

Specific guidance to UKRI, from DSIT, regarding the operation of Research England for 2025-2026

Funding allocations to Research England for research, knowledge exchange (KE) and research capital for the financial year 2025-26 are set out in the table at the end of this annex. This allocation ensures that the balance of dual support will remain at a similar ratio to recent years.

1. Research

- Strategic Institutional Research Funding (SIRF) review: This review, carried out in consultation with stakeholders, will provide a robust assessment of flexible formula funding and the effectiveness of the current allocation method for the first time in a decade. This will inform the approach to future funding.
- Financial sustainability of university research: Given the sustainability challenges faced by the sector, Research England should continue working with the Office for Students (OfS), Devolved Administrations and across UKRI on this issue with particular attention to sustaining disciplinary breadth in strategic areas.
- Local and regional economic growth: Research England should continue delivery, monitoring and evaluation of programmes that support local and regional economic growth, and through knowledge exchange formula funding.
- Research Assessment: Research England should continue, in partnership with the devolved funding bodies and the sector, to ensure that the next research assessment exercise incentivises high quality research, with positive economic and social impacts. It should provide clear accountability for public funding with bureaucracy kept to the necessary minimum.
- Capital Funding for Research: Research England should continue to assess the condition of the research estate to build the evidence on future research capital funding needs.

2. Knowledge Exchange (KE)

- Higher Education Innovation Funding (HEIF): HEIF funded activity should support the government priority of kickstarting economic growth. Activities should support increased business engagement and commercialisation, boost local economic growth and encourage entrepreneurship. Further adjustments are needed to ensure this, we therefore support plans for the review and reform of the metrics and approach to allocation for HEIF.
- Spin-outs and commercialisation: We note the progress in delivering the recommendations of the spin-out review, embedding best practice in commercialisation and the launch of the University Spin-out Register. We welcome the plans to use this data as part of your KE metrics programme to deepen evidence on the state of the national innovation ecosystem. We look forward to the recommendations on improving University-Investor links, and how you intend to take them forward.
- Evidence and data to support KE: Research England should continue to work with the University Commercialisation and Innovation policy unit, Jisc-HESA and funding bodies to further develop the Higher Education Business and Community Interaction (HE-BCI) survey.

3. Table – Research England Budget Allocations

The table below shows allocations for Research and Knowledge Exchange for 2024-26

Research England Allocations (£m)	Final FY 2024-25	FY 2025-26
Recurrent grant for Research inc. contribution to core HEIF	2,279.54	1,996.84
Strategic Programmes funding (previously <i>National Productivity Investment Fund</i>) inc. HEIF uplift o/w £64m in FY 2025-26 to be allocated as 'Additional Capital'	162.00	169.57
Specialist Institutions	25.00	*
Total Programme ESA10 CDEL	2,466.54	2,166.40
HEI Research Capital England	124.95	91.59
HE Research Capital (HERC) England	113.05	82.86
UK-RPIF	69.90	15.20
Total Capital CDEL	307.90	189.65
DfE contribution		
Recurrent Teaching contribution to HEIF – attrib. to OfS	48.20	48.20

* For 2025-26, Specialist Institution funding is included in the recurrent grant line

The table reflects Financial Years (April to March). Figures reflect any rephasing of payments across the academic year, which do not affect the overall academic year allocations.