of the case studies underlined the role of external partnerships, from international organisations to charities, and business to government. The report also identifies the significant drive towards improving processes and practices, with 85% of the case studies citing enhancements in key sectors, notably health, education, and public administration.
5. In November 2021, the Welsh Government published their five priorities for research, development and innovation². To achieve their priority of addressing historic underfunding from external sources, the Welsh Government's budget for 2024-25 should recognise the vital importance of the core research funding that only they can provide through HEFCW (CTER as of 1 April 2021).

¹ [Learned Society of Wales showcases the transformative power of Welsh university research - The Learned Society of Wales](#)

² [Written Statement: Five priorities for research, development and innovation \(23 November 2021\) | GOV.WALES](#)

6. Research funding in the UK is provided via the 'dual support system' which includes two separate but intertwined funding streams; Competitive project funding from external sources, and funding provided by the national funding bodies (HEFCW in Wales). The funding from bodies such as UKRI, charities, industry or other government agencies is for defined, time-limited research projects and is highly competitive amongst all UK institutions. The research funding provided by funding bodies such as HEFCW is called Quality Research (QR) funding, and provides a source of un-hypothecated funding to enable institutions to invest in the underpinning infrastructure needed to support bids for competitive funds. It is therefore the investment that ensures that Welsh universities have the capacity and agility to compete with universities across the UK for a share of research investment from external sources.
7. The UK government has committed to protecting the growth of research and innovation investment. 2022 saw the UK Government recommit to investing £20 billion a year by 2024-25 in Research and Development activity, representing an increase in spending of 35% from the 2021-22 levels. UKRI budget allocations for 2023-24 to 2024-25 totalled in excess of £17.2 billion. In 2020-21, UKRI invested £125 million in the Welsh research and innovation sector, roughly 1.4% of the total allocation.³ It is therefore it is crucial that sufficient levels of funding are invested by the Welsh Government to ensure competitiveness.
8. Core funding allocations in the Welsh sector have lagged behind the rest of the UK in the past. Additional one-off funding in 2021-22 saw Wales catch up with other nations, but in 2022-23, QR and the Research Wales Innovation Fund have seen no real-terms uplift, and remain at £81.7 million and £15 million respectively. In England, Research England increased their QR budget by 10% in 2022-23 and again by 10% in 2023-24; the Higher Education Innovation Fund (HEIF) also increased by 13% in 2022-23. This creates a significant challenge for Welsh universities as they transition towards a more competitive funding environment. Higher Education research in Wales needs to remain competitive with that in England, in order to draw down funding from UK-wide funding rounds.
9. Furthermore, the loss of structural funds is a major concern for research and innovation in Wales. Structural funds have supported the development of research capacity from a comparatively low base – in terms of both talent and infrastructure – and have increased Wales's collaborative potential. The UK Shared Prosperity fund has not provided an equivalent replacement programme of funding, which makes core funding even more crucial to help maintain Wales's research base.

For further information please contact lsw@wales.ac.uk

³<https://public.tableau.com/app/profile/uk.research.and.innovation.ukri./viz/GeographicalDistributionofUKRISpendin2019-20and2020-21/UKRISpend>