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# Collaborating with industry

Position statement from

The Institute of Cancer Research, London

## Summary

The ICR is a strong believer in the importance of collaboration between academia and industry in taking forward the results of research to benefit society. We believe that collaborating with industry is often the only way of ensuring that our own research advances reach patients. To strengthen these essential interactions further, we now need to explore innovative models for sharing risk between academic organisations, charities and businesses. We need academia to play a more active role in drug discovery, by taking research to a later stage where it will be more attractive to commercial partners. The Government should review and simplify the various schemes available for supporting cross-sector collaboration, many of which are not properly understood by academia or industry. We also need the Government to commit to a strategy for science funding, including long-term support for the Higher Education Innovation Fund (HEIF), which has been highly successful at encouraging partnerships.

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## Background information

Many universities collaborate with industrial partners to access the resources and complementary expertise needed to develop research findings into new products and services. These partnerships might involve licensing new technologies to third parties for further development, collaborative agreements to take forward laboratory discoveries with commercial partners, or the creation of spin-out companies from an area of academic research.

Universities in the UK are considered very successful by international standards at commercialising the results of their research, with the former Department for Business, Innovation and Skills describing the strength of these collaborations between higher education and business as a key element of the world-class success of UK research.

Academic organisations do not have the same pressure to turn a profit as private companies, and that puts them in a good position to shoulder some of the risk in early-stage discovery and development. They can then work with industry to develop the results of this early research with a view to avoiding the so-called 'valley of death' – the risk that early-stage validation studies and clinical trials will not be completed because companies see the risk of not achieving a return on their investment as outweighing the potential reward.

There have been numerous reviews of how universities and businesses work together, and for some time it has been a topic of interest to the Government, which sees the UK's research base as playing an important role in the country's economic development. There are numerous schemes in place to support university-business collaboration and the transfer of knowledge between the two sectors, including the Higher Education Innovation Fund (HEIF) – a Research England funding stream which provides support for higher education institutions in translating the results of their research into societal benefits. Activities supported by HEIF include establishing collaborations with industry, licensing technologies to industry and protecting intellectual property through patenting, among many others.

There are instances where legislation makes collaboration difficult. For instance, publicly or charity-funded research institutes are eligible for zero-rate VAT on construction of new academic buildings, as long as the commercial activity on the premises – including research collaborations – does not exceed 5 per cent of total activity when calculated by research expenditure, use of floor space or head count. When the 5 per cent threshold is surpassed then the full rate of VAT is applied, substantially increasing the cost of constructing collaborative research spaces.

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## Key ICR positions on collaborating with industry

- The ICR believes that partnerships between academia and industry are essential to develop the results of research for the benefit of the public. In our research, partnering with industry is often the only way – and almost always the fastest way – to take discoveries to patients. Partnering with industry also adds value to research programmes through access to increased resources, research tools and complementary skills and expertise.
- We believe that academic organisations and charities should work with those companies best able to develop their research for the benefit of society, rather than those that offer the greatest financial return. We make our own decisions on which companies we partner with on the basis of ability to effectively and quickly take our discoveries and develop them for the benefit of patients.
- We support the recognition in the Government's Industrial Strategy of the commercial potential of research, and its plans to grow the economy through investing in science.
- We believe that new funding and risk-sharing models for research are needed, particularly in costly and high-risk areas such as early-stage drug discovery and development. Drug discovery and development studies need long-term funding commitments as the timeframe for delivering results can typically be five to 10 years as opposed to the standard three to four years for grants. The Government should play a greater role in supporting universities and charities in the earliest stages of technology development, before most businesses are likely to want to invest, particularly where they are working on innovative treatments for areas of unmet need. The Government should establish a substantial fund that invests in innovative drug discovery and early-stage development in an academic environment, and explore models where it provides matched funding or flexible loans to encourage private investment. Such an approach could help academics take new technologies to early-stage validation and proof of concept before partnering them with pharma.
- We believe that some aspects of current tax legislation are actively discouraging collaboration between academia and industry. We need a system that allows universities to work with businesses without causing additional tax challenges. A 2017 review of the R&D tax environment from the Office of Tax Simplification looked into the levying of VAT on construction of research spaces where academia and industry co-locate to collaborate more effectively, but did not come to a conclusion. We urge the Government to readdress this issue and remove this barrier to collaboration between academia and industry.

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- The ICR is concerned that support for university-business collaboration from Government is prohibitively complicated. We believe that the Government needs to evaluate and simplify the support it offers, to provide a long-term and consistent approach. There are numerous schemes in place to support university-business collaboration and the landscape is constantly changing, making it difficult for academic institutions and businesses to keep track. Some schemes have been highly successful, but others appear not to have been, perhaps because organisations have lacked the institutional knowledge about issues such as IP protection and milestone payments to take advantage of them. Other schemes are withdrawn before any benefit has been realised. Benchmarking of the various schemes available would be useful to evaluate if they are fulfilling their intended goals and to encourage organisations to use them.
  - We believe that the HEIF has played an essential role in encouraging university-business collaboration and must be retained. Building links with industry requires time and continuity. Funding for the scheme needs to be guaranteed over several years so that cohorts of professionals highly skilled in building collaborations can be developed and retained, particularly for projects such as drug discovery and development which have long timescales. The HEIF income stream supports long-term collaboration between academia and industry by providing a stable personnel base.
  - Academic institutions will only be able to collaborate effectively with industry if they are supported to deliver innovative, high-quality research. We believe that a long-term funding strategy for science is essential to ensure we have the flow of discoveries allowing us to produce the innovative new treatments of the future. Basic, or fundamental, research is the key driver of knowledge exchange and research commercialisation, and a gradual decline in the UK's science spending risks slowing progress and damaging the UK's ambition to be internationally competitive in scientific and technological innovation.