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Dear Newton Fund grant holder,

I am writing again following my recent letter of 11 March 2021 that outlined the requirement for UKRI to find substantial savings in the next financial year across our large portfolio of Official Development Assistance (ODA) research and innovation. In that letter, I set out our aim to work closely with you to try to maximise the benefits from the £125m of ODA funding that we have been allocated for the 2021/22 financial year, which represents about a £120m gap between allocations and commitments.

This letter details how we intend to manage the reduction in spend that we have been asked to deliver within the Newton Fund (Newton). UKRI is allocated its Newton budget independently of the Global Challenges Research Fund (GCRF) and the saving is required to be made separately. Through UK Embassy Teams, our funding partners have been informed of the need for these budget reductions.

We would like to work with you in determining the next steps for your Newton grant. Unfortunately, our Newton allocation for FY21/22 requires us to reduce all grants by 24% of the total value of UKRI payments due on your grant from 1 April 2021 – 31 March 2022.

We want you to consider one of three options for your grant and encourage you to discuss this with all of your Newton partners in the UK:

1. Termination of those grants which become inviable on this reduced level of funding. For example, a grant may no longer be able to contribute to realising the development impact of the bi-lateral project. UKRI only expects this option to be selected in a small number of cases;
2. Acceptance of the reduced funding that we can offer;
3. Make a case on an exceptional basis for a small amount of additional funding for a particular element or activity within a Newton grant.

Agreement on termination (Option 1), can only be provided after UKRI has held funder-funder conversations following your response to this letter. Termination would be from 30 September 2021.

Option 3 is intended to recognise that in exceptional cases some aspects of a grant may require special consideration and a different approach. For example, we envisage that a case for special consideration could be made where the Newton grant includes activities governed by specific ethical or legal frameworks – e.g. research involving human participants such as clinical trials or research including the use of animals – and in those circumstances, a proposal for additional support may be appropriate.

Through Newton, UKRI is committed to both the principles of equality, diversity and inclusion and to equitable partnerships. Please explain in your response how the arrangements for project closure or the proposal to continue your project within a reduced funding envelope, will continue to respect these principles.

We will of course make the case for substantial investments in ODA research and innovation as part of the next Spending Review, expected in autumn 2021. We note that the Integrated Review, published on 16 March 2021, reaffirmed the role of ODA research and innovation in Britain's global partnerships. However, at this time, we simply do not know how much ODA funding will be



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allocated to UKRI for the financial year 2022/23. In a small number of cases, the grant held by your organisation may include a profile of expected funding for future years. On balance of risks our preferred approach is to offer you the opportunity to find a way to maintain the capabilities and partnerships established through your Newton grant in a reduced form during the current financial year, to keep open the chance that these grants might continue to operate in the future.

Whilst we do not know what our allocation will be in 2022/23, we are working to the scenario that the maximum level would be that of our current legal commitments, subject to the Spending Review settlement.

Please set out which of the three options you would like to choose in an e mail to emergingeconomies@innovateuk.ukri.org copying odaenquiries@ukri.org **no later than midnight on 30th April 2021.**

We will try our utmost to work through these difficult decisions and processes in as fair and transparent way as possible, working with you and our Newton partners. UKRI will review all Newton submissions received and engage with you and our funding partners as necessary for clarification. UKRI will aim to apply financial adjustments to continuing projects and issue any required formal termination notices by Monday 31st May 2021.

We are committed to working closely with you, your partners and stakeholders, and our Newton partners as we seek to maximise the impacts of the UKRI Newton investments that we have been allocated and the capability and partnerships for international development research and innovation that have been established through Newton funding to date.

Yours sincerely

Simon Edmonds

Chief Business Officer and Deputy Executive Chair, Innovate UK