

Committee of Public Accounts

UK Research and Innovation

Forty-First Report of Session 2024–25

HC 826

Committee of Public Accounts

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Summary

The funding provided by UK Research and Innovation (UKRI) plays a vital role in developing and maintaining the UK's research and innovation (R&I) system, which is well respected and places highly in international rankings. However, given increasing international competition, there is a huge challenge ahead if the UK is to remain a leading nation promoting R&I. UKRI's work is critical to supporting and driving economic growth and while it has made progress in many areas, more is needed to maintain the UK's international position.

The government has committed to invest £20.4 billion in R&I in 2025–26, of which UKRI will spend just under half. Many government departments expect UKRI to support delivery of their policy objectives, but the Department for Science, Innovation and Technology (DSIT) has yet to bring these together into a joined up, coherent set of priorities, meaning government does not have an overview of what it is asking UKRI to achieve. Neither DSIT nor UKRI have set specific, measurable, achievable, relevant and time-bound objectives and KPIs for UKRI, making progress against its key objectives difficult to track. UKRI measures its progress using an 'annual balanced scorecard' which monitors the trends of over 100 metrics across four themes. The scorecard is only available to UKRI and DSIT, limiting transparency and making it difficult to appraise its performance or articulate the value of its public investment in R&I.

DSIT and UKRI recognise that investment in innovation involves risk and accept that some projects may fail altogether, therefore it is important to spread investments across a portfolio. It is important that different parts of the UKRI portfolio, and what it's seeking to achieve with each component, are clear and well understood, including how much risk it is seeking to take and the balance between different types of R&I funding. We are not convinced that UKRI yet has the level of clarity and understanding required.

Scaling innovation remains a national challenge for both universities and businesses. We received evidence asserting there is a gap between the UK's ability to produce startups and successful scale-ups. This is not an issue solely for DSIT and UKRI to address, but together with other government departments they need to do more in this area.

Additionally, since its establishment UKRI has had limitations in its data systems including disconnected internal systems and a lack of strategic oversight of funding. Despite some progress, the implementation

of its updated systems has been delayed. Once in place, these systems should enable UKRI to provide greater visibility and transparency over how it is spending taxpayers' money.

Conclusions and recommendations

- 1. DSIT has not brought together a cohesive set of cross government priorities for its investment in R&I.** In 2023–24 UKRI spent £6.0 billion of its budget on R&I grant funding across its research councils and Innovate UK, excluding block grants to higher education institutions in England. DSIT sets the priorities that steer how UKRI allocates its budget. UKRI’s task is to advise on how best to turn these priorities into action, and then to deliver them. UKRI must also work closely with many departments, such as the Department of Health and Social Care and the Department for Energy Security and Net Zero, which have their own priorities for funding R&I. The R&I landscape has lots of points of join-up and linkages, but DSIT has not put that all together into a single place. Over the period 2021 to 2024 there were 105 government policy papers across 13 ministerial departments where UKRI was expected to contribute, for example by funding research or building partnerships. DSIT and UKRI do not rank such activities or even compile them into a single list

RECOMMENDATION

DSIT should set out a cohesive and comprehensive set of government priorities focused on the desired outcome for UK R&I and UKRI’s role in supporting delivery.

- 2. UKRI does not have a set of clearly defined objectives against which to judge its performance and hold it accountable.** To articulate the value of public investment in R&I, it is important to monitor progress and performance against specific targets and Key Performance Indicators (KPIs). UKRI lacks specific, measurable, achievable, relevant and time-bound objectives and KPIs, meaning it is difficult to know whether it is making progress against its overall objectives. Instead, UKRI’s board tracks progress using an ‘annual balanced scorecard’ which comprises over 100 metrics across four themes: its impact; stakeholders’ experience of UKRI; the health of the UK’s R&I system; and the extent to which UKRI is learning and improving as an organisation. This scorecard is shared with DSIT but is not made publicly available. UKRI advised us that private sector investment in UK R&I was £46.7 billion in 2024, but the lack of timeseries data and target means it cannot be clear on whether it is making sufficient progress

in increasing UK private investment. DSIT suggested three KPIs for the incoming leadership of UKRI to monitor: overall public and private spend on R&D, UK global rankings on the creation of ideas and, UK global rankings in scale-up growth and application of research. At a macro level, DSIT agreed that it would be appropriate to have around six to ten high level measures for UKRI to be able to provide the whole picture of the R&I system.

RECOMMENDATION

UKRI should set measurable outcomes and 6-10 targets in priority areas, such as private investment in R&I, to help appraise its performance effectively.

- 3. There is insufficient clarity about, and visibility of, where UKRI is investing its money.** Knowing where UKRI invests its money is essential to good financial management, while also helping organisations in the private sector to guide their investment decisions. For example, it can be more attractive for investors, and more effective for government, to invest in geographic regions where there are existing clusters of high-quality researchers, essential infrastructure and local skills. These types of decision are made easier if investors can easily access clear and comprehensive data on where government is already invested in R&I. In the 2024 Autumn Budget, the government said it would spend £20.4 billion on research and development in 2025–26, channelled through both UKRI and the other parts of government that fund research and development. Government intends to better define and justify its allocation of research and innovation funding under three categories: knowledge-driven basic research; targeted research aligned to government ambitions including economic growth; and investment to support innovative businesses including scale-up. But DSIT and UKRI do not yet have a system that brings together the data on all research and innovation spending across government. UKRI is developing its new grants “databank” with the aim of capturing data on research that it manages on behalf of other departments, as well as research that other departments manage directly. UKRI has a long-term ambition of linking up all such the data across government, but did not give us a target date for achieving this aim.

RECOMMENDATION

To provide clear, comprehensive and useful data for government, external investors and the public about the overall R&I funding landscape, once its new data systems are in place, UKRI should:

- provide government departments with ongoing access to data on UKRI funding allocations; and
- publish these data on a routine basis.

4. UKRI does not yet have the IT systems of a modern organisation.

UKRI can classify its grants by theme, based on the award title and description and can produce one-off analyses of parts of its portfolio. For example, in 2024 it produced a review of its portfolio of spending on net zero and climate change. Since its establishment, UKRI has, however, grappled with unifying the separate data systems of its predecessor organisations. Despite developing modern IT systems being a priority for UKRI since 2019, the introduction of updated systems has been delayed. Around 15% of UKRI's grants do not have a full description on its system, and in other cases the descriptions are poor quality and consequently spending on these grants cannot be accurately classified automatically. UKRI has the ambition to produce reliable analysis more quickly and use predictive insights to support better decision making and tracking of progress against its key objectives. It expects to have 90% of its data on its updated systems by January 2026. With all parts of Government, and industry, subject to large-scale assaults on their cyber security defences, it is also crucial that UKRI's updated systems are resilient to cyber threats.

RECOMMENDATION

UKRI should provide the Committee with an update in February 2026 on progress with implementing its systems and functionality and a roadmap of further modernisation. This update should include details of the capability the new systems provide and what capability is yet to be delivered.

5. It is unclear how UKRI manages risk across its portfolio and what the different parts of its portfolio are meant to achieve. UKRI has repeatedly referenced the importance of its portfolio approach to funding research and innovation. However, the committee is not convinced that the components of UKRI's portfolio and the objectives they seek to achieve are sufficiently defined and deployed in a tactical way. DSIT highlights the importance of defining the places where government needs to take more risk. UKRI says it has a very long and strong track record of taking high risks in the research it invests in. However, we are concerned that UKRI cannot demonstrate how it manages risk across its portfolio, and does not actively monitor its high risk, high reward investments. However, we are not discouraging investments in this area. If you always castigate failure, innovation is at risk of being stifled.

RECOMMENDATION

DSIT and UKRI should work together to further develop the government's approach to risk when funding research and innovation. This should include defining what is meant by risk in this context for their organisation and what it means for its staff and stakeholders.

6. DSIT and UKRI face severe challenges in helping UK research and innovation to scale up commercially against a backdrop of intense international competition and a tight fiscal environment.

The government considers research and innovation and the diffusion of new technologies to be vital to the UK's future and to achieving its long-term goals, including growing the UK economy. Huge economic gains are possible if UK universities can spin out their research and innovation into successful commercial ventures. For example, DSIT believes that there is great economic potential if the UK can build commercially on its academic leadership in fields such as engineering biology and quantum technologies. DSIT and UKRI are aware of such potential, but also note systemic problems such as not having the right skills and a tendency for companies to spin out too early. They have work underway to help increase the chances of commercial success. For example, UKRI has started a Proof-of-Concept fund to assist new ventures prior to incorporation so that they can become more attractive to external investors. Similarly, Innovate UK which sits within UKRI, aims to support innovative businesses to grow and scale. However, the financial challenges faced by UK universities may limit or curtail their research and innovation work.

RECOMMENDATION

DSIT and UKRI, with other government departments, should do more to bring together a unified picture and response to the challenges of commercially scaling innovation in the UK. This should include:

- an assessment of where the UK is demonstrating strength in research but failing to scale innovation, with specific reference to the impact of the Proof-of-Concept fund; and
- the setting out of plans to optimise its use of funding while monitoring any changes in research activity at UK universities resulting from ongoing financial challenges.

1 Strategic direction

Introduction

1. On the basis of a report by the Comptroller and Auditor General, we took evidence from the Department for Science, Innovation and Technology (DSIT) and from UK Research and Innovation (UKRI) on public funding of research and innovation.¹ We also took evidence from Sir David Grant CBE, author of the Independent review of UK Research and Innovation 2022, and Professor Paul Boyle CBE, Universities UK Board Member and Vice Chancellor of Swansea University.
2. The government considers research and innovation (R&I) and the diffusion of new technologies to be vital to the UK's future and to achieving long-term and complex policy goals, including its mission to grow the UK economy and achieve net zero. R&I can be defined as the creation and application of new knowledge to improve the world. Often, R&I does not follow a neat stage-by-stage process but instead can be understood as taking place in a system. The UK R&I system is a complex network of organisations involved in the creation, diffusion and use of scientific knowledge as well as the coordination and support of these activities.²
3. The government has a long history of investing in R&I, and in 2024 committed "to promote innovation and harness the full potential of the UK's science base [through] protecting record funding for research and development".³ Many government departments and public bodies invest in R&I, with 24 government departments and public bodies publishing the main research questions they are facing. In the 2024 Autumn Budget, the government committed to invest £20.4 billion in R&I in 2025–26. UK Research and Innovation (UKRI) is the UK's largest single public funder of R&I, with a budget of £9.6 billion in 2023–24. Established in 2018, UKRI is a non-departmental public body formed of seven disciplinary research

1 C&AG's Report, [UK Research and Innovation: Providing support through grants](#), Session 2024–25, HC 875, 14 May 2025

2 C&AG's Report, para 1

3 HM Government, [Plan for Change: Milestones for a mission-led government](#), December 2024, CP 1210

councils, Research England (which supports research and knowledge exchange at higher education institutions in England), and the UK's innovation agency, Innovate UK.⁴

4. UKRI's purpose, as set out in its strategy, is to invest in R&I on behalf of the government to push the boundaries of discovery, support innovative businesses to grow and scale, and target solutions to national and global priorities, driving economic, social, environmental and cultural benefits. UKRI also supports wider government R&I across the UK and invests internationally. In 2023–24, it made decisions on 28,866 applications for R&I grant funding. The mean value of a UKRI grant awarded in a competitive process in 2022–23 was £0.5 million.⁵
5. The Department for Science, Innovation and Technology (DSIT) has overall responsibility for the government's spending on science, research and innovation. It is the sponsoring department for UKRI and sets UKRI's budget and objectives. The Secretary of State for Science, Innovation and Technology approves UKRI's strategy.⁶
6. We also received written submissions from researchers, academic institutions and representative bodies, highlighting concerns including:
 - the need for strategic, stable and sustainable funding;
 - ensuring sources of funding to commercialise and scale innovative technologies; and
 - the need for research funders to consider how the funding system could cover more of the full economic cost of research.

A full list of the written evidence we received is available on the inquiry page of the Committee's website.⁷

Cross-government priorities for investment

7. As the sponsoring department responsible for settings UKRI's objectives, DSIT makes the main decisions on the shape of UKRI's portfolio, including allocations to the research councils, using advice from UKRI.⁸ UKRI's task is to advise on how best to turn these priorities into action, and then to

4 C&AG's Report, paras 2, 3

5 C&AG's Report, para 3

6 C&AG's Report, para 4

7 Committee of Public Accounts, [UK Research and Innovation Written evidence](#)

8 C&AG's Report, para 1.5

deliver them.⁹ In 2023–24 UKRI spent £6.0 billion of its budget on R&I grant funding across its research councils and Innovate UK, excluding block grants to higher education institutions in England.¹⁰

8. UKRI must also balance meeting the UK’s longer and shorter-term research and innovation needs when deciding where to allocate funding. It faces an inherent tension in allocating funding with government priorities in mind, while not stifling the innovation needed for future R&D.¹¹ Professor Boyle felt that UKRI also has role in providing infrastructure that can be used by multiple research institutions. For example, UKRI could help universities by investing in supercomputing facilities that they could all use.¹² Similarly, Professor Grant told us that UKRI had a bigger role than many people realise in skills and development training.¹³
9. DSIT told us that it asks UKRI to work closely with departments, such as the Department of Health and Social Care and the Department for Energy Security and Net Zero, ensure governmental R&I work is joined up.¹⁴ The NAO found 105 government policy papers across 13 ministerial departments in the period 2021 to 2024 where UKRI was expected to play a role, or its activities contribute to their delivery. Across these policy papers, examples of UKRI’s role included: acting as a partner to operationalise national and local government strategies; funding specific projects and programmes that contribute to a department’s strategy; and supporting knowledge exchange.¹⁵ UKRI told us that its role as a “joiner-upper” between departments and R&I is key to getting value for money from the £20.4 billion annual R&D expenditure across government.¹⁶
10. UKRI does not consolidate or rank the government policies and activities that it is expected to support, meaning that the government does not currently have an overall picture of what it is asking UKRI to do.¹⁷ We asked DSIT how confident it is there are clear lines of sight from the development of government policy to funding activity and through to UKRI.¹⁸ DSIT said that there was room for improvement. While there may be strong interactions between DSIT and UKRI, DSIT acknowledged that it was difficult for people outside this process to understand how UKRI manages

9 Q 33

10 C&AG’s Report, para 7

11 Q 6, 35

12 Q 26

13 Q 10

14 Q 33

15 C&AG’s Report, para 1.12

16 Q 34

17 C&AG’s Report, para 1.13

18 Q 34

the necessary trade-offs and convert government policy into action.¹⁹
Professor Grant cited health-related research as an area where it is hard to
get a simple picture of what is going on and where.²⁰

19 Q 34
20 Q 15

2 Oversight

Monitoring performance against objectives

11. To be able to articulate the value of public investment in R&I, it is vital that UKRI can monitor progress and performance against specific targets and Key Performance Indicators (KPIs). In 2018, when UKRI was formed, DSIT set 10 strategic objectives for UKRI and published them in a framework document. In 2022, UKRI published its first five-year strategy, with six strategic objectives.²¹ None of these objectives are specific, measurable or time-bound meaning it is difficult to understand what UKRI is seeking to achieve and what DSIT expects UKRI to achieve.²² DSIT acknowledged that it can and should do more to address this and told us that it intends to introduce more measurable outcomes for UKRI during summer 2025.²³
12. We asked UKRI how it knows the organisation has been successful or not in the absence of measurable objectives. UKRI outlined how it uses an ‘annual balanced scorecard’ of indicators to track the health of the R&I system.²⁴ The scorecard comprises over 100 metrics across four themes: its impact; stakeholders’ experience of UKRI; the health of the UK’s R&I system; and the extent to which UKRI is learning and improving as an organisation.²⁵ We asked UKRI where we can track the metrics highlighted in its ‘annual balanced scorecard’. It told us that it reports to DSIT quarterly, but the scorecard is not available online to wider government departments or the public.²⁶
13. DSIT and UKRI advised us that private sector investment in UK R&I was £46.7 billion in 2024.²⁷ We asked whether private investment in UK R&I has gone up or down in recent years. DSIT advised that it is going up, but that due to a correction to the ONS data set, the data is only available for a small number of years and a long-term view cannot be provided.²⁸

21 C&AG’s Report, para 11
22 C&AG’s Report, para 1.18
23 Q 66
24 Q 67
25 C&AG’s Report, para 3.8
26 Q 71
27 Q 46
28 Q 48

14. We asked DSIT what it would consider the top three KPIs that it would encourage incoming UKRI leadership to track. DSIT recommended overall public and private spend on R&D, UK global rankings on the creation of ideas and, UK global rankings in scale-up growth and application of research.²⁹ At a macro level, DSIT agreed it would be appropriate to have around six to ten measures for UKRI to be able to provide the whole picture of the R&I system.³⁰

Clarity over what UKRI is investing in

15. The government recently set out its aim to more clearly define and justify the allocation of R&I funding between curiosity-driven basic research; targeted research aligned to government ambitions including economic growth; and investment to support innovative businesses including scale-up.³¹ DSIT told us it welcomes this added clarity, feeling it is easier to make decisions on R&I “when it is clear what the Government actually want at a high level.”³²
16. UKRI is working to address significant limitations in its data systems, which restrict its ability to efficiently manage its grant spending in a strategic way. To effectively manage R&I funding, it is vital to know what is being funded across a portfolio, and against important research objectives, so that UKRI can take informed decisions such as whether projects need to be scaled up or stopped.³³ Better visibility on where UKRI invests its money can also help UK trade envoys to promote opportunities for overseas investors to invest in R&I in the UK.³⁴ Professor Boyle told us how important it is to identify geographical clusters, at which to target investment in R&I, such as the semiconductor industry in south Wales. Professor Boyle said that such clusters may already receive large amounts of innovation funding, but that such investments are not sufficiently joined-up.³⁵
17. DSIT highlighted work that it has done in recent years to be able to look at the whole range of R&D spending across government but acknowledged that there is a lot more work to do to bring together all the R&D data from across government and to be able to talk about it as a single system.³⁶ For example, in 2024 the Department and UKRI set up a Metascience Unit to develop and share evidence on the best ways to

29 Q 76

30 Q 77

31 C&AG’s Report, para 1.15: Qq 16, 21 and 35

32 Q 40

33 C&AG’s Report, para 13

34 Q 42

35 Q 18

36 Q 40

practice, fund and support science, including through experiments to test potential improvements to UKRI's processes.³⁷ UKRI told us that these experiments would include ways to bring data sources together from across government on investment in R&I.³⁸

18. We asked whether the new systems that UKRI is developing could be adopted by other departments to provide insight across all government investment in research and innovation.³⁹ UKRI noted that, while it invests a substantial amount of taxpayers money, this sum amounts to less than half of what government as a whole invests in R&D.⁴⁰ UKRI explained that the new system would manage both the investment funding allocated directly to it and the additional £1 billion in funding that UKRI manages on behalf of other departments each year.⁴¹ UKRI said that its "Databank", where data from across the organisation are captured in a common format so that they can be more easily analysed, is being designed so that even if other departments are not using the same system, UKRI can bring those different data sources together. UKRI told us that in the long-term it expects its updated data systems to provide visibility across all of the government's £20.4 billion funding portfolio. However, UKRI did not give us a firm date by which it would achieve this aim.⁴²

IT systems

19. UKRI is formed of seven research councils, Research England (which supports research and knowledge exchange at higher education institutions in England), and Innovate UK, the UK's innovation agency.⁴³ Since its establishment, UKRI has faced challenges unifying the separate data systems of its predecessor organisations, including poor and disconnected data.⁴⁴ UKRI can classify its grants by theme, based on the award title and description, and can produce one-off analyses of parts of its portfolio. For example, in 2024 it produced a review of its portfolio of spending on net zero and climate change. Around 15% of UKRI's grants, however, do not have a full description on its system, and in other cases the descriptions are poor quality and consequently spending on these grants cannot be accurately classified automatically.⁴⁵ Professor Grant told us that during his independent review of UKRI in 2022, he found that

37 C&AG's Report, para 3.4

38 Q 55

39 Q 55

40 Q 34

41 Q 55

42 Q 55, 56

43 C&AG's Report, para 3

44 C&AG's Report, para 13

45 C&AG's Report, para 1.27

information was not easily accessible and that he was surprised at how far staff still relied on ad hoc spreadsheets and working on paper, rather than robust IT systems.⁴⁶ Currently, UKRI's IT systems and programmes have poor coverage of grants and require a lot of manual quality assurance.⁴⁷

20. Despite developing modern IT systems being a priority for UKRI since 2019, the introduction of updated systems has been delayed.⁴⁸ This delay, UKRI told us, was due to lengthy government procurement processes and “challenges of delivery in UKRI”.⁴⁹ However, once fully functional, UKRI told us its new system should capture the data it requires and meet all UKRI's needs, such as making it much easier and quicker to produce reports on where UKRI was placing its investments.⁵⁰ We pressed UKRI on how soon it would achieve these improvements. It told us that it had a target date of January 2026 by which to have 90% of its data available in its new “Databank”.⁵¹ UKRI told us that its new system will be more user-friendly for grant applicants and efficient for UKRI staff, leaving more time to devote to the strategic role of “asking what people are applying for and how we should shape our calls”, and less time on the paperwork of putting a proposal forward.⁵²

21. As we have reported before, one of the most serious risks to all parts of Government and industry is large-scale assaults on their cyber security defences and ensuring their resilience against such attacks. Outdated legacy systems, such as those at UKRI, increase the cyber risk to government.⁵³ UKRI told us it takes cyber seriously and its updated systems have been designed with “cyber in mind from the beginning”, and that it runs continual cyber and phishing awareness training with staff.⁵⁴

46 Q 20

47 C&AG's Report, para 1.28

48 C&AG's Report, para 1.29

49 Q 41

50 Qq 41-42

51 Q 43, C&AG's Report, para 1.28

52 Q 54

53 Committee of Public Accounts, [Government cyber resilience](#), Twenty-Fourth Report of Session 2024–25, HC 643, May 2025

54 Q 57

3 Risk and reward

Portfolio approach to risk management

- 22.** To effectively manage R&I funding, it is crucial to have good information on what is being funded across a portfolio. Professor Boyle outlined the importance of needing high-risk, high reward research but also the need to support “winners” and low-risk, high-reward research.⁵⁵ DSIT told us it expected multiple projects in the portfolio to outright fail or not achieve their original objectives, although these may still produce useful skill-building and side benefits.⁵⁶
- 23.** UKRI’s total portfolio of funding comprises a wide range of investments, including R&I grants, strategic institutional funding to English Higher education providers and institutions, and UKRI says it balances risk across its portfolio by the type of funding mechanism.⁵⁷ UKRI considers R&I grant funding to be of higher risk than some other types of funding. It seeks to operate with ‘open/bold’ risk when deciding what to fund for R&I grants, meaning it intends to take high risks where there is the potential for high rewards.⁵⁸ Sir David Grant and Professor Boyle highlighted the need to think about risk in a complex way and told us that perceptions of risk depend on the individual or on the situation; for example whether it is a risk around the research topic to be funded, or the timeliness of the funding being given.⁵⁹ UKRI repeatedly referenced the importance of portfolio management in R&I funding and told us that it has “a very long and strong track record of taking really high risks in the research that [it] invests in”.⁶⁰ DSIT told us it considers the world of R&I to have a mature understanding and approach to risk taking but also noted the need to define the areas in government where more risk taking is needed and “go hard at them.”⁶¹
- 24.** We asked UKRI if it could give us an example of a high-risk project it is supporting. UKRI gave us an example from past use of BBSRC funding where techniques were considered incredibly demanding at the time

55 Q 22

56 Q 58

57 C&AG’s Report, para 2.6

58 C&AG’s Report, para 14

59 Q 21-22

60 Q 59

61 Q 58

but are not used now as the science has moved on.⁶² We asked UKRI to give us its best example today of a high-risk, strategic and might fail project absolutely worth funding. UKRI told us of its cross council interdisciplinary responsive mode scheme, where it has set up specific funding to do interdisciplinary research that does not fit into any of the current research council remits, but it did not identify any individual high risk projects it is currently funding because of the potentially high rewards.⁶³ We noted that it seemed the UKRI board does not have an active programme overseeing its high-risk programmes that may fail, which UKRI did not dispute, replying “No, it’s a chequerboard”.⁶⁴

Scaling up commercially

25. The government considers R&I and the diffusion of new technologies to be vital to the UK’s future and to achieving its mission to grow the UK economy.⁶⁵ Achieving this growth will require UK companies to successfully scale up their commercial exploitation of R&I.⁶⁶ Professor Boyle told us that while the UK has a good record of spinning out commercial ventures from R&I, it has been less successful at scaling up these ventures.⁶⁷ As well as the inherent challenges of achieving commercial success, we heard from UKRI and Professor Grant that the UK now faces intense challenge from competitors.⁶⁸ Professor Grant told us that other countries are developing extraordinary science bases, and doing so at a huge pace.⁶⁹
26. We asked if there were specific fields in which the UK is strong scientifically but where we are less good as a country at scaling it up.⁷⁰ In correspondence following the session, DSIT explained that the Government Office of Science runs a technology insights unit that produces the Science Power Index, which measures international capabilities across the innovation lifecycle – from research to scale-up. DSIT stated that it published an Innovation Clusters Map, to provide as comprehensive a picture as possible of firm-level innovation activity in the UK. DSIT also stated that UKRI undertakes and supports analyses of areas where we have strong research activity, but where commercialising and scale up is lacking.⁷¹ DSIT told us said that in fields where the Government Office of

62 Q 60

63 Q 62

64 Q 61

65 C&AG’s Report, para 1; Q 32

66 Q 35

67 Q 2

68 Qq 12-13, 31 and 39

69 Q 12

70 Q 85

71 [Letter from DSIT](#), 18 June 2025

Science has identified opportunities, it has developed sector plans that seek to build on the UK's strategic advantage. DSIT pointed to quantum technologies and engineering biology as two areas of innovation where companies are starting to grow, but where there is scope to achieve huge impacts.⁷²

27. In correspondence following the session, DSIT stated that UKRI's investment in Quantum Hubs has generated 17 spinout companies to date, 14 of which are still active. Similarly, DSIT wrote that UKRI has invested over £700m in synthetic biology R&I since 2007, including £115m into the Synthetic Biology for Growth Programme between 2014 and 2022. This programme included £84m towards six Synthetic Biology Research Centres, which supported 49 spinouts and startups, with 40 of these collectively raising over £79 million in additional funding and investment and employing over 250 people.⁷³
28. We asked what UKRI and DSIT are doing to address the systemic challenges to achieving economic growth by commercialising the results of R&I.⁷⁴ DSIT told us that it is currently focusing on how public sector investors (including Innovate UK, the British Business Bank, the National Wealth Fund, and UK Export Finance) can best channel their investments to help investment-ready ventures to scale up successfully.⁷⁵ UKRI told us that universities tended to spin out their commercial ventures too soon, before they had done enough work to establish the commercial viability of their ideas. To improve the chances of success, UKRI also said that it has launched a Proof-of-Concept Fund, which will provide pre-incorporation investment to help start-ups to develop to a point at which they become more attractive to external investors.⁷⁶ DSIT told us it is looking at how to make government procurement easier for small technology businesses to navigate, as adoption by public services can assist such companies to scale up more rapidly.⁷⁷
29. DSIT stressed that specific skills are needed to turn research into commercial success.⁷⁸ Professor Grant told us that UKRI plays a much bigger role than people realise in building the skills of people who move from research into industry.⁷⁹ UKRI told us it has done a lot of work to shift the incentives in the system to allow people to take a much wider range of careers, including the scope to move more fluidly between academic

72 Qq 85-86

73 [Letter from DSIT](#), 18 June 2025

74 Q 81

75 Q 82

76 Q 81

77 Qq 50 and 82

78 Q 84

79 Q 10

research, forming companies, investing, and policy-making.⁸⁰ DSIT added that UKRI run some programmes specifically tailored to developing the skills needed to get “from spin-out to scale-up to staying in the UK”.⁸¹

- 30.** We asked whether our witnesses had concerns that some universities are running into funding difficulties, which could seriously impair research and innovation. Professor Boyle told us that there is an extremely difficult financial environment at present in the university sector due to a decline in income from international student fees, resulting in risks to R&D spending. He mentioned that a recent Universities UK survey found approximately 80% of respondents are considering cutting back on R&D spending within the next three or four years, while 20% have already started cutting back on early career research investment.⁸² DSIT told us that, together with the Department for Education, it is monitoring the situation very closely and keeping an open mind about options to ensure the financial sustainability of universities.⁸³

80 Q 84

81 Q 84

82 Q 11

83 Q 87

Formal minutes

Thursday 10 July 2025

Members present

Sir Geoffrey Clifton-Brown, in the Chair

Mr Clive Betts

Nesil Caliskan

Anna Dixon

Blake Stephenson

Declaration of interests

The following declarations of interest relating to the inquiry were made:

5 June 2025

Anna Dixon declared the following interest: member of the Industrial Strategy Challenge Fund Programme Board of a UKRI challenge fund.

UK Research and Innovation

Draft Report (UK Research and Innovation), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 30 read and agreed to.

Summary agreed to.

Conclusions and recommendations agreed to.

Resolved, That the Report be the Forty-First Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available
(Standing Order No. 134).

Adjournment

Adjourned till Monday 14 July at 3 p.m.

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the [inquiry publications page](#) of the Committee's website.

Thursday 5 June 2025

Sir David Grant CBE, Lead, Independent review of UK Research and Innovation 2022; **Professor Paul Boyle CBE**, Universities UK Board Member and Vice Chancellor, Swansea University

[Q1-30](#)

Professor Dame Ottoline Leyser DBE FRS, Chief Executive, UK Research and Innovation (UKRI); **Sarah Munby**, Permanent Secretary, Department of Science, Innovation and Technology; **Alexandra Jones**, Director General, Science, Innovation and Growth, Department of Science, Innovation and Technology; **Siobhan Peters**, Chief Finance Officer, UKRI

[Q30-88](#)

Published written evidence

The following written evidence was received and can be viewed on the [inquiry publications page](#) of the Committee's website.

UKI numbers are generated by the evidence processing system and so may not be complete.

1	ABPI	UKI0002
2	COOK, MR NIGEL	UKI0001
3	Hyde, Byron (Researcher, University of Bristol & Bangor University)	UKI0007
4	The Institution of Engineering and Technology	UKI0004
5	The London School of Economics and Political Science	UKI0005
6	The Royal Microscopical Society (RMS)	UKI0008
7	UCL	UKI0006

List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the [publications page](#) of the Committee's website.

Session 2024–25

Number	Title	Reference
42nd	Water sector regulation	HC 824
40th	Collecting the right tax from wealthy individuals	HC 827
39th	Government's use of private finance for infrastructure	HC 821
38th	Increasing teacher numbers: Secondary and further education	HC 825
37th	Immigration: Skilled worker visas	HC 819
36th	Jobcentres	HC 823
35th	Introducing T Levels	HC 822
34th	Department for Business and Trade Annual Report and Accounts 2023-24	HC 818
33rd	Supporting the UK's priority industry sectors	HC 1070
32nd	The Future of the Equipment Plan	HC 716
31st	Local Government Financial Sustainability	HC 647
30th	Antimicrobial resistance: addressing the risks	HC 646
29th	Condition of Government property	HC 641
28th	Decommissioning Sellafield	HC 363
27th	Government's relationship with digital technology suppliers	HC 640
26th	Tackling Violence against Women and Girls	HC 644
25th	DHSC Annual Report and Accounts 2023-24	HC 639
24th	Government cyber resilience	HC 643
23rd	The cost of the tax system	HC 645
22nd	Government's support for biomass	HC 715

Number	Title	Reference
21st	Fixing NHS Dentistry	HC 648
20th	DCMS management of COVID-19 loans	HC 364
19th	Energy Bills Support	HC 511
18th	Use of AI in Government	HC 356
17th	The Remediation of Dangerous Cladding	HC 362
16th	Whole of Government Accounts 2022-23	HC 367
15th	Prison estate capacity	HC 366
14th	Public charge points for electric vehicles	HC 512
13th	Improving educational outcomes for disadvantaged children	HC 365
12th	Crown Court backlogs	HC 348
11th	Excess votes 2023-24	HC 719
10th	HS2: Update following the Northern leg cancellation	HC 357
9th	Tax evasion in the retail sector	HC 355
8th	Carbon Capture, Usage and Storage	HC 351
7th	Asylum accommodation: Home Office acquisition of former HMP Northeye	HC 361
6th	DWP Customer Service and Accounts 2023-24	HC 354
5th	NHS financial sustainability	HC 350
4th	Tackling homelessness	HC 352
3rd	HMRC Customer Service and Accounts	HC 347
2nd	Condition and maintenance of Local Roads in England	HC 349
1st	Support for children and young people with special educational needs	HC 353