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Business, Energy  
& Industrial Strategy

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Our ref:  
Your ref:

26 May 2021

Dear Lord Patel,

When I appeared in front of your Committee on 15 April, I said I would provide an update on our full R&D allocations as soon as possible.

I am pleased to confirm we will be publishing our R&D allocations on 27 May.

BEIS will be investing £11.35 billion in R&D in 2021/22. Our allocations reflect Government's priorities of supporting the foundations of our world leading R&D system to ensure it is able to help lead the recovery from COVID-19, whilst also investing in strategic outcomes for R&D investment including innovation, Net Zero, Space and levelling-up.

Overall Government spending on R&D in 2021/22 is £14.9 billion, its highest level in four decades, demonstrating progress towards our target to increase total public and private R&D investment to 2.4 per cent of GDP by 2027.

We are investing more money than ever before in core research, in line with the announcement at the Spending Review in November 2020 that Government will increase investment in core UKRI and National Academy funded research by more than £1 billion by 2023/24.

The overall UKRI budget for 2021/22 will be £7,908 million. UKRI was originally allocated £8,447 million for the last financial year, 2020/21. The government subsequently announced an £300 million additional, one-year investment to upgrade scientific infrastructure through the World Class Labs funding scheme. As a result of this and other adjustments, UKRI's budget for 2020/21 was £8,668 million. The majority of the fall in UKRI's budget is as a result of the lower level of ODA investment. The allocation for 2021/22 represents a significant increase on UKRI's £7,347 million budget in 2019/20. UKRI expect to be able to continue all programmes as planned in 2021/22.

We are making a £1.29 billion provision for funding the United Kingdom's contribution to EU programmes including Horizon Europe, Euratom Research & Training, and associated volatility risk. We will pay a fair share towards Horizon Europe (around £1 billion) and other EU programmes such as Euratom Research and Training (around £200 million). As I explained to the Committee previously, the

exact annual cost will vary depending on factors including whether the UK is excluded from any parts of the programme, GDP and foreign exchange rate considerations. We will not pay for any parts of the programme we are unable to access. We are confident that the amount set aside will cover the costs arising from our association to European Union programmes in 2021/22. We are committed to helping UK researchers and business maximise this opportunity and will be setting out how we will fund the full length of the programme at the next SR.

We will also be announcing that we are making a contribution to the work of medical research charities, whose fundraising and lifesaving work has been disrupted over the course of the pandemic. £15m from BEIS together with £5m from DHSC will support early career researchers supported by charities, helping to protect the pipeline of research superstars who will have a fantastic impact, and improve patient lives, in the future. This will be in addition to other UKRI funding that complements the work of medical research charities, including MRC funding, charity research support funding element of QR, MRC's funding for the Crick Institute and our investment in vaccine manufacturing and innovation to combat COVID-19 via the Vaccines Taskforce.

If your Committee has any further questions about our allocations in 2021/22 my officials would be happy to respond.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Kwasi Kwarteng', is centered on the page.

**RT HON KWASI KWARTENG MP**  
Secretary of State for Business, Energy and Industrial Strategy