Research at risk: impacts of financial constraints on UK universities

Executive summary

The UK is a global leader in research and innovation, with excellent research happening across the country, as evidenced by REF 2021 data. This strength is also recognised by the public: polling by Campaign for Science and Engineering (CaSE) finds that 69% of Britons think that the universities in the UK are some of the best in the world and the same proportion see this as an important strength for the UK. Research from London Economics further highlights the impact, estimating that university research contributes £54 billion to the UK economy, including through improved private sector productivity.

However, recent member survey data set out in this briefing from both Universities UK (UUK) and the Association of Research Managers and Administrators (ARMA) show that some R&D activity in UK universities is already being eroded due to sustained financial pressures. TRAC data already shows that the full economic cost (FEC) of research is not met by research income, and it is clear that the real terms value of quality-related (QR) funding has fallen over the past decade. Within this context, survey data points to a growing number of institutions reporting reductions in research and knowledge exchange activity, staffing capacity and investment in infrastructure – with many indicating they are considering further cuts in the near future. The pressures on funding mean that universities risk becoming increasingly unable to pursue excellent research or knowledge exchange that is either underfunded or high-risk to support. Meanwhile, survey evidence that universities are backing away from charity-funded research, which is vital for sectors such as the life sciences, the humanities and medicine, is also worrying, as it risks narrowing UK funding sources and research areas in ways that may not be in the national interest.

Institutions are not standing still in this financially challenging context. They are taking forward efficiency measures at every level, from working with UKRI to streamline funding assurance processes to collective procurement and greater collaboration in managing and sharing high-cost research infrastructure, to name just a few examples. Sector bodies such as UUK and ARMA are also engaging with DSIT and UKRI to reduce

bureaucracy and unlock further efficiencies. Earlier this year, UUK's Transformation and Efficiency Taskforce identified sector-wide actions for universities to take to increase efficiencies, with much more activity expected in the months and years ahead.

In this context, the upcoming R&D funding allocations from government are crucial. To safeguard the UK's research base and maintain its global competitiveness, it is essential to put university research and knowledge exchange on a firm financial footing. A key part of this is protecting the real terms value of QR funding and its equivalents in the devolved administrations, which allows institutions to respond strategically to emerging challenges and sustain research excellence across disciplines.

Context and background

The UK's universities are a national asset, internationally renowned, and play a pivotal role in the R&D and innovation landscape. They are a crucial component in a thriving research and knowledge exchange system and generate significant benefits for the UK, driving economic growth across the country, teaching tomorrow's skilled workforce and providing a focal point for regional innovation clusters. The total economic impact of higher education research is more than £54 billion. This includes £40 billion from improved private sector productivity, and £14 billion from the impact of higher education sector spending on research. This has been recognised by the government in the Industrial Strategy, and the recent spending review set out how R&D is a crucial part of the government's ambitions for economic growth. The spending review set a tangible financial commitment to support R&D and sent a clear message of confidence in UK research to national and international stakeholders. A thriving R&D system will be critical for the government to deliver on its missions, succeed in growing the Industrial Strategy (and other economic) sectors, and meet its ambitious objectives for national renewal.

The contribution of universities to the UK's global standing is also recognised by the public – CaSE research has found that a majority (69%) think that the universities in the UK are some of the best in the world, with the same proportion of people regarding this as an important strength for the country.[1]

[1] CaSE Public Attitudes to R&D and the General Election 2024, CaSE (June 2024)

Universities are also an important part of the public's connection with, and appetite to hear more about, local R&D. CaSE public opinion research has shown that, for those who associated their region with R&D, universities were the main reason for this connection. Further, participants in CaSE focus groups describe university R&D as altruistic and universities are seen as inherently global and collaborative.[2]

Universities often act as a focal point and anchor for regional research institutions and clustering of expertise. In establishing a network of research organisations, universities help bring in funding to collaborative research that individual businesses or R&D delivery partners, such as NHS Trusts, would otherwise be unable to access. Universities also have a vital role as a neutral arbitrator in supporting local businesses to collaborate rather than compete.

However, universities continue to face significant financial pressures. To effectively maintain and grow their vital role in the R&D system, be a cornerstone of the new Industrial Strategy, and act as major local employers, they need sustainable funding.

As highlighted by OfS TRAC data, the full economic costs of grant funded research activity are increasingly not met by research-related income, requiring cross-subsidy from other areas of university activity. At the same time, the real terms value of QR funding has fallen over the past decade. As overall cost-pressures have increased, some universities are being forced to scale back on research activity. REF data shows that research excellence can be found in all corners of the country. Allowing any area of university R&D to atrophy even in the short term therefore risks hampering our world-leading capabilities and contributions to economic growth. This matters because, once expertise is lost from the UK, it can be very hard to rebuild.

Furthermore, many of the decisions we show throughout this briefing are being taken by institutions in isolation and there is little understanding of the collective impact of these decisions across the UK. A lack of sector stewardship at a UK level could lead to serious unintended consequences such as a complete loss of expertise or knowledge in certain R&D disciplines or in certain areas of the UK. The UUK Transformation and Efficiency Taskforce has recommended that 'Government should work collaboratively with the sector to create a funding and regulatory framework that is more supportive of collaboration, addresses gaps in sector stewardship and creates a cohesive system in which higher education and research, policy and funding levers are better aligned'.

[2] CaSE Public Attitudes to R&D and Universities, CaSE (April 2023)

We are already seeing evidence of the potential impact of individual decisions – for example, university chemistry departments are closing at an accelerating rate.[3] These closures are leading to the emergence of 'cold spots' of entire regions, such as East Yorkshire and the Humber and North Wales, where there is no university offering chemistry within a reasonable travel time.[4] Provisional analysis of the HESA staff record shows that, since 2019/2020, the overall number of academic staff on research only contracts has fallen by around 3%, with sharper declines in some strategically important areas. Within this:

- Biological, mathematical and physical sciences have seen a 4% decrease in staff FTE (driven by reduction in earth, marine and environmental sciences, biosciences, and chemistry).
- Engineering and technology has seen a similar 4% decrease (particularly in mineral, metallurgy and materials engineering, and electrical, electronic and computer engineering).
- Medicine, dentistry, and health have seen a 2% decrease, centred on clinical medicine.

Independent work for UUK, carried out by KPMG, has considered various potential contributing factors to decreases in staff count, including long-term increases to pay, a sudden increase in employer pension costs in 2019/20 for those institutions required to use the Teachers' Pension Scheme, and the lingering impacts of the covid-19 pandemic. However, given the role of life sciences, advanced manufacturing, clean energy, and digital technologies as growth-driving sectors, these statistics will need continued interrogation and monitoring.

The impact of financial sustainability on research activity: UUK and ARMA member survey findings

Both UUK and ARMA conducted surveys of their members on the impact financial constraints were having on research and knowledge exchange activity first in spring-summer 2024 and again in March-April 2025[5]. UUK asked institutions whether they

[3] https://www.rsc.org/news/making-the-case-for-chemistry
[4] https://www.rsc.org/news/making-the-case-for-chemistry
[5] 86 ARMA members responded to their survey in March 2025; 60 member institutions from across all regions and nations of the UK responded to the UUK survey in March 2025

had made savings in the previous three academic years, and whether they will make or are considering making savings over the next three academic years (2025-26 to 2027-28). Respondents to the UUK survey were primarily finance directors, while the ARMA respondents were typically in senior research management roles (team managers, senior managers and directors).[6] While all UUK members are universities, some ARMA members are employed by other research organisations, and while the ARMA results have mostly been gathered from universities, they are likely to also apply to other kinds of research organisations.

These surveys outline the following findings:

A growing proportion of institutions are reducing some of their research activity: 19% of institutions surveyed by UUK in 2025 reported that they had already reduced some of their academic research activity over the past three years, compared to 14% of those surveyed in 2024, ARMA's data reinforces this trend, with 23% of institutions reporting they had stopped research or knowledge exchange in some areas. Even more worryingly, 79% of UUK respondents reported they would consider reducing academic research activity in the future (up from 34% who said the same in 2024), and 83% are considering cutting other research or R&D activity (up from 23% in 2024).

The amount of time researchers can dedicate to research is also declining in some cases: 21% of ARMA respondents reported reducing staff time for research. This has implications for early career researchers, with 14% of those surveyed by ARMA saying they have been recruiting fewer PGRs. With UKRI's recently confirmed changes to stipends and terms and conditions for PGRs, the cost of hosting studentships will have risen and, for some, fewer PGRs will be recruited in the future. Among those surveyed by UUK, 83% said they are planning or considering future cuts to staff time allocated to research, while 72% are planning or considering reducing funding for early career researchers in the future.

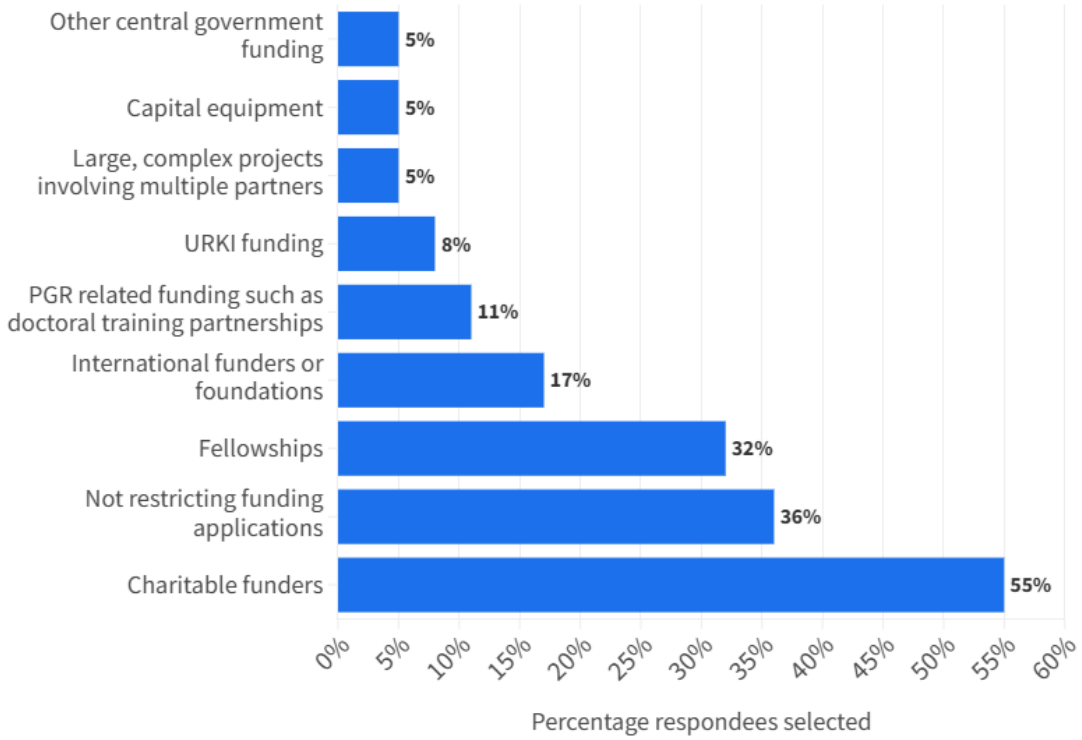
The cumulative effect of the above is having an impact on research investment, support and open science: ARMA's survey shows that 44% of institutions are reducing internal funding schemes, 36% of institutions have paused capital investment in research, 19% are changing their approach to QR or its equivalents, and 16% are extending the lifespan or not replacing outdated research equipment. At the same time, 45% of institutions are updating their institutional policies on overheads

[6] All of UUK's members are universities; the majority of ARMA's members work at universities, with some employed by other research organisations. While the results have mostly been gathered from universities, they will mostly likely apply to all kinds of research organisations.

and institutional contributions to ensure that the reduced research they engage in is more financially sustainable. Of the institutions surveyed by UUK in 2025, over a quarter (26%) had reduced support for research grant applications, and 23% had reduced or were considering reducing institutional funding for open access publishing. These figures are likely to rise, with 70% and 75% of institutions respectively planning or considering further cuts in the future.

These shifts are also leading to some reductions in business engagement and civic and local growth activity: The 2025 UUK survey shows that 9% of institutions reported reduced knowledge exchange activity with businesses, and that 11% had reduced civic and local growth activity. Looking ahead, 61% were either planning to, or considering reducing knowledge exchange with businesses in the future – a concerning trend given the central role that universities will play in delivering the Industrial Strategy and already do in driving regional innovation.

Percentage of ARMA survey respondents reporting restricting applications for certain types of funders



Increased financial pressures are leading to universities increasingly choosing not to bid for some funding opportunities, with 48% of those surveyed by ARMA reporting this (up from 35% in 2024) and 41% reporting restricting certain types of funding (up from 29% in 2024). ARMA also asked respondees what type of funding applications are being restricted. Not all members are restricting applications, but charitable funders (55%) and fellowships (32%) were the opportunities most mentioned (as shown in the above chart), largely driven by the low full economic cost (FEC) recovery of these funding sources and additional conditions or requirements which can make a bid difficult for an institution to support. As one respondent commented:

> *"Any funding schemes where there is an expectation of match-funding or an expectation of a permanent post being made available is a problem [in the current climate]."*

Charity-funded research is vital for sectors such as the life sciences, the humanities, and medicine, which are critical for the government's Industrial Strategy and five missions. Reduction in research activity and the consolidation of research activity in this space may have negative knock-on effects to the UK's economic competitiveness.

This challenging environment is having an impact on research culture. Many respondents to ARMA's survey commented on the impact the wider financial challenges are having on morale and wellbeing, and that it can lead to a focus on short-termism which makes efforts to improve research culture more difficult. A number of ARMA respondents commented on resource constraints squeezing time for wider activities such as conferencing and knowledge exchange. Many also commented on their particular concerns for early career researchers who struggle to get the support they need to build their academic networks and get on the grant ladder.

Despite challenges, universities are being flexible and continuing to find ways to create efficiencies: 34% of ARMA survey respondents reported drawing on AI tools to find ways to increase efficiency, and 28% reported changing approval levels, in line with the recommendations of the Tickell Review on reducing research bureaucracy.

The sector is not standing still

Across the sector, institutions are taking active steps to operate more efficiently and effectively to close the gap between research funding and actual costs. Many

universities are reviewing their research portfolios, rationalising under-performing areas and working to ensure resources are aligned with institutional priorities and capabilities. Alongside this, there is an increasing focus on improving internal efficiency, including changes to systems, policies, behaviours, and the smarter use of facilities and equipment.

The sector is also actively engaging in efforts to reduce bureaucracy. UUK, ARMA and other sector bodies are engaging with DSIT and funders to deliver on the recommendations of the Tickell review and support the broader research reform agenda. However, progress is challenged by increased resource pressures on staff and new policy drivers that make reducing bureaucracy more difficult. Following the Tickell review on reducing research bureaucracy the government, research funders and the sector have taken steps to work together to reduce research bureaucracy. However, more work needs to be done, particularly in relation to onerous auditing requirements. While UKRI is taking proactive steps to address this, other major research funders need to join this initiative, coordinate with UKRI, and reform their bureaucracies together to ensure that momentum is not lost.

There are also significant efforts to identify shared challenges and scalable solutions. The work of UUK's Transformation and Efficiency Taskforce is one example of how the sector is seeking to go further - collectively - to increase efficiencies. UUK is now in the process of taking forward the actions identified in Phase One of the Transformation and Efficiency programme, which were set out in Towards a New Era of Collaboration. An implementation group is being formed to drive forward and monitor progress on these actions. Alongside this, UUK will continue to focus on building consensus and momentum for change through a series of events and workshops throughout the coming year. However, there are limits to how far efficiency alone can go in bridging the gap, and further government investment is needed in R&D to address the challenges around sustainability and full economic cost recovery.

Conclusion

The UK remains a global leader in research and innovation, but this position is increasingly under threat. For many universities, R&D activity is becoming less financially sustainable, and recent UUK and ARMA data confirms that the pressures are not only ongoing but intensifying. While the sector awaits clarity on how the government intends to support universities in achieving long-term financial sustainability, institutions are already having to make difficult choices.

Universities are actively finding ways to make efficiencies across the board: from departmental and institutional to sector-wide and systemic levels. But without sustainable funding that supports long-term planning these measures can only go so far.

It is critical that government therefore takes action as departmental allocations are decided this autumn. A key mechanism for this is protecting the real terms value of QR funding and its equivalents in the devolved administrations – to give institutions the stability and flexibility to make long-term plans and take strategic action in an increasingly competitive global research field. Universities are central to the government's ambitions for growth and innovation, and delivering on these priorities will require a shared approach, with government providing a funding environment that supports long-term planning and encourages collaboration.