



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Chi Onwurah MP
Chair – Science, Innovation and Technology Committee
House of Commons
London
SW1A 0AA

20th January 2025

Dear Chi,

RESPONSE TO REQUEST FOR BREAKDOWN OF R&D EXPENDITURE ACROSS GOVERNMENT

1. Thank you for your letter of 18 December on R&D expenditure. Please accept my apologies for the delay in responding.
2. As a former member of the Science, Innovation and Technology Committee, I appreciate the importance of the work of the committee, and I look forward to working with you. I am grateful for your support in ensuring that the government's innovation policy delivers effectively for British citizens. I am therefore pleased to set out below the government's plans to provide the data you request.
3. To address your request that government provide outturn data in short order, I have instructed my officials to publish R&D outturn data for 2019-20 to 2023-24 by March. This release will clarify the R&D outturn data made available under the OSCAR transparency releases that accompany the Public Expenditure Statistical Analyses. My officials will spend the coming weeks quality assuring the data and preparing the statistics to be published.
4. To make this clarified outturn data available annually, I will instruct my officials to include it in the annual Public Spending Statistics July release. This will ensure that R&D outturn data for each financial year is publicly available within months of the end of that year.
5. You also requested that government make available information on R&D plans at Estimates. While it would not be appropriate for the Department for Science, Innovation



and Technology to report on other departments' expenditure at Estimates, I agree that this data could usefully be published. I have therefore instructed my officials to work with Parliament's Scrutiny Unit, which will request contextual information on R&D plans in each department's Estimates Memorandum. This will take place from 2025-26, reflecting the time needed to prepare systems. My officials will work with the Scrutiny Unit to ensure that the departmental figures are aggregated into an accurate overview.

6. Government budgets use the term "R&D" as defined in the OECD Frascati manual: "creative work undertaken on a systematic basis in order to increase the stock of knowledge ... and the use of this stock of knowledge to devise new applications". As set out in the ESA10 statistical standards, R&D spending that meets the Frascati definition is to be accounted for as capital. Please note that the Frascati definition of R&D differs from the R&D spending under the Classification of the functions of government (COFOG) system.

7. Even within the Frascati definition, there are different measurement approaches. To produce their accredited official statistics on R&D expenditure, the ONS uses a survey approach, including with government. The data I propose to release in response to your requests has a different basis: it uses the government's administrative data taken from financial reporting systems. The two methods yield slightly different results, meaning that direct comparison between the two systems is impossible.

8. Finally, I note the distinction between plans and outturn. As you know, HM Treasury allocates capital DEL to departments at Spending Reviews. Within each department's settlement, the Treasury usually ringfences an amount for R&D. This amount can change in year for reasons including unexpected pressures or inter-departmental transfers. As R&D is not a budgetary ringfence voted on by Parliament, such as resource or capital DEL, alterations to departmental R&D plans can appropriately be taken outside of the Estimates process. As such, the plans data provided through Estimates Memoranda should be read as contextual information rather than binding commitments.



9. I hope that this response and the forthcoming data releases prove helpful in your work. I am copying this letter to the Secretary of State for Science, Innovation and Technology.

Yours sincerely,

A handwritten signature in black ink that reads 'Darren Jones' in a cursive script.

RT HON DARREN JONES MP
CHIEF SECRETARY TO THE TREASURY