UNIVERSITY OF LIVERPOOL

Our ref: FOI/2021/353

Name: Owen Bennett
By email to: foianswers.icymi@gmail.com

Freedom of Information Team

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20 September 2021

Dear Mr Bennett,

Your request for information received on 11 August 2021 has now been considered. A response to your enquiry is provided below.

In the below request, the phrase 'arms trade companies' relates to, but not limited to: BAE Systems, Rolls Royce, GKN, Smiths Group, Cobham, VT Group, General Dynamics, General Electric, Halliburton, L3 Communications, Northrup Grumman, and Raytheon. Could you please provide:

The total amount, in pounds sterling, that the university has received in research funding from arms trade companies in the last five financial years. Details should be broken down for each company, year-by-year for the last five financial years.

The total amount, in pounds sterling, that the university has received in the form of industrial consultancy and industrial research fees from arms trade companies in the last five financial years. Details should be broken down for each company, year-by-year for the last five financial years.

The total amount, in pounds sterling, that the university has received in research funding from the Ministry of Defence over the last five financial years. Details should be broken down, year-by-year for the last five financial years.

The total amount, in pounds sterling, that the university has received in the form of industrial consultancy and industrial research fees from the Ministry of Defence over the last five financial years. Details should be broken down, year-by-year for the last five financial years.

We can confirm that the University holds information; however, it is withheld because it falls under the exemption provided by Section 12 of the Freedom of Information Act (FOIA) relating to "requests where the cost of compliance exceeds the appropriate limit".

Section 12(1) FOIA provides that an authority is not obliged to respond to a request for information if it is estimated that the cost of complying with that request would exceed the "appropriate limit". The "appropriate limit" for universities set by the Freedom of Information and Data Protection (Appropriate Limit and Fees) Regulation 2004 is 18 hours and considers the activities involved in determining whether the requested information is held, locating, retrieving, and extracting the information from the record containing it.

The departments responsible for this information have confirmed that to find the information requested it would be necessary to search our consultancy and research contracts records for contracts with any of the identified organisations or indeed "any other arms companies" that we can think of (with no guarantee

of completeness). The terms "arms trade" is not used within the University to identify individual companies. Once we have identified any contracts with start and/or end dates that fall within the financial years listed, find the contracts file from either hard copy files or from the University's shared drive to review confidentiality clauses for restrictions for each contract and contact the relevant individual in the external partner to obtain agreement for disclosure as required. We would then need to interrogate our financial records for fees invoicing to the identified organisations (or similar) for the years in question and periods immediately preceding and proceeding and compare to fee income. The above could easily take an hour per contract if contracts are indeed held with the identified organisations requested. For an initial search of consultancy work, we have identified 15+ possible instances which could come within the scope of your enquiry and believe industrial research contracts would increase this number. As we have explained, we believe doing this investigation so this would exceed the cost limit with the Act. This acts as our Refusal Notice.

Section 16 of FOIA places an obligation on the University to provide you with advice and assistance. Due to the nature of the request and the volume of records held it would not be possible to narrow the scope of your request to fall within the fee regulations.

A portfolio statement for the fund(s) the university has investments in. If you do not have a copy of this, please send me a list of the names of the fund(s) and the corresponding management companies. Details should be broken down, year-by-year for the last five financial years.
Please also confirm if any shares are held in the above companies as part of a pension fund or endowment, either directly or indirectly through an externally managed fund. Details should be broken down, year-by-year for the last five financial years.

The University of Liverpool is committed to investing its funds on a socially responsible basis. Our Ethical Investment Policy is available online:
www.liverpool.ac.uk/media/livacuk/commsec/Ethical,Investment,Policy,UPDATE.pdf

The University believes that to accord with its values when investing its funds, regard must be made to Environmental, Social and Governance (ESG) issues. The University has identified two sets of principles

which accord with its values and aspirations in this area, one relating to the operations of its fund managers and the other to setting appropriate standards for all its investments - the United Nations Principles for Responsible Investment and the United Nations Global Compact. The University supports the ten principles of the United Nations Global Compact, which stem from the acceptance that, as with the University itself, corporate sustainability starts with a company's value system and a principled approach to the way it operates. This means operating in ways that, at a minimum, meet fundamental responsibilities in the areas of human rights, labour, environment, and anti-corruption. In managing its investments, the University expects its appointed investment managers to encourage good behaviour and discourage poor behaviour through the screening of investments (using the principles above or an equivalent framework) and through the direct engagement with the companies in which they invest. The Ethical Investment Policy also has a range of exclusions, one of which is to exclude all companies that derive significant revenues from the manufacture or sale of armaments.

A list of investments held in both overseas and UK companies is published on our website. This list, called University of Liverpool Investments 2020, can be accessed via www.liverpool.ac.uk/governance/governing-documents

Regarding the names of funds and management companies, we can confirm that the University holds this information; however, it is withheld because it falls under Section 43(2) (commercial interest) of the Freedom of Information Act (FOIA).

Section 43(2) exempts information from release where its disclosure under the Act would, or would be likely to, prejudice the commercial interests of the University. As section 43(2) is a qualified exemption, the University has considered whether it would be in the public interest to provide the information, despite the exemption being applicable. When assessing whether it was in the public interest to disclose the information to you, we have considered the following factors:

Factors in Favour of Disclosure

- **Demonstrate the University of Liverpool's commitment to the principles of accountability and transparency.**
- **Empower interested individuals to analyse and question the activities of the University of Liverpool.**
- **Demonstrate funds are being invested appropriately.**

Factors Against Disclosure

Universities operate in an ever and increasingly competitive environment. The effect of Covid-19 on universities and their finances has been widely publicised. The University does not wish to disclose information that would be likely to prejudice our commercial interests. Currently, it is more important than ever to protect our commercial interests wherever we can.

- **To be sustainable in the long term, universities need to meet their 'full economic costs' of teaching. This includes costs of staff, equipment, and services.**
- **Some subjects cost more to teach than the university receives from UK and EU students. Government teaching grants are used to close this funding gap but other sources such as research and investments are crucial to the income of the business.**
- **University's invests funds with managers based on their ability to make decisions and maximise investments more appropriately than other fund management companies. Fund performance reflect the professional decisions made by the appointed fund managers.**
- **Providing details of the individual funds in which we invest, and the companies used, could be used by our competitors to tailor their own strategies to match or exceed our performance.**
- **Our investment strategy is publicly available on our website.**

- **The effect of Covid-19 on universities and their finances has been widely publicised. The sector is experiencing unprecedented pressure on securing and maintaining income; anything that risks this would not be in the public interest.**
- **The Information Tribunal has acknowledged that universities have commercial interests (EA/2009/0034) and that UK Universities operate in a global market. Currently, it is more important than ever to protect its commercial interests wherever it can. The effect of Covid-19 on universities and their finances has been widely publicised. The sector is experiencing unprecedented pressure on securing and maintaining income; anything that risks this would not be in the public interest.**

For the reasons outlined above, the University believes that the balance of interest currently lies in favour of withholding the information at this time.

If you are unhappy with the way we have handled your request for information, you have a right under Section 50 of the Freedom of Information Act to ask the University to review it; however, you must do so within 40 working days of the date of this response. Your request should include our reference number and explain the reason for requesting a review. Email foi@liverpool.ac.uk or write to the Freedom of Information Reviewer, Legal & Governance, University of Liverpool, Foundation Building, 765 Brownlow Hill, Liverpool L69 7ZX. We will respond to your request for an internal review within 20 working days of receipt.

Following an internal review, if you remain dissatisfied with the handling of your request, you have a right to appeal to the Information Commissioner at The Information Commissioner's Office, Wycliffe House, Water Lane, Wilmslow, Cheshire SK9 5AF. Telephone: 0303 123 1113 www.ico.org.uk.

There is no charge for making an appeal.

Yours sincerely

Kirsty Rothwell

Kirsty Rothwell
Freedom of Information Officer / Data Protection Co-ordinator
Legal & Governance