



**Department for
Business, Energy
& Industrial Strategy**

Rt Hon Greg Clark MP
Chair, Science and Technology Committee
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Dear Greg,

Thank you for your letter of 30 March which raises a number of significant points.

The Government's long-term objectives for R&D are clear: to invest in the science and research that will deliver economic growth and societal benefits across the UK for decades to come, and to build the foundations for the new industries of tomorrow. We have set ourselves the target of at least 2.4% of GDP being spent on R&D by 2027. This was supported by the unprecedented commitment at the Budget to increase public investment in R&D to £22 billion each year by 2024/25.

Maintaining investment in R&D will be critical to our economic recovery. R&D is already helping us respond to the Covid-19 pandemic; discovery research conducted in the UK and innovative businesses set up as a result, enabled the sequence of the new coronavirus to be made globally available within weeks of the pandemic starting.

As you highlight in your letter, there are structural challenges that require real innovation to solve, including net zero, the productivity gap and levelling up the economy. The innovation required to tackle these long-term issues, as well as to help the UK stay in the forefront of emerging new technologies that will boost productivity and prosperity, will only come from R&D.

The R&D budget for future years, from 2021/22 onwards, is not yet allocated to Departments; it is due to be agreed as part of the Spending Review. The Chancellor announced on 24 March, that the Comprehensive Spending Review would be delayed from July to enable the government to remain focused on responding to the public health and economic emergency that the Covid-19 pandemic presents. Further plans will be set out in due course.

It is at this stage where we will be looking to make strategic decisions on this future spend, again including further support on measures to manage Covid-19 impacts. We intend to develop a comprehensive R&D plan which will draw on work undertaken through the Industrial Strategy, and we will work with UKRI and

stakeholders in developing this. I would welcome views from yourself and the Science and Technology Committee on this matter.

Thank you for taking the time to write on these important policy areas.

Kind regards,



THE RT HON ALOK SHARMA MP
Secretary of State for Business, Energy & Industrial Strategy