



**Research  
England**

## **Circular letter: Funding budgets for 2023-24 and 2024-25**

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| To               | Heads of Research England-funded higher education providers                                 |
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| Enquiries to     | General queries to <a href="mailto:annualfunding@re.ukri.org">annualfunding@re.ukri.org</a> |

Dear Vice-Chancellor or Principal

### **Funding budgets for higher education providers 2023-24 and 2024-25**

1. This circular letter sets out our budget decisions on Research England's funding streams for higher education providers (HEPs) for the academic and financial years 2023-24 and 2024-25. Capital funding is allocated by financial year from April to March, and all other formula-based funding is allocated by academic year from 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 2023 we published the specific guidance UKRI has received from the Department for Science, Innovation and Technology (DSIT). This sets out the government's priorities and budget allocations for Research England in financial year 2023-24 and indicative budget allocations for financial year 2024-25. These largely reflect the three-year indicative budgets provided in June 2022 by the Department for Business, Energy and Industrial Strategy (BEIS)<sup>1</sup>.
4. As outlined in our circular letter issued on 13 July 2023<sup>2</sup>, HEPs will receive quality-related research (QR) funding and Higher Education Innovation Funding (HEIF) payments in August 2023 based on the amounts paid in August 2022, in order to provide

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<sup>1</sup> [www.ukri.org/publications/guidance-from-dsit-for-research-england-funding-allocations](https://www.ukri.org/publications/guidance-from-dsit-for-research-england-funding-allocations)

<sup>2</sup> [www.ukri.org/publications/notice-of-research-england-funding-payments-in-august-2023](https://www.ukri.org/publications/notice-of-research-england-funding-payments-in-august-2023)

continuity of funding while we progress our allocation processes. Monthly payment profiles will be adjusted accordingly once final allocations have been calculated.

5. Following a period of consultation, an updated set of terms and conditions for 2023-24 will be published on 1 August 2023.
6. An explanation of our allocation methods for formula funding streams can be found in our publication [How we fund higher education providers](#)<sup>3</sup>.
7. We plan to publish the majority of higher education providers' formula grant allocations for 2023-24 in late summer 2023.

## **Budget decisions for 2023-24 and 2024-25**

8. The specific guidance from DSIT confirmed the funding available to Research England for the 2023-24 financial year and provided an indicative budget for financial year 2024-25. It also reaffirmed the priorities and policies that should underpin our approach to funding.
9. 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 2023-24 and 2024-25 academic years (Tables 1 and 2), and budgets for capital grants for the 2023-24 and 2024-25 financial years (Table 3). Further detail is provided below.
10. Our settlement from DSIT is in line with the 3-year indicative budgets provided by BEIS in 2022, adjusted for some movement of funds between financial years that does not affect our academic year budgets. This has allowed us to maintain our recurrent formula funding budgets from 2022-23 and provide stability for the sector. The balance of dual support funding continues to be maintained at around 64p in the pound across the current funded period.
11. In making budget decisions for the 2023-24 and 2024-25 academic years we have assumed that funding from the Department for Education for the Higher Education Innovation Funding programme (HEIF) will continue for financial years 2023-24 and 2024-25.

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<sup>3</sup> [www.ukri.org/publications/research-england-how-we-fund-higher-education-providers](https://www.ukri.org/publications/research-england-how-we-fund-higher-education-providers)

12. Any significant future changes to our funding by government could affect the funding we are able to distribute to HEPs in the 2023-24 and 2024-25 academic years, and this may include revising allocations after they have been announced.
13. We also reserve the right to make retrospective revisions to allocations for 2022-23 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 HEP data.

**Table 1: Funding for research and knowledge exchange for academic years 2022-23 to 2024-25**

| <i>All figures in £ millions by academic year</i> | <b>2022-23</b> | <b>2023-24</b> | <b>2024-25</b><br>indicative |
|---|----------------|----------------|------------------------------|
| <b>Research funds</b>                             |                |                |                              |
| Quality-related research (QR) – recurrent         | 1,974          | 1,981          | 1,986                        |
| Supplementary QR (single-year allocation)         | 31             | n/a            | n/a                          |
| Policy Support Fund                               | 29             | 29             | 29                           |
| Enhancing Research Culture                        | 30             | 30             | 30                           |
| Participatory Research                            | 6              | 6              | 6                            |
| Specialist Provider Element                       | 20             | 20             | 20                           |
| National facilities and initiatives               | 53             | 55             | 68                           |
| Funding for SAS and IoZ                           | 11             | 11             | 11                           |
| <b>Total AY research funding</b>                  | <b>2,154*</b>  | <b>2,132</b>   | <b>2,150</b>                 |
| <b>Knowledge Exchange funds</b>                   |                |                |                              |
| HEIF formula funding                              | 260            | 260            | 260                          |
| HEIF business / commercialisation supplement      | 20             | 20             | 20                           |
| KE funding for providers not in receipt of HEIF   | 6              | n/a            | n/a                          |
| Research England Development (RED) fund           | 20             | 20             | 20                           |
| RED-Connecting Capability Fund (RED-CCF)          | 22             | 28             | 28                           |
| <b>Total AY knowledge exchange funding</b>        | <b>328</b>     | <b>328</b>     | <b>328</b>                   |
| <b>Total AY funding</b>                           | <b>2,482*</b>  | <b>2,460</b>   | <b>2,478</b>                 |

Sums may not add up due to rounding differences.

\*Includes £31 million Supplementary QR issued on a single-year basis in December 2022.

## Funding for research

14. Budgets for the separate elements of QR are being maintained at their 2022-23 levels, except the QR Research Degree Programme (RDP) supervision fund which is increasing as shown in **Table 2**. This recognises the government’s priority to continue to support the next generation of researchers, 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>     | <b>2022-23<br/>(Recurrent +<br/>single year)</b> | <b>2023-24</b> | <b>2024-25<br/>indicative</b> |
|---|--|----------------|-------------------------------|
| Mainstream QR research funds (incl. London weighting) | 1,303  | 1,303          | 1,303                         |
| Supplementary QR (single-year allocation)             | 31   | n/a            | n/a                           |
| QR RDP supervision funds                              | 332  | 339            | 344                           |
| QR charity support fund                               | 219  | 219            | 219                           |
| QR business research element                          | 114  | 114            | 114                           |
| QR funding for National Research Libraries            | 7  | 7              | 7                             |
| <b>Total QR funding</b>                               | <b>2,005*</b>                                    | <b>1,981</b>   | <b>1,986</b>                  |

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

\*Includes £31 million Supplementary QR issued on a single-year basis in December 2022.

15. As confirmed in 2022, we will maintain the Policy Support Fund, Enhancing Research Culture fund and Participatory Research fund across the funded period. This will enable HEPs to continue existing work and develop longer term initiatives to address these important aspects of research activity.

16. Specialist Provider Element funding also continues for the spending review period in recognition of the £80 million package, across 5 years, announced by the government in the March 2020 budget.

## Funding for knowledge exchange

17. We have maintained our main HEIF formula funding at £260 million. This includes £48 million contributed by the Department for Education to support student and teaching elements of knowledge exchange through HEIF for the 2023-24 allocations, which we expect to be confirmed annually.
18. The HEIF funding method, weightings and modifiers will remain the same as in 2022-23, except for the limit on the year-on-year percentage increase which will return from +15% to the standard level of +10%. This modifier was raised in 2022-23 to accommodate the increase in funding from 2021-22.
19. The funding streams initiated in 2022-23 in response to government policy guidance to increase funding for activity supporting commercialisation and university-business collaboration are being maintained as expected:
  - a. The £20 million HEIF business and commercialisation supplement (issued in addition to the main HEIF formula funding) will continue to be allocated on the basis outlined in November 2022 <sup>4</sup>
  - b. The Connecting Capability Fund (CCF) programme agenda of support for scale and collaboration in commercialisation, at £28 million for academic years 2023-24 and 2024-25, is being allocated through Research England Development (RED) Fund processes. The first invitation to bid for funds under the RED-CCF programme was issued on 5 June 2023, and will close on 28 July 2023<sup>5</sup>.

## Capital funding

20. Budgets for the Research Capital Investment Fund (RCIF) have been increased slightly from the expected budgets published in 2022, as shown in Table 3 overleaf.
21. We provide capital grants on a financial year basis and so require capital grants for 2023-24 to be spent in full by March 2024.
22. The seventh round of the UK Research Partnership Investment Fund (UKRPIF) is under way, with outcomes expected in November 2023 <sup>6</sup>.

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<sup>4</sup> [www.ukri.org/publications/heif-business-and-commercialisation-supplement-allocations-2022-to-2023](https://www.ukri.org/publications/heif-business-and-commercialisation-supplement-allocations-2022-to-2023)

<sup>5</sup> [www.ukri.org/publications/circular-letter-connecting-capability-fund-short-term-funding](https://www.ukri.org/publications/circular-letter-connecting-capability-fund-short-term-funding)

<sup>6</sup> [www.ukri.org/opportunity/uk-research-partnership-investment-fund-round-seven](https://www.ukri.org/opportunity/uk-research-partnership-investment-fund-round-seven)

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

| <i>All figures in £ millions by financial year</i>   | <b>2022-23<br/>(Recurrent +<br/>single-year)</b> | <b>2023-24</b> | <b>2024-25<br/>indicative</b> |
|--|--|----------------|-------------------------------|
| HEI Research Capital England                         | 113  | 113            | 120                           |
| Higher Education Research Capital (HERC) England     | 93   | 107            | 113                           |
| Supplementary RCIF (single-year allocation)          | 4  | n/a            | n/a                           |
| <b>Total Research Capital Investment Fund (RCIF)</b> | <b>210*</b>                                      | <b>220</b>     | <b>233</b>                    |
| National facilities and initiatives                  | 10   | 5 <sup>†</sup> | 5                             |
| UKRPIF   | 25   | 29             | 75                            |
| <b>Total capital funding</b>                         | <b>245*</b>                                      | <b>254</b>     | <b>313</b>                    |

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

\*Includes £4 million Supplementary RCIF issued on a single-year basis in December 2022.

<sup>†</sup>Decrease due to adjustment in proportions of Jisc funding provided from capital and resource (total Jisc funding maintained).

## Further information

23. Further details on Research England budgets for 2022-23, including allocations for individual HEPs, will be published from late summer 2023.

24. Any questions about this letter should be addressed to [annualfunding@re.ukri.org](mailto:annualfunding@re.ukri.org). Questions about research or knowledge exchange specifically should be addressed to [researchpolicy@re.ukri.org](mailto:researchpolicy@re.ukri.org) or [kepolicy@re.ukri.org](mailto:kepolicy@re.ukri.org) respectively.

Yours sincerely



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