



**Research
England**

Circular letter

Funding budgets for 2022-23 to 2024-25

To	Heads of Research England-funded higher education providers
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Enquiries to	General queries to annualfunding@re.ukri.org

Dear Vice-Chancellor or Principal

Funding budgets for higher education providers 2022-23 to 2024-25

1. This circular letter sets out our budget decisions on Research England’s funding streams for higher education providers for the academic years 2022-23 to 2023-24, and financial years 2022-23 to 2024-25. Capital funding is allocated by financial year (April to March) and all other formula-based funding is now allocated by academic year (August to July)..
2. Decisions on funding are delegated from the Chief Executive Officer of UK Research and Innovation (UKRI) to me as Executive Chair of Research England. The Executive Chair acts with the endorsement and support of the Research England Council.
3. In June 2022 we published the specific guidance UKRI has received from the Department for Business, Energy and Industrial Strategy (BEIS). This sets out the government’s priorities and budget allocations for Research England in financial year 2022-23 and indicative budget allocations for financial years 2023-24 and 2024-25 ¹.
4. Following a period of consultation with sector representative bodies, an updated set of terms and conditions for 2022-23 will be published shortly.

¹ <https://www.ukri.org/publications/guidance-from-beis-for-research-england-funding-allocations/>

5. We plan to publish the majority of higher education providers' formula grant allocations and monthly payment profiles for 2022-23 in summer 2022.

Budget decisions for 2022-23 to 2024-25

6. The specific guidance from BEIS confirmed the funding available to Research England for the 2022-23 financial year and provided indicative budgets for financial years 2023-24 and 2024-25. It also identified the priorities and policies that should underpin our approach to funding.
7. In the light of that guidance and following discussion with and endorsement by the Research England Council, we have set budgets for research and knowledge exchange for the 2022-23 to 2023-24 academic years (Tables 1 and 2), and budgets for capital grants for the 2022-23 to 2024-25 financial years (Table 3). Further detail is provided below. We are unable to confirm academic year commitments beyond the current spending review period at this point. Those figures will be confirmed in due course.
8. Our settlement from BEIS allows us to increase formula funding budgets from 2022-23 and provide stability for the sector. The balance of dual support funding is maintained at around 64p in the pound across the funded period.
9. In making budget decisions for the 2022-23 to 2023-24 academic years we have assumed that funding from the Department for Education towards the Higher Education Innovation Funding programme (HEIF) will continue for financial years 2023-24 and 2024-25. Any significant future changes to our funding by government could affect the funding we are able to distribute to providers in the 2022-23 to 2023-24 academic years, and this may include revising allocations after they have been announced.
10. We also reserve the right to make retrospective revisions to allocations for 2021-22 and earlier years if there is specific need, for example if we find that terms and conditions of grant have not been met or that formula allocations have been informed by incorrect higher education provider data.

Table 1: Funding for research and knowledge exchange for academic years 2021-22 to 2023-24

<i>All figures in £ millions by academic year</i>	2021-22	2022-23	2023-24 expected
Research funds			
Quality-related research (QR)	1,789	1,974	1,974
Policy Support Fund	29*	29	29
Enhancing Research Culture	30*	30	30
Participatory Research	6*	6	6
Specialist Provider Element	10*	20	20
National facilities and initiatives	62	51	61
Funding for SAS and IoZ	11	11	11
Other 2021-22 single-year funds	17*	n/a	n/a
Total AY research funding	1,954	2,121	2,132
Knowledge Exchange funds			
HEIF formula funding	230	260	260
HEIF business / commercialisation supplement	n/a	20	20
KE funding for providers not in receipt of HEIF	6*	6	n/a
Contribution to RED fund	20*	20	20
RED fund CCF / commercialisation programme	n/a	22	28
Connecting Capability Fund (CCF)**	17	n/a	n/a
Other 2021-22 single-year funds	32*	n/a	n/a
Total AY knowledge exchange funding	305	328	328
Total AY funding	2,259	2,449	2,460

Sums may not add up due to rounding differences. *Funding streams distributed by FY in 2021-22.

**CCF wave 1 and follow-on-funding.

Funding for research

11. Budgets for the separate elements of QR are being increased from their 2021-22 levels and maintained for the spending review period, as shown in Table 2. This takes account of the government’s priorities to build the UK’s science and technology capability and its specific direction to increase funding for business research, alongside Research England’s mission to create and sustain the conditions for a healthy and dynamic research and knowledge exchange system in English higher education providers.

Table 2: Budgets for individual elements of QR funding

<i>All figures in £ millions by academic year</i>	2021-22 (Recurrent + single year)	2022-23	2023-24 expected
Mainstream QR research funds (incl. London weighting)	1,192	1,303	1,303
QR RDP supervision funds	302	332	332
QR charity support fund	204	219	219
QR business research element	84	114	114
QR funding for National Research Libraries*	7	7	7
Total QR funding	1,789	1,974	1,974

Figures may not sum to the total due to rounding differences. *QR funding for National Research Libraries increases from £6.5 million in 2021-22 to £6.8 million for the spending review period.

12. In setting our budgets for research, we have sought to maintain stability and continuity in our investment in research as well as recognising the outcomes of REF2021.

Proportional allocations across disciplinary areas are maintained, recognising the contribution which all of our disciplines make to national life, including the significant contribution to culture and quality of life from the Arts and Humanities. Other features of the mainstream QR funding mechanism remain unchanged, including the current relationship between 4* and 3* research in our QR allocations.

13. Following feedback from the sector and consideration of strategic importance, we will maintain the Policy Support Fund, Enhancing Research Culture fund and Participatory Research fund across the funded period. This will enable providers to continue existing work and develop longer term initiatives to address these important aspects of research activity.

14. Specialist Provider Element funding also continues for the spending review period to reach the end of the five-year, £80 million package announced by the government in the March 2020 budget.
15. Funding for the School of Advanced Studies (SAS) and the Institute of Zoology (IoZ) sees a moderate increase from £10.7 million in 2021-22 to £11.2 million for the spending review period.

Funding for knowledge exchange (KE)

16. We have increased HEIF formula funding to £260 million to address priorities from the Innovation Strategy and levelling up white paper. This includes £48 million contributed by the Department for Education to support student and teaching elements of KE through HEIF for the 2022-23 allocations, which we expect to be confirmed annually, as previously.
17. The HEIF funding method and weightings will remain the same as in 2021-22 with the following exceptions to accommodate the £30 million total increase in budget in 2022-23:
 - a. The limit on the year-on-year percentage increase will go up from +10 per cent to +15 per cent, to accommodate the £20m increase to the main pot
 - b. The upper cap on the main HEIF allocation will be increased from £4.285 million to £4.67 million, to accommodate the £20m increase to the main pot
 - c. The upper cap on the top-up allocation (for HEPs whose main HEIF formula funding is limited by the top cap) will be increased from £0.5 million to £1 million, to accommodate the £10m increase to the top-up pot.
18. Two new funding streams are being introduced in response to government policy guidance to increase funding for activity supporting commercialisation and university-business collaboration:
 - a. A HEIF business / commercialisation supplement is being developed, to be allocated using a new formula funding method using business and commercialisation data only. We will ask for assurance that these funds are used entirely for, and additionally to use of HEIF for, business and commercialisation activity, with further details to be published in the autumn 2022 version of our booklet 'How we fund higher education providers';
 - b. The RED fund / CCF commercialisation programme replaces the former separate Connecting Capability Fund (CCF) programme. It addresses the same agenda of support for scale and collaboration in commercialisation, but will be allocated through RED fund processes to make it more flexible to respond to any new government priorities, while simplifying and reducing operational costs.

19. KE funding for providers eligible for but not currently in receipt of HEIF will be maintained at £6 million for academic year 2022-23 and complete important activities, as part of meeting the capacity required from the sector, in addressing particular priorities identified last year.

Capital grants

20. Budgets for the Research Capital Investment Fund (RCIF) have been increased to £206 million in 2022-23 and are expected to increase each year during the three-year funded period as shown in Table 3.

Table 3: Capital funding budgets for financial years 2022-23 to 2024-25

<i>All figures in £ millions by financial year</i>	2021-22	2022-23	2023-24 expected	2024-25 expected
Research Capital Investment Fund (RCIF)	188	206	215	228
National facilities and initiatives	13	10	10	10
UKRPIF	83	29	25	75
Total capital funding	284	245	250	313

Figures may not sum to the total due to rounding differences.

21. We provide capital grants on a financial year basis and so require capital grants for 2022-23 to be spent in full by March 2023.

22. Formula-based research capital will continue to comprise two separate elements:

- HEI Research Capital England, totalling £113 million in 2022-23, will be allocated in proportion to 2020-21 and 2021-22 QR funding and research income (for 2019-20 and 2020-21) from other selected (non-Research Council) sources.
- Higher Education Research Capital (HERC) England, totalling £93 million in 2022-23, will continue to be allocated in proportion to research income from Research Councils, reflecting finance data for the most recent three years.

23. A total of £100 million funding for a seventh round of the UK Research Partnership Investment Fund (UKRPIF) has been announced for financial years 2023-24 and 2024-25. Further details on this new round of funding will be announced this month.

Further information

24. Further details on Research England budgets for 2022-23, including allocations for individual providers, will be published in summer 2022.
25. Any questions about this letter should be addressed to annualfunding@re.ukri.org. Questions about research or knowledge exchange specifically should be addressed to researchpolicy@re.ukri.org or kepolicy@re.ukri.org respectively.

Yours sincerely

A handwritten signature in black ink, appearing to read 'David Sweeney', with a long horizontal stroke extending to the right.

David Sweeney
Executive Chair