

**Labour's Industrial Strategy Consultation  
Response from Alzheimer's Research UK, February 2017**

**1. Where is the UK strongest in R&D and where do we need to improve? How can tax and other incentives and financial and structural support strengthen our R&D performance?**

The UK's medical research sector is extremely strong, with the UK currently a world leader in dementia research, and the supporting medical research charities in particular could strengthen our R&D performance.

Charities not only fund research, but represent the end users – patients - and often fund high-risk early research and research on rare diseases and in areas of unmet need. Charity investment in R&D has a significant impact on the UK economy. Every £1 of public or charity investment in medical research generates annual monetised health benefits of 10p in perpetuity as well as additional spill over benefits.

In 2015, members of the Association of Medical Research Charities (AMRC):

- Invested over £1.4 billion of research funding in the UK - more than either the Medical Research Council or National Institute for Health Research;
- Made capital investments of £129 million in the UK;
- Contributed to the knowledge economy by funding the salaries of over 15,000 researchers in the UK;
- Funded around a quarter of non-commercial research in the NHS; and
- Recruited 190,000 patients into charity funded trials, 10,000 more than in 2014

We know that R&D tax credit schemes for businesses have been successful in incentivising investment in R&D. However, these R&D tax credits are designed for businesses and not for charities. Charities, such as ourselves, are increasingly acting like businesses and collaborating with the private sector to fund vital work such as in the field of dementia prevention and treatment.

In the last 5 years:

- Funding from medical research charities leveraged over £70m in funding from UK and international industrial companies;
- Researchers funded by nine AMRC charities (including Wellcome Trust) reported creating over 60 spin out companies; and
- Researchers funded by our charities have contributed to the production of 300 medical products including drugs, medical devices and cellular and gene therapies for therapeutic intervention, diagnostic tools for imaging and medical devices.

Extending the principles of R&D tax credit policies would help to drive medical research charity investment. It is important to note that charities will reinvest any monies received back into research.

Combined public and charitable funding for health research in the UK has continued to increase in the last ten years, with an annual increase of almost £130 million. However, the pace of increased investment has slowed considerably in recent years. The threat of stalled

growth could have significant negative impacts on the knowledge capital in the UK if global competitors become more attractive to researchers, but it could also slow the development of important treatments and delay their social and economic benefits.

In addition, there are significant near term benefits to investing in medical research, including dementia. Every £1 spent by the Government on R&D increases private sector productivity by 20p every year. In areas like dementia, where private investment has historically lagged and in recent years there has been significant disinvestment, public investment drives other funders into the field and creates opportunities for economic benefit even before a treatment is found.

The CRSF enables medical research charities, such as ourselves, to fund research in world-leading universities in England. Since 2010 the CRSF has been fixed at £198 million per annum; a real-terms decrease of £38.7 million over 6 years. This means that researchers in universities in receipt of charity-funding are facing significant shortfall and the sustainability of medical research charity funding is being put at risk.

We ask that the Government ensures the Charity Research Support Fund is increased in line with inflation. This would enable the CRSF to increase to £264 million by 2020/21.

**2. How can we harness Britain's higher education sector to help meet our industrial goals? How can current research funding arrangements for universities be improved so that they better serve these goals? How can we strengthen the transition from research to marketability?**

Leaving the EU provides the UK with the opportunity to amend VAT rules on sharing of facilities for research - this would promote more industry-academia collaborations and attract further investment in UK science.

**3. What is the likely impact of Brexit in the short, medium and long term, and how should an industrial strategy respond?**

The future has new uncertainties and challenges for the research landscape. The impact of Brexit on the research community is unclear. There is understandable concern that as a net beneficiary of EU funding, the UK research field could lose significant levels of funding in the future. A recent survey of dementia researchers by Alzheimer's Research UK indicated that 60% of respondents had great concern that Brexit would result in a loss of access to EU research funding. There is currently uncertainty about how UK scientists can be involved in EU grant applications and EU scientists who are currently carrying out valuable research in the UK may be concerned about their futures. The UK currently plays a leading role in many EU research projects – for example the UK has the highest number of managing entities of any EU country within the Innovative Medicines Initiative. This demonstrates the significant leadership role and contribution of UK institutions to the broader European research landscape.

In addition, part of the UK's strength in the dementia research field is through the range and diversity of its international collaborations. European collaborations represent a significant component of these relationships, and support will be needed to ensure they are maintained after Brexit. However, there are numerous collaborations that extend beyond Europe, and which potentially could be strengthened as a result of Brexit. Ultimately international collaborations are likely to be a key aspect of finding a treatment or cure for dementia, and as such, need to be nurtured and supported regardless of the political landscape.

Some 26% of academic staff in UK universities are non-UK nationals, filling essential functions within the research environment. Academic and industry employer groups have voiced serious concern over current immigration policy for non-EU citizens, particularly in light of skilled worker caps and issues within the existing visa system. The UK must support mobility for those who contribute to the advancement of science and research to maintain the UK's world-leading environment. While there is an opportunity to address migration issues for both EU and non-EU staff in research settings, it must be achieved with minimal burden or disruption for those EU nationals already engaging in research in the UK.

#### **4. How can we improve the quality and quantity of apprenticeships?**

As an apprenticeships levy payer, ARUK is committed to employing apprentices to further the work of the charity. However, under current levy rules, ARUK is restricted from employing apprenticeships in our dementia research projects as our funding model means that our researchers are not employed by us directly. ARUK researchers are employed by the University and the university receives ARUK funding for that researcher. Under current apprenticeship rules STEM framework pathways, the current government-funded adult rate will be raised by 40% at Level 2, 80% at Level 3 and above. These are the lab technician, lab scientist level that we need extensively in our laboratories. However, because of our model we are only allowed to transfer 10% of our levy to our supply chains and therefore miss out on developing much needed higher level STEM skills, which we know there is a shortage in in the UK and which could well be exasperated post Brexit with possible restrictions on labour movement. We believe there should be some flexibility around these rules to allow for models such as ours.

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