UK Research and Innovation

Annual Report and Accounts 2024–25

Transforming tomorrow together

HC 1076

UK Research and Innovation

Annual Report and Accounts

2024–25

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<u>Correction:</u>
Correction on page 87, last bullet point of first section. Correcting the amount recovered from errors identified in the nine funding Assurance Catapult Centres reviews, reported in the Governance Statement

Text currently reads:

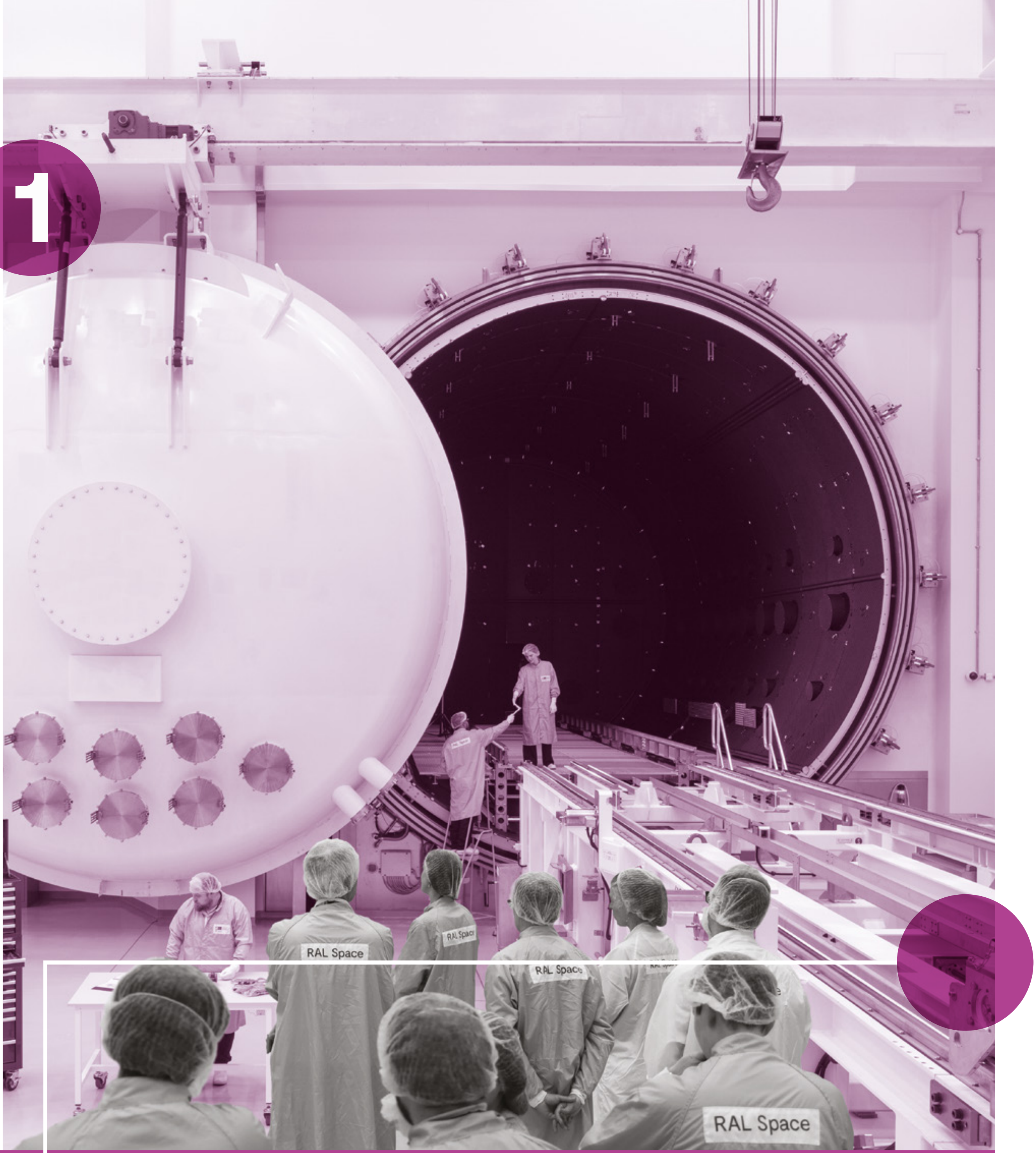
- we completed nine funding assurance reviews of Catapults Centres of which three achieved limited assurance four achieved moderate assurance and two were advisory. We recovered £4.3 million due to errors identified through these assignments.

Text should read:

- we completed nine funding assurance reviews of Catapults Centres of which three achieved limited assurance four achieved moderate assurance and two were advisory. We recovered £2.3 million due to errors identified through these assignments.

Date of correction: 6 November 2025

Contents



The UK's first dedicated facility for testing large satellites, the National Satellite Test Facility (NSTF), opened in 2024. Operated by the Science and Technology Facilities Council's (STFC) RAL Space, the NSTF is designed to ensure that satellites, which are up to seven tonnes in weight and the size of a minibus, can withstand launch and the harsh conditions of space.

1. Introduction

Introduction by the Chair

I am delighted to introduce UK Research and Innovation's (UKRI) Annual Report and Accounts for 2024-25. This marks the end of the third year of our five-year Transforming Tomorrow Together Strategy and I welcome UKRI's tremendous progress in delivering its ambitions.

Research and innovation (R&I) are widely recognised as vital to delivering the decade of national renewal which is central to the new government's agenda. In October, we welcomed the government's protection of R&I budgets in the Autumn Budget and its recognition of R&I's importance to delivering prosperity and wider benefits pursued through the national missions.

UKRI is uniquely placed to contribute to the government's mission to kickstart economic growth. Our breadth of sector networks and investment partners enables us to break down barriers between disciplines and sectors and between R&I and wider society. This year, we prioritised joining up our R&I communities by accelerating support for the translation and commercialisation of discovery research, as well as dynamically reshaping our strategic investments to deliver growth-focused outcomes. In doing so, we welcomed opportunities to work closely with the Department for Science, Innovation and Technology (DSIT) and other government departments to maximise the UK's public R&I portfolio.

We continue to invest wisely, making careful decisions to manage budgets responsibly and balance short and long-term priorities, from protecting curiosity-led research to maintaining the competitiveness of the UK's R&I infrastructure and skills base. As we work through the current spending review as the UK's public sector R&I manager, we recognise the strains and stresses on the UK's university system and R&I funding environment. We are working closely with our R&I communities to invest responsibly and harness the UK's ingenuity to deliver the best possible outcomes.

I thank Professor Dame Ottoline Leyser for her exceptional five years as UKRI's Chief Executive Officer (CEO). She has delivered a step change in operational effectiveness and cross-discipline funding, and has effectively guided UKRI through challenging times, most notably during the COVID-19 pandemic. I am delighted that Professor Sir Ian Chapman will take over as CEO in August 2025 to lead UKRI through a time of significant internal and external change. His skills and expertise will be vital in driving forward UKRI's stewardship of the UK's R&I system.

We have demonstrated our agility this year by advancing the delivery of our technology platform replacement and wider internal change programmes, as well as adapting to rapidly evolving economic and geopolitical conditions. UKRI's Board has been crucial in fostering this agility. We have established improved performance and risk management processes, stood down UKRI's Organisational Change Committee, with assurance activity continuing under our Audit, Risk and Assurance Committee, and established a new Growth Committee which first met in April 2025.

I thank Professor Sir Ian Boyd, Dr John Fingleton and Professor Sir Anthony Finkelstein who stepped down from the Board this year for their invaluable contributions to UKRI's success. I also warmly welcome Annie Callahan, Rita Dhut, Professor Jane Norman and Russell Schofield-Bezer who joined the Board in 2024-25. Their appointments guarantee that the Board continues to possess the extensive experience and expertise that will ensure UKRI is well run and delivering value for money.

This is a critical time for research and innovation in the UK. UKRI will need to harness its deep expertise to take challenging prioritisation choices required to enhance the efficiency and effectiveness of our portfolio. Our talented staff's immense commitment and our ongoing operational improvements give me high confidence that UKRI will meet this challenge and continue maximising the impact of every pound we invest.

Sir Andrew Mackenzie *(Chair)*

Introduction by the CEO

Research and innovation (R&I) are fundamentally about hope and empowerment, bringing people together to improve lives and livelihoods for everyone. They have the power to turn challenges into opportunities, bringing together communities to find solutions.

UKRI is a critical national resource in this shared endeavour that underpins our five-year 2022-27 Strategy, Transforming Tomorrow Together. I am delighted to outline our progress in delivering on our strategy's objectives as set out in our Council Strategic Delivery Plans, with Siobhan Peters, UKRI's Chief Finance Officer, serving as interim Accounting Officer for the 2024-25 Annual Report and Accounts following the end of my term as Chief Executive Officer in June 2025.

This year, we have worked closely with government to ensure the whole public investment in research and development is optimised to deliver the new government's priority outcomes as efficiently and effectively as possible. Alongside our core budget allocation from DSIT, UKRI has delivered an additional £1.5 billion in R&I on behalf of Other Government Departments (OGDs) and wider DSIT programmes.

I have welcomed the new government's focus on benefits for citizens and its recognition of the centrality of R&I to driving growth and opportunity across the UK. We have catalysed the UK's R&I base to accelerate public and private sector programmes aligned with the new government's five missions. These have included our £85.6 million investment in the Offshore Renewable Energy Catapult and our £32 million programme supporting 98 projects using AI to improve the UK's productivity.

In October, I welcomed the government's commitment to R&I in the Autumn Budget. As we navigate a challenging economic environment, our focus now more than ever must be on delivering and leveraging the most from every pound of investment and working collectively across government and our R&I communities to make smart and strategic investment choices.

Our strategic themes are an excellent example of how we can deliver on this imperative. They allow us to leverage the exceptional work of our nine councils through additional targeted investments that capture synergies and build partnerships across the UK and beyond. Examples from this year include our £14.8 million Resilient Coastal Communities and Seas programme with the Department for Environment, Food and Rural Affairs (DEFRA), and our £25 million Accelerating the Green Economy investment in five new green industry centres bringing together researchers, businesses and local leaders across the UK.

We have also taken great strides this year in implementing our new streamlined doctoral funding framework. This is developing the people and teams that we need to underpin a thriving and connected UK R&I system. We have invested over £500 million in new Doctoral Landscape and Focal Awards to support over 4,700 studentships extending across the biological, engineering and physical, and natural and environmental sciences. These investments are pivotal to building the R&I workforce and creating the ideas and innovations needed to power economic growth and improve public services.

To realise these benefits, we also recognise that we must break down barriers to opportunity and widen access to the diverse fulfilling careers that research and innovation offer. In January, we announced the largest real-terms increase in the stipend for UKRI-funded students since 2003, as well as changes to our doctoral funding terms and conditions to foster a system that is better equipped to support students no matter their background and needs.

Across UKRI, we strongly believe that research and innovation should be by everyone, for everyone. This year, we have focused on empowering communities by launching a £9 million Community Research Networks programme with the Young Foundation. This investment is putting funding into the hands of communities to tackle the issues that matter most to them, enhancing connectivity within and between the UK's regions and enriching the R&I system to benefit from diverse expertise and understanding.

National prosperity depends on this connectivity and a high-productivity, thriving economy right across the UK.

We have therefore strengthened our investment this year in local research and innovation clusters, including a £16 million investment in Innovate UK's Launchpad programme and the launch of two new AHRC-led creative industries R&I clusters in Birmingham and Liverpool. These investments are nurturing the connections between organisations, businesses and local leaders that drive economic growth and create high-quality jobs.

Key to transforming our economy and public services across the UK is the rapid development, adoption and diffusion of critical technologies. One highlight this year was the launch of five new quantum technology hubs that will ensure the UK benefits from the potential of quantum technologies in healthcare, national security and wider sectors. The launch of over £25 million of International Science Partnerships Fund (ISPF) programmes enabling global collaboration across AI, quantum, engineering biology, telecoms, and semiconductors also reflects our commitment to maintaining the UK's world-leading capabilities and advancing the evolution of these technologies.

UKRI's wide reach across all disciplines means that we are ideally placed to maintain the UK's national capability in curiosity-led research. In November, I was delighted to attend the inaugural meeting of awardees from our Cross-Research Council Responsive Mode pilot scheme, bringing interdisciplinary teams together to explore diverse areas including treatment for bile duct cancer and protecting children's digital data. Unlocking innovative approaches that would not be possible from established disciplinary thinking, the award and launch of the scheme's first and second rounds this year demonstrate UKRI's unique ability to forge connections across our diverse R&I communities.

This has been a year of ongoing change for UKRI. We have progressed the delivery of our change programme aimed at providing simpler, better, and more integrated IT platforms, harmonised processes, and more agile collaboration across the organisation, in line with the Grant Review of UKRI and the Tickell Review of research bureaucracy's recommendations. The scale of work has been significant. It has required managing internal pressures emerging from delays to the implementation of new IT platforms, alongside challenging reductions in operating expenditure. I recognise the significant impacts that this has had on our people and their perseverance in developing and operating manual workarounds during the transition.

We are now focused on capturing the benefits from our new technology platforms, including the transition to the new Funding Service (TFS), and learning from the insights of our R&I user communities. We have made substantial progress, with all new awards now made through TFS and the platform passing its public beta assessment, marking major milestones in our mission to make our funding service simpler and better.

UKRI's progress in the past year would not have been achieved without the remarkable creativity and innovation of our staff, whose outstanding breadth of expertise is vital to fostering the world-class R&I system that the UK has and needs. I am inspired by our staff's dedication to making UKRI an inclusive environment where diverse ideas and approaches are welcome and can drive excellent outcomes. I would particularly like to highlight the invaluable work of our staff networks. I am delighted that UKRI was recognised as a Carer Confident Active Employer this year, reflecting our commitment to support carers in the workplace to combine their work and caring responsibilities.

The diverse expertise and collaborative ethos of UKRI's Executive Committee is also inspiring. I would like to express my gratitude to Professor Mark Thomson and Indro Mukerjee for their positive contributions as Executive Chair for STFC and Innovate UK, respectively, and for the excellent work of Professor Guy Poppy as Interim Executive Chair of BBSRC. I have been delighted to welcome Professor Anne Ferguson-Smith, Professor Michele Dougherty, and Dr Stella Peace as Executive Chair for BBSRC and STFC and Interim Executive Chair for Innovate UK.

The creation of UKRI has been transformative. Our budgets are now 30% higher than in 2018, including a more than 50% increase in the Innovate UK budget across 2022-25. Major challenge-led and investigator-led cross-disciplinary and cross-sector programmes have been established. There is a strong portfolio of council-specific and UKRI-wide interventions to improve R&I culture and ensure the next generations of researchers and innovators can thrive. And of course, there is all the extraordinary research and innovation that we have delivered and enabled within our facilities and centres, and across the R&I communities we serve.

Leading UKRI over the past five years has been a huge honour and I am confident that the organisation will continue to realise its full potential under the leadership of my successor, Professor Sir Ian Chapman. There is always more to be done, and I know the extraordinary people across UKRI will continue to deliver extraordinary outcomes for the UK and beyond.

Professor Dame Ottoline Leyser *(Chief Executive)*

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Monitoring wildlife from space: NERC's British Antarctic Survey has boosted wildlife conservation, thanks to groundbreaking survey techniques using satellite data.

2. Performance Report

The **Performance Overview** section provides a summary of our performance, our finances, our response to challenges over the year, and how we manage key risks.

The **Performance Analysis** describes in more detail how we have delivered over the year. Each section includes the relevant ambitions we set out in our 2022-25 Corporate Plan and describes UKRI's progress against them.

Performance Overview

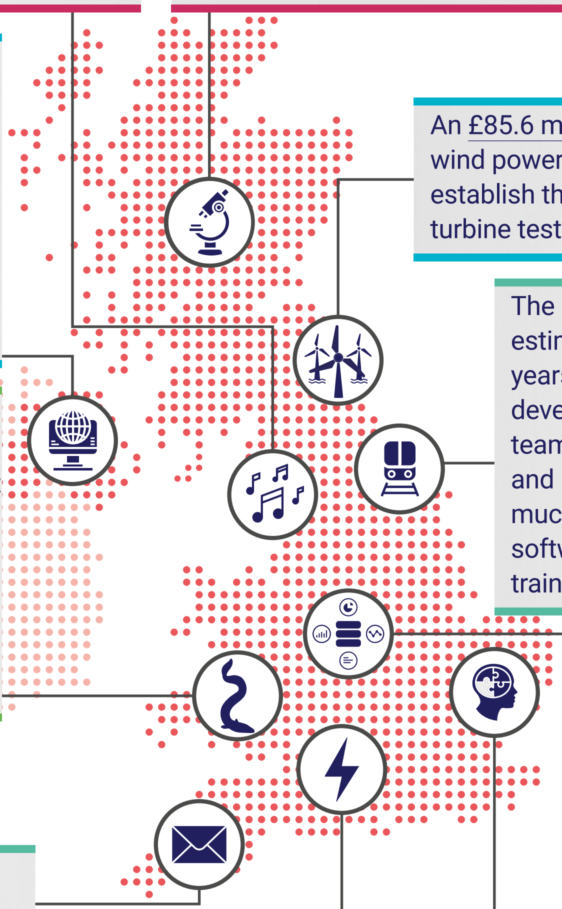
UK Research and Innovation (UKRI) is the largest public funder of research and innovation (R&I) in the UK, spanning all disciplines and all sectors. We invest in people, places, ideas, innovation and impacts, empowering researchers, innovators, and entrepreneurs to turn the many challenges we face into opportunities. We work with partners to transform tomorrow together, creating tangible benefits: advancing knowledge, improving lives, and creating the industries and jobs of the future. Some examples are shared below.

New technologies, business models and jobs are being created by leveraging Liverpool's regional strengths to innovate in music, via a new MusicFutures cluster led by Liverpool John Moores University and supported by AHRC.

The Living Laboratory in Glasgow is revolutionising MRI diagnostics with cutting-edge coil technology, driving clinical impact and commercial growth. Backed by UKRI's Strengths in Places fund, the partnership between industry, academics at the University of Glasgow, and the NHS aims to position Glasgow as a global hub for coil innovation.

Boosting SME manufacturers' productivity with digital tools, Thales Northern Ireland won the 2024 Manufacturing Innovation Award for developing the Connected Reconfigurable Factory (COREF), a multi-million-pound Innovate UK-funded initiative.

An £85.6 million UKRI commitment to wind power in Blyth, Northumberland will establish the world's most advanced wind turbine testing facility.



The UK rail industry has saved an estimated £320 million over seven years, using optimisation software developed by Dr Raymond Kwan's team at the University of Leeds and based on 50 years of research, much of it funded by EPSRC. The software is used by 90% of UK train companies.

NERC and EPSRC-funded researchers at Cardiff University have discovered that cheap and easy-to-install 'peg-board' tiles are helping juvenile eels – whose numbers have plummeted by over 95% since the 1980s – to negotiate man-made structures.

Shared equipment access for academia and industry is being enhanced via the Bio-Analytical Shared Resources Laboratories led by Dr. Sarah Bennett, a BBSRC-funded Project Lead at the University of Warwick.

The Post Office Project has been pivotal in exposing systemic legal failings behind the Horizon scandal, influencing the public inquiry and amplifying the voices of victims. Led by Professor Richard Moorhead at the University of Exeter and funded by ESRC, the research is now driving reforms in legal ethics and regulation to help prevent future miscarriages of justice.

Electric vehicle range has been boosted, alongside the advancement of clean energy technologies, AI and quantum materials, by a UK-Canadian research team testing solid-state lithium batteries at STFC's ISIS Neutron and Muon Source at the Harwell Campus in Oxfordshire.

Potential new therapies to selectively remove aggregated tau proteins linked to Alzheimer's disease have been developed by scientists at the UK Dementia Research Institute, Cambridge, and the MRC Laboratory of Molecular Biology.

People and careers | Places | Ideas | Innovation | Impacts

How we are organised

Click on the council segment name to visit their website.

UKRI is a non-departmental public body sponsored by the Department for Science, Innovation and Technology (DSIT).

We are nine councils, seven focused on specific sets of disciplines, such as economics or physics, and two focused on a specific sector – business or academia.

All nine councils have a responsibility to foster a fully integrated, high-performing research and innovation system, through a portfolio of individual, collaborative and collective investments, and wider interventions.

This flexible and agile approach ensures that we:

- achieve better research and innovation outcomes
- provide better services to our communities
- deliver better value for public funds

How we are governed

The UKRI Board is our primary governing body. It oversees our activities, including delivery of our Strategy. The Board provides updates and advice to the Secretary of State for Science, Innovation and Technology.

Our Executive Committee (ExCo) provides strategic advice to the Board and is responsible for delivering the Board's vision by overseeing the organisation's overall performance and delivery. ExCo primarily comprises the Executive Chairs of each of our nine councils, each of whom is advised by a Council of external members.

Further details of our committees can be found in our Governance Statement on page 70.

Our mission

UKRI is the engine for the UK as a research and innovation powerhouse. We invest more than £8 billion each year on behalf of the UK government, leveraging expertise across all disciplines and sectors. We inspire and enable talented people and teams to push the boundaries of discovery, support innovative businesses to grow and scale across the UK, and target solutions to national and global priorities, transforming tomorrow together.

Our mission is to convene, catalyse and invest in close collaboration with others to build a thriving, inclusive research and innovation system that connects discovery to prosperity and public good. We enrich lives by increasing our understanding of ourselves and the world around us, supporting innovative businesses and public services, and delivering better outcomes for citizens through the government's missions and beyond.

We seek to be a responsible organisation in the activities, research and innovation we fund, and in how we inspire, lead and engage our staff, our partners, and our communities. Our four principles for change – diversity, connectivity, resilience and engagement – are fundamental to how we work as an organisation and help to create the conditions for the UK's research and innovation system to flourish.

Our Strategy

Our Strategy, Transforming Tomorrow Together, sets out how we will work with our many partners and stakeholders to create economic, social, environmental and cultural benefits for all citizens.

The six strategic objectives in our strategy will ensure that the UK has the people, institutions, infrastructures and partnerships to support a thriving R&I system. Our vision is for an outstanding research and innovation system in the UK to which everyone can contribute and from which everyone benefits, enriching lives locally, nationally and globally.

This 2024-25 Annual Report and Accounts sets out the progress we have made against our ambitions and activities as laid out in our Corporate Plan and the nine Strategic Delivery Plans of our councils. These delivery plans describe the ways in which we deliver through the 2022-25 spending review period and how we monitor our progress in delivering against our six strategic objectives. This underpins the analyses presented in this Performance Report.

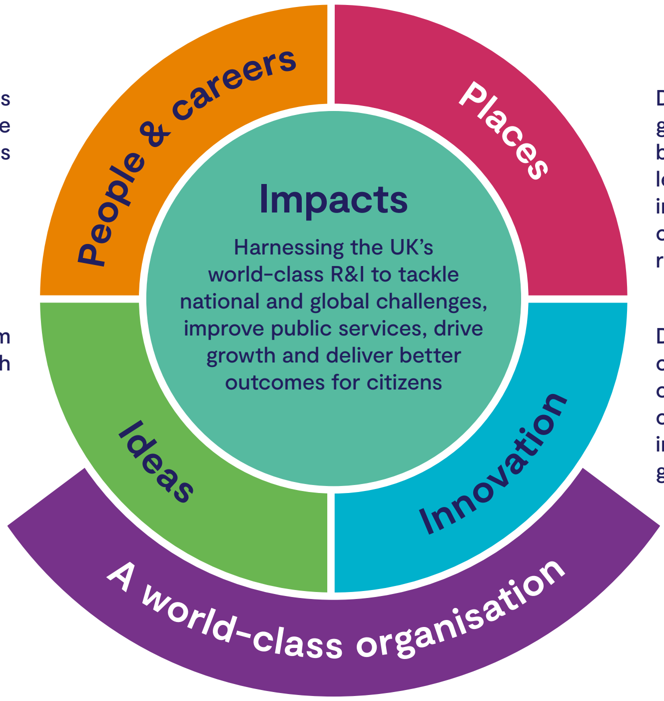
Six strategic objectives

We are committed, through our six strategic objectives, to advancing curiosity-led research, harnessing UK R&I strengths to drive UK innovation-led growth, and enhancing public services and wider benefits for citizens.

Click on the objective segment and description to visit their pages.

Investing in talent and skills to build the R&I workforce the UK needs

Delivering new discoveries from excellent curiosity-led research



Driving local innovation-led growth and benefits for citizens by empowering the UK's globally leading R&I organisations, infrastructures, sectors and clusters, and ensuring their resilience

Driving economic growth and creating high-quality jobs through catalysing knowledge exchange and commercialisation, and supporting innovation-led businesses to start, grow and scale in the UK

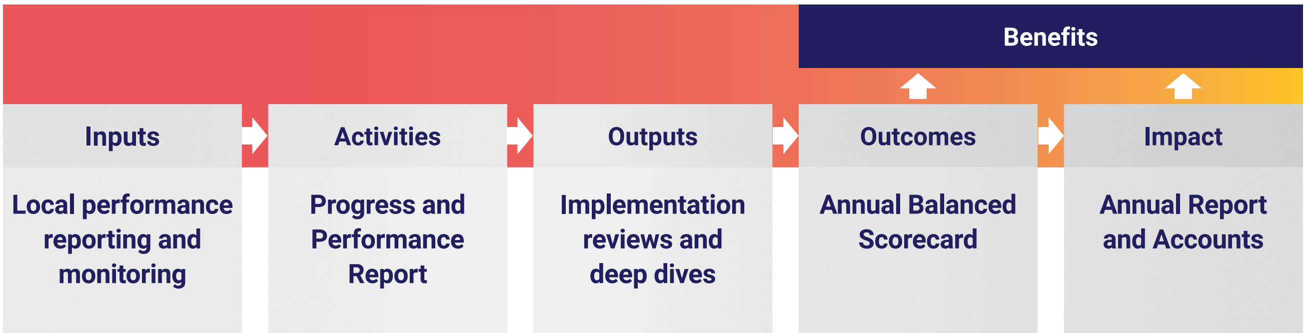
Making UKRI the most efficient and effective organisation we can be, to maximise the benefits of our work for the UK

Our frameworks for performance and risk

UKRI Framework for Performance

Delivery assurance of our Strategy across the full logic model – from activities we set out in our Strategic Delivery Plans and Corporate Plan, to the outcomes and societal benefits these activities collectively realise

Logic Model | Reporting Products



Our UKRI Framework for Performance allows us to consider our performance at stages across the R&I cycle. It is underpinned by a high-level logic model that links our inputs and activities to the anticipated outputs, outcomes and impacts that realise our strategic ambitions.

Key reports throughout the year provide regular monitoring of how we are delivering the activities and near-term outputs identified in our Corporate Plan and Strategic Delivery Plans. They also enable us to review longer-term trends and how we are enabling the outcomes and impacts identified within our strategy.

Our Quarterly Progress and Performance Report includes a set of 23 performance measures to monitor our progress against each of the objectives within our strategy. The three to five measures for each strategic objective focus on where and how we are investing, particularly through activities such as delivering new grants and investments, as well as activities and near-term outputs related to organisational performance.

Our Annual Balanced Scorecard includes around 100 performance measures that cut across our strategic objectives and focus on the longer-term outcomes and impacts of our activities in the wider R&I system and economy. These include measures of what UKRI-enabled research is delivering in new knowledge and policy engagement, as well as the outcomes of our work in driving wider R&I system and culture change.

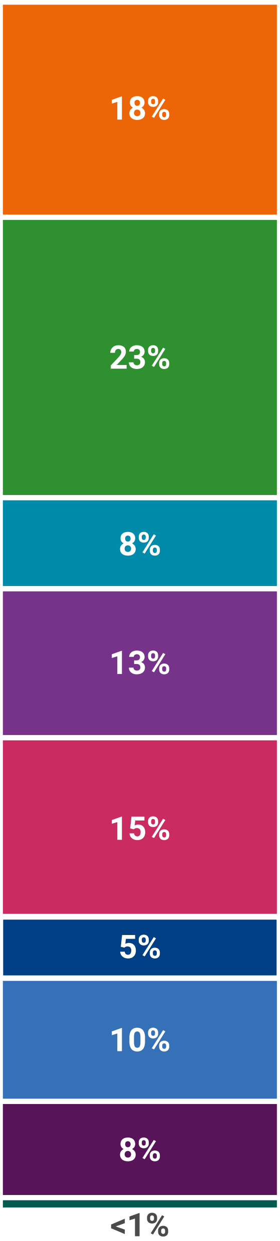
We also carry out targeted implementation reviews and deep dives throughout the year, providing an in-depth exploration of our performance within key areas to assess and support delivery confidence. Localised reporting and monitoring support the development of these reviews and our key reports, and this is led at a fund, programme or directorate level across the organisation.

The performance measures across our UKRI reporting products combine to form a flagging system that identifies strengths and areas for further consideration, enabling our Board and committees to track our performance against our strategic ambitions and identify areas of focus for continued improvement.

Risk management framework

Our UKRI Framework for Performance informs and is in turn shaped by our UKRI Risk Management Framework, which comprises the Risk Management Strategy, Policy, Process and Risk Appetite Statement. UKRI oversees risk mitigation through its Enterprise Risk Management System, evaluating the effectiveness and progress of risk controls and actions. These documents set out the overall approach to managing risk to achieve our strategic objectives. The framework works cohesively with other organisational frameworks to support risk owners and risk managers, in particular through UKRI's business partnering model, and enables the assessment and management of aggregated risk across the organisation. More information on the Risk Management Framework can be found on page 48.

Performance summary



£1,633 million (18%) in our rolling portfolio of research and development grants, including fully open funding opportunities and strategically targeted opportunities focused on specific priorities (£1,578 million in 2023-24)

£2,131 million (23%) strategic institutional funding to higher education providers in England for research and knowledge exchange (£2,309 million in 2023-24)

£696 million (8%) in dedicated skills and talent investments for the next generation of researchers, innovators and technicians, noting that almost all our investments involve significant people and skills development (£636 million in 2023-24)

£1,138 million (13%) in infrastructure, from laboratory equipment to major international research facilities (£946 million in 2023-24)

£1,362 million (15%) towards specialist institutes, centres, facilities and Catapults that provide national capabilities in specific R&I areas, including specialist equipment, expertise and knowledge (£1,427 million in 2023-24)

£443 million (5%) in collaborative challenge-led funding to address specific national and global priorities (£472 million in 2023-24)

£940 million (10%) in innovation project grants that support innovative small and medium-sized enterprises (SMEs) (£729 million in 2023-24)

£740 million (8%) in international partnerships funding to enable specific opportunities for UK researchers to collaborate with their peers globally (£688 million in 2023-24)

In addition, we also invested **£12 million (<1%)** in public engagement activities to involve wider society in R&I, ensure that its benefits are widely shared, and inspire and engage the next generation of researchers and innovators (£12 million in 2023-24)

For details of our £9.5 billion total capital allocation see page 18. More information on our R&I investment portfolio is available through our explainer series: UKRI explainers and data on our awards and outputs are published here: What we have funded.

In 2024-25 we:

Assessed over

30,550

applications for R&I funding (28,167), training grants (399) and fellowships (1,984) (2023-24: 29,855) and made **5,667** new awards (2023-24: 7,426)

Supported

4,216

organisations (2023-24: 4,668), including **125** research, academic and higher education institutions (2023-24: 126), **3,304** small and medium sized enterprises (2023-24: 3,689) and **61** UKRI-funded institutes, centres and Catapults

Supported

29,911

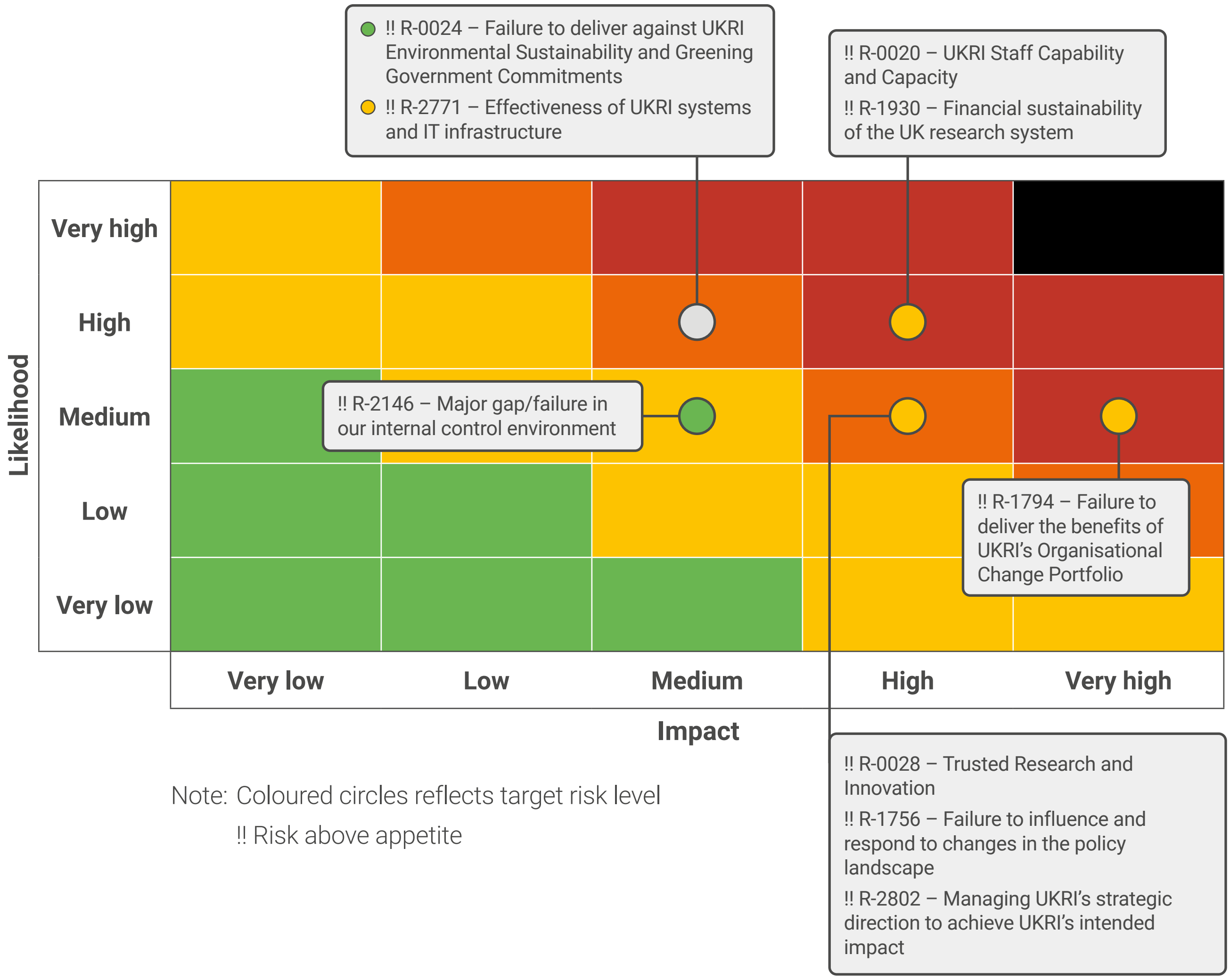
(2023-24: 29,370) individuals, including Project leads, Co-investigators, Project co-leads (UK and International), Researcher co-investigators, Researcher co-leads, and Fellows

* Since publishing the 2023-24 Annual Report and Accounts, the 2023-24 data above has been updated. This year, we have included all funding decisions made whereas previously only competitive awards were reported. We have also reviewed and revised previously published figures to reflect the most current data available in the UKRI Databank (UKRI's administrative data repository).

Risk summary

We use effective risk management to support delivery of the objectives and priorities identified in our strategy. Our goal, through early identification and active management of risks, is to anticipate uncertainties that may impact the delivery of priorities, undertake relevant and timely assessments, plan mitigations and manage issues (should they arise) with an agile and effective response. Our approach to managing our principal risks includes a robust schedule of deep dive evaluations of each of our principal risks in our monthly ExCo meetings.

These deep dives enable ExCo to scrutinise the risk elements and the measures we are taking to reduce risk. Through these dives, we analyse the flight path of each risk and track the planned activity from residual score through to our target, where the risk is expected to come within our risk appetite. A summary of our principal risks is presented in the heatmap below, including risk titles to indicate the types of risk. The Risk and Performance section of this report provides more information about the nature of these risks and how they are being managed (page 48).



Note: Coloured circles reflects target risk level
!! Risk above appetite

Residual score: Critical, Very High, High, Medium, Low

Delivering our strategic objectives

The National Satellite Test Facility, the UK's first 'one-stop shop' for large satellite testing, opened its doors at the STFC-supported Harwell Space Cluster.

We announced a NERC-led £38 million Flood and Droughts Research Infrastructure investment to improve the UK's resilience to extreme weather events.

In a commercial world first, Infleqtion, in collaboration with BAE Systems and QinetiQ, successfully completed commercial flight trials of advanced quantum-based navigation systems that cannot be jammed or spoofed by hostile actors, after receiving nearly £8 million of UKRI funding delivered by Innovate UK.

Harwell Campus welcomed over 12,000 visitors to explore cutting-edge research facilities and meet the scientists and technicians behind groundbreaking research and discoveries.

April 24 | May | June | July | August | September

We helped SMEs and innovative businesses commercialise their ideas and boost local economic growth by awarding £16 million to 101 new projects.

We signed the cross-sector concordat for the environmental sustainability of R&I practice to collectively reduce the environmental impacts of carrying out research.

We signed a Memorandum of Understanding (MoU) with the Australian Commonwealth Scientific and Industrial Research Organisation (CSIRO) to address global challenges and enhance prosperity for the UK, Australia and the world.

We launched five new quantum hubs under UKRI's Technology Missions Fund to harness quantum technologies for health care, computing, national security and critical infrastructure.

We awarded 68 new Future Leaders Fellows £104 million to lead research into global issues and commercialise their innovations in the UK.

BBSRC and Innovate UK announced their £15 million investment in the new National Alternative Protein Innovation Centre, strengthening the UK's leadership in this rapidly growing global market.

We announced £32.4 million for 36 projects from the first round of UKRI's new cross research council responsive mode pilot scheme, designed to stimulate exciting new interdisciplinary research.

We celebrated the milestone of awarding £2 billion of Horizon Europe guarantee funding on behalf of DSIT, supporting researchers, innovators and businesses to tackle everything from studying bacteria in waters to artificial intelligence combating drug trafficking.

People and careers | Places | Ideas | Innovation | Impacts | Supported by a world-class organisation

Lord Vallance, the Minister for Science, Research and Innovation, formally opened the National Quantum Computing Centre, a new national laboratory focused on accelerating quantum computing in the UK.

AHRC launched the £80 million RICHeS programme, the UK's largest ever conservation and heritage science programme, which has already secured nearly £1 million in further funding and is set to boost North West England's economy by £30 million in Gross Value Added.

STFC won the 2024 industry-team project award for outstanding support for space tech start-ups at the Sir Arthur Clarke Awards, enabling entrepreneurs to transform ambitious ideas into viable businesses.

MRC launched two new £50 million Centres of Research Excellence, to develop transformative new advanced therapeutics for currently untreatable diseases.

Two new evaluations of Research England's knowledge exchange funding showed significant returns on investment of £14.80 for every £1 of UKRI funding via Higher Education Innovation Funds and £7.70 for every £1 invested through Connecting Capability Fund.

We opened a £9 million proof-of-concept funding opportunity to turn world-class research into market-leading products and services, following an independent review of university spin-outs published in Nov 2023.

October | November | December | January | February | March 25

We announced over £500 million in doctoral landscape awards and doctoral focal awards across BBSRC, EPSRC and NERC, to train the next generation of researchers for a diverse range of careers, both in research and innovation and across the public and private sectors.

We celebrated the fifth anniversary of UKRI North America's expansion to include Canada and five years of developing partnerships, nurturing talent and facilitating groundbreaking research between both countries.

A new report revealed that MRC-funded research had generated spin-out companies with an estimated economic value of over £6.1 billion, created more than 3,800 jobs, and attracted £10.2 billion of external investment.

We announced an 8% increase in the minimum stipend for PhD students starting 1 October 2025, marking the largest real terms increase for UKRI-funded students since 2003.

AHRC unveiled three CoSTAR labs, state-of-the-art R&D facilities advancing technology for the entertainment industries, as part of a £75.6 million national network driving innovation in the creative industries.

Through ESRC, we announced the renewal of £9.2 million funding for the Centre for Economic Performance to continue its policy focused research, and over £10 million for the Centre for the Microeconomic Analysis of Public Policy to study the impact of government policy on individuals and business.

People and careers | Places | Ideas | Innovation | Impacts | Supported by a world-class organisation

Financial overview

UKRI's expenditure is reported on two different bases in this Annual Report and Accounts:

1. The Consolidated Statement of Comprehensive Net Expenditure (page 121) presents net expenditure of £9.9 billion for the UKRI Group. The expenditure is calculated following accounting standards and guidance, which are explained in more detail in Note 1 to the financial statements, and on a similar basis to those rules applied by organisations internationally.
2. The Outturn against Budget is £9.8 billion. These figures are calculated in accordance with HM Treasury's budgeting framework. The figures used in this Annual Report have been prepared on this basis. There is a difference between these two bases primarily due to additions to Property, Plant and Equipment of £201 million that are capitalised, rather than being in the Statement of Comprehensive Net Expenditure, but which have a budgetary impact.

Outturn against budget 2024-25

UKRI 2024-25 Budget Allocation	Full Year Outturn £m	Full Year Budget £m	Variance to Outturn £m	UKRI Variance to Outturn %
UK Research Base, of which:	7,230.7	7,302.0	71.3	1.0%
Core Research	5,290.2	5,245.7	(44.5)	-0.8%
Non-Core Research	1,940.5	2,056.3	115.8	5.6%
R&D Other	525.4	438.6	(86.8)	-19.8%
Core Innovation	940.3	978.0	37.6	3.8%
Core Capital Allocation	**8,696.4**	**8,718.5**	**22.1**	**0.3%**
Core Innovation: DfT Zero emission HGV technologies	80.1	80.0	(0.1)	-0.1%
ODA	18.4	19.4	1.0	5.3%
DSIT Managed Programmes	275.2	310.2	35.0	11.3%
EU Programmes	457.0	461.7	4.6	1.0%
Ringfenced Capital Allocation	**830.6**	**871.3**	**40.6**	**4.7%**
Grand Total Capital Allocation	**9,527.0**	**9,589.8**	**62.8**	**0.7%**
Innovation Loans	25.1	12.0	(13.1)	-109.1%
Other Financial Transactions	1.7	2.0	0.3	17.3%
Ringfenced Resource Budget	219.5	245.9	26.4	10.8%
Annually Managed Expenditure	5.8	116.5	110.7	95.0%
Total Allocation	**9,779.1**	**9,966.3**	**187.1**	**1.9%**

The table above provides a summary of UKRI's outturn against budget. UKRI has a financial management target to deliver an outturn that is not overspent and no more than 1% underspent against its core capital allocation.

The table above excludes £347 million of spend within the UK Research Base, where UKRI increased expenditure at the request of DSIT to manage the overall departmental group position. Expenditure was increased by rephasing of Research England quality-related research (QR) funding payments to higher education institutions across the academic year such that they fell into the 2024-25 financial year. UKRI achieved an underspend of £22 million against the Core Capital allocation. This equates to a 0.3% variance, which is consistent with the financial performance throughout the Spending Review and is in line with the financial management target.

Financial overview

The table below sets out the outturn over the Spending Review 2021 period (SR21):

Outturn during SR21

UKRI Allocation Headings	Full Year Outturn 2024-25 £m	Full Year Outturn 2023-24 £m	Full Year Outturn 2022-23 £m	Full Year Outturn 2021-22 £m	Full Year Outturn 2020-21 £m
UK Research Base, of which:	7,230.7	7,044.8	6,786.8	6,713.4	7,184.1
Core Research	5,290.2	5,188.8	4,881.9	4,860.5	4,939.2
Non-Core Research	1,940.5	1,855.9	1,904.9	1,852.9	2,244.9
R&D Other	525.4	555.0	485.8	461.4	474.1
Core Innovation	940.3	838.8	676.4	643.4	553.0
Core Capital Allocation	**8,696.4**	**8,438.5**	**7,949.0**	**7,818.2**	**8,211.2**
Core Innovation: DfT Zero emission HGV technologies	80.1	14.7	0.1	0.0	0.0
ODA	18.4	51.1	118.6	131.9	387.7
DSIT Managed Programmes	275.2	150.0	445.7	378.0	294.9
EU Programmes	457.0	359.3	531.1	5.9	0.0
Ringfenced Capital Allocation	**830.6**	**575.1**	**1,095.7**	**515.8**	**682.5**
Grand Total Capital Allocation	**9,527.0**	**9,013.7**	**9,044.8**	**8,334.0**	**8,893.8**
Innovation Loans	25.1	19.8	15.6	62.3	37.7
Other Financial Transactions	1.7	2.0	1.5	(20.3)	(3.0)
Ringfenced Resource Budget	219.5	250.7	191.2	203.5	192.6
Annually Managed Expenditure	5.8	(29.7)	28.2	120.0	23.6
Total Allocation	**9,779.1**	**9,256.4**	**9,281.2**	**8,699.5**	**9,144.8**

The UK Research Base outturn has stayed broadly consistent across the three-year spending review period. The increase of £258 million in UK Research Base in 2023-24 compared to 2022-23 was driven by Core Research spend, in particular a £206 million increase in International funding. The increase of £186 million between 2023-24 and 2024-25 was largely driven by an increase in spend of £210 million in Strategic Research and £84 million quality-related research (QR) funding, both within Core Research. Funding areas within Non-Core Research also contributed to this increase on prior years' spend, driven by the Infrastructure Fund with an £104 million increase on last year's spend.

The Research and Development (R&D) Other ringfence increased spend from 2022-23 to 2023-24, mainly driven by increases within the Technology Missions Fund, Levelling Up Programme and Faraday Institution. Additionally, spend in some R&D Other areas has increased from 2023-24 to 2024-25, most notably in the Technology Missions Fund (£140 million spend increase) and Levelling Up/Innovation Accelerators (£31 million spend increase). The Industrial Strategy Challenge Fund spend has reduced through the SR as the fund has come to a close at the end of 2024-25.

In Spending Review 2021, our Core Innovation budget received a significant, specific uplift in funding. It was expected that Core Innovation spend would total £2.4 billion from 2022-23 to 2024-25. Actual spend across this period came to £2.5 billion, with spend between 2023-24 and 2024-25 increasing by £102 million due to the introduction of funding in areas such as net zero, Health and Digital.

Part of Core Innovation, Department for Transport (DfT) Zero emission heavy goods vehicle (HGV) technologies, is strictly ringfenced and is reported separately. Spend in this area has increased year-on-year during the SR period as planned.

Official Development Assistance (ODA) expenditure has decreased through the SR period, landing at £18.9 million in 2024-25. In 2022, the government announced that both the Global Challenges Research Fund (GCRF) and Newton Fund would be discontinued. The replacement was announced as the International Science Partnerships Fund (ISPF) which is a blend of ODA/non-ODA funding and sits under the DSIT Managed Programmes ringfence. The reduction in ODA expenditure across SR21 reflects GCRF and Newton portfolios coming to an end and in line with expectations.

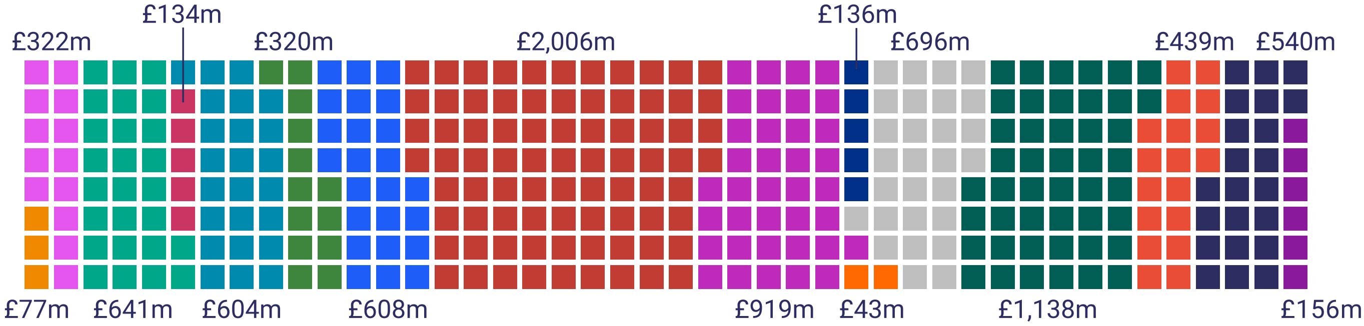
Managed Programmes outturn decreased from 2022-23 to 2023-24 as a result of the Department for Business, Energy and Industrial Strategy (BEIS) being split into three new Departments. The Department for Science, Innovation and Technology (DSIT) has continued the majority of UKRI's funding, but this has resulted in the cost of most programmes managed by Department for Business and Trade (DBT) and Department for Energy Security and net zero (DESNZ) to move to an invoicing arrangement, rather than UKRI receiving a budget allocation. £64 million of the DSIT Managed Programme spend in 2023-24 was in relation to new funding for the AI Research Resource (AIRR). The overall DSIT Managed Programmes spend increased in 2024-25, with AIRR spend increasing to £131 million in 2024-25, and spend for ISPF (ODA and non-ODA combined) increasing by £46 million.

UK association to the Horizon Europe programme was granted in September 2023. Association means that UK organisations are able to bid into Horizon Europe funding calls, certain that all successful UK applicants will be covered for the remainder of the programme either through the UK's association, or through the UK guarantee for applications submitted ahead of association, which is being delivered by UKRI. In 2023-24, UKRI increased its spend under the Horizon Europe Guarantee to £291 million, due to the significant increase in the onboarding of grants from Horizon Europe. This increased again in 2024-25 to £440.5 million as these projects ramped up their activity. The EU Programmes heading also includes spend for Copernicus, which has stayed broadly consistent across 2023-24 and 2024-25.

In addition, Innovate UK (IUKL) expenditure increased from 2022-23 to 2023-24 and again in 2024-25 due to an increased portfolio. The Innovation Loans variance of £13 million represents solely the drawdown of new loans but excludes capital repayments. Capital repayments of £8 million are shown under the Ringfenced Resource Budget line. Offsetting the overspend in Innovation Loans with the loan's repayment line would present a net spend variance of £5 million. This has been caused by factors outside IUKL's control (such as slower capital repayments by borrowers than forecast) and also a surrender of receipts of £2.1 million to HM Treasury's Consolidated Fund being interest on Future Economy loans and excess loan receipts over operational expenditure.

Full details on changes in UKRI's Consolidated Statement of Financial Position in 2024-25 is contained in the Financial Statements and notes on pages 121-170. Explanations for year-on-year variances in balances can be found in the notes to the financial statements.

UKRI Councils' and Programmes Investments in 2024-25



Key

Each square have been rounded to the nearest £25 million.

- **Core AHRC** £77 million
- **Core BBSRC** £322 million
- **Core EPSRC** £641 million
- **Core ESRC** £134 million
- **Core MRC** £604 million
- **Core NERC** £320 million
- **Core STFC** £608 million
- **Core Research England** £2,006 million
- **Core Innovate UK** £919 million
- **Cross Cutting Clusters** £43 million
- **Existing Time-Limited Commitments** £136 million
- **Collective Talent Funding** £696 million
- **Infrastructure** £1,138 million
- **New cross-UKRI Strategic Programmes** £439 million
- **Existing cross-UKRI Strategic Programmes** £540 million
- **Centrally Managed Funding** £156 million

Budgets have been rounded to the nearest £25 million represented by squares. The financial year 2024-25 represents the final year of the Spending Review 2021 settlement which began from 2022-23. The initial allocation of budgets to research councils over the three years was set £815 million higher than the official settlement to mitigate the risk of underspends and ensure best use of available funding. Figures presented are in nominal terms.

All figures exclude funding for ODA, DSIT Managed Programmes, Annually-Managed Expenditure, Expected Credit Losses and Innovation Loans interest, Provisions, Resource Non-Cash Departmental expenditure limit, and Horizon and Innovation Loans.

Please note that the outturn data in this table takes into account actual, audited spend which has been mapped as far as possible to headings that are consistent with other UKRI publications. However, there will be some differences in how some spend lines have been mapped between headings in this document and previously published documents. Please also be aware that UKRI's budgets change throughout any given year due to a combination of day-to-day financial management, including the reprofiling of budgets between years and the adjustment of budgets between programme lines in-year.

During the course of 2024-25 UKRI also received some additional allocations from DSIT to deliver on priorities. If comparing the figures in this document with other documents, any lower numbers will be due to slippage or mapping changes, and will not impact on total investment across multi-year programmes.

Our website includes more information about how we manage our budget and what we have funded.

Our story so far

UKRI launched in 2018, bringing together the seven research councils with Innovate UK and Research England. Within our initial strategic prospectus, we outlined our ambition to meet unprecedented societal and industrial challenges by working with researchers and innovators in academia, business, charities and government. Here is the story of how we have delivered on this ambition so far:

2018

We published UKRI's Strategic Prospectus, setting out our ambitions to support research and innovation in the most effective ways across the UK.

Strengthening the UK economy and R&I ecosystem through National Productivity Investment Fund programmes

Generating co-investment in UK R&D: Total co-investment on UKRI Challenge Fund projects has reached £5.79 billion to date, surpassing our target of £2.8 billion and UKRI's investment of £3.3 billion.

Delivering benefits for the UK economy: Evidence from self-reported Challenge-level data indicates that the UKRI Challenge Fund has had a positive economic impact so far, enabling the successful development of at least 73 new products or services across the Challenges. Where measured, average increases in turnover for participating organisations have ranged from 70-175%.

Strengthening international collaboration in the UK R&I ecosystem: 73% of UK Fund for International Collaboration (FIC) participants continued their relationship with overseas partners beyond the fund's lifetime.

Enhancing a Northern Irish cluster with critical mass investments in photonics

EPSRC investments have supported the development of new cloud storage technology and regional academic-industry R&I consortia in Northern Ireland, with the progress made helping to attract £81 million of foreign investment from Seagate Technology. A further investment of £42 million through our Strength in Places Fund has attracted industry co-investment of £22 million in Smart Nano NI, and will create an estimated further 500 jobs over the next decade. Heat-Assisted Magnetic Recording (HAMR) technology increases the storage capabilities of hard drive disks used in cloud storage, including those accessed by smartphones and laptops.

We designed and implemented five new flagship funds to invest the National Productivity Investment Fund in world-class research and innovation.

We launched the AHRC-led Creative Industries Clusters programme, which, as of November 2024, had created over 5,500 jobs in nine clusters covering 80% of the UK, trained more than 5,000 people, and supported over 460 new spin-outs, start-ups and scale-ups.

2019

We enabled the BBSRC-funded Roslin Institute in Edinburgh to contribute almost £20 billion to the global economy in 2019-20 through productivity improvements in agriculture and aquaculture, according to an independent economic analysis led by BiGGAR Economics.

People and careers | Places | Ideas | Innovation | Impacts | World-class organisation

REF 2021: Gaining new insights into the quality of university-supported research

Through the 2021 Research Excellence Framework (REF) assessment, we gained new insights into the quality of research conducted across the breadth of university activity by including for the first time the submission of all staff with significant responsibility for research. Research England managed the assessment on behalf of all four UK higher education funding bodies.

We began delivering the Horizon Europe Guarantee on behalf of the UK government, providing over £2 billion of crucial funding to UK researchers and innovators who have been part of successful Horizon Europe bids.

2021

We worked with the Home Office, other government departments and the R&I sector to launch the Global Talent Visa. Through our endorsed funder route, we have helped over 8,900 talented people from over 110 different countries to build their careers in the UK.

We supported the stability and sustainability of the research and innovation sector by delivering the UKRI COVID-19 Grant Extension Allocation and £750 million of targeted COVID-19 support for R&D intensive firms.

2020

We published a Landscape Analysis and Opportunities Report as part of our Infrastructure Roadmap Programme assessing the future R&I infrastructure landscape and identifying transformative opportunities.

Building on the recommendations of the roadmap programme, we established the pan-UKRI Infrastructure Fund in 2022 to maintain the UK's position as a R&I superpower, supporting infrastructure projects including the £61.2 million Adolescent Health Study and the £59.3 million Smart Data Research UK infrastructure.

Delivering world-class research and innovation to strengthen the UK's response to COVID-19

Two billion doses of the Oxford/AstraZeneca COVID-19 vaccine had been made available to over 170 countries by June 2024. The vaccine, developed by the University of Oxford and AstraZeneca, was based on decades of in-depth research supported by UKRI councils, with MRC at the heart. UKRI-funded research and innovation helped shape government decisions, reduced the pandemic's effects, and saved lives:

- UKRI-funded researchers advised on the benefits of a gradual lifting of restrictions after the UK's third national lockdown, in contrast to the option of a sudden removal of all restrictions. This is estimated to have saved up to 100,000 lives and prevented 300,000 hospital admissions
- Insights from UKRI-funded awards on transmission on public transport contributed to 1,200 London buses being fitted with a new ventilation system, decreasing the risk of exhaled air reaching the driver's cabin by 97%
- UKRI-funded investments provided data to support the introduction, design and understanding of the Coronavirus Job Retention Scheme (CJRS, 'furlough'), which supported 11.7 million jobs and 1.3 million employees

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Our story so far

We attended the United Nations Climate Conference (COP 26) in Glasgow, hosting eight public exhibitions attracting over 30,000 visitors on the role of research and innovation in tackling climate change. Research supported by NERC also underpinned the development of the Global Methane Pledge launched at COP26 and signed by 159 countries.

We migrated to a unified UKRI website, bringing together the digital presence of all seven research councils, Innovate UK and Research England into a single, streamlined platform, simplifying user journeys, strengthening UKRI's collective voice, and delivering a more cohesive and efficient experience for all users.

2022

We launched our five UKRI Strategic Themes, with initial funding of £185 million to support new interdisciplinary activity amplifying and connecting existing UKRI investments.

RRS *Sir David Attenborough*

In 2021, the NERC-commissioned RRS *Sir David Attenborough*, one of the most advanced polar research vessels in the world, travelled to Antarctica on its maiden voyage.

We instigated the establishment of local space partnerships within Cumbria, Lancashire, Liverpool City Region, Greater Manchester and Cheshire by launching the STFC-led North West Space Cluster, which has leveraged resources from regional, national and international partners to drive productivity across the regional space economy.

2023

We published Transforming Tomorrow Together, our first five-year Strategy, setting out long-term, high-level priorities for how we will deliver our vision for an outstanding R&I system in the UK that gives everyone the opportunity to contribute and benefit.

Fostering the skills, people and teams needed across the UK to underpin a thriving and connected R&I system

In May 2022, we announced our new Collective Talent Funding programme, harmonising and simplifying £2 billion of talent initiatives covering studentships and fellowships. The programme was established to reduce bureaucracy and make it easier to work across disciplines, sectors and the wider R&I system. A new Doctoral Investment Framework followed in November 2023, consisting of two new types of awards that accommodate a wide range of innovative training programmes.

Our talent-focused investments incentivise diverse career paths and foster collaborations across academic, business, investor and policy communities. For example, the 2021 pilot of ESRC's cross-government Policy Fellowship competition placed a Data Science Fellow in 10 Downing Street. The Fellow became Interim Director of Data and Analysis at Active Travel England and set up their data science and analysis function, informing tens of millions of pounds of infrastructure investments.

People and careers | Places | Ideas | Innovation | Impacts | World-class organisation

Driving business growth through tackling the global challenges of our food system

Our Transforming Food Production (TFP) Challenge concluded in March 2024, having catalysed private co-investment of £394 million from a total Innovate UK and BBSRC investment of £68 million in 92 projects since 2019. The challenge supported business-led teams to produce food that reduce emissions and pollutions, and contribute to feeding a growing world population. Project outcomes included:

- demonstrating on a large scale the utility of using autonomous robotic technologies for the picking and packing of soft fruit and treating crops with pesticides, as well as collecting data that can be used to help maximise crop yield
- demonstrating the viability of generating insect feed from food waste through mechanised processes, that the feed it generated is safe, and that black soldier fly farming in the UK is profitable and scalable

A survey of TFP funding beneficiaries published in February 2024 reported that 23% of beneficiaries had observed an increase in turnover as a result of their TFP project, with 31% observing an increase in employment and 89% developing new or strengthening existing collaborations with industry.

We marked a major step-change in our relationship with the German Research Foundation (DFG) by signing the first pan-UKRI-DFG Memorandum of Understanding (MoU) to facilitate researcher-led collaboration and enhance bilateral cooperation between researchers in Germany and the UK.

We published our people and teams action plan to support world class research and innovation teams, advancing our commitments under the Technician Commitment and Researcher Development Concordat, and aligning initiatives across UKRI.

We announced £250 million of Technology Missions Fund investments in artificial intelligence, quantum technologies and engineering biology.

2024–25

Exploring our potential to collaborate with thriving staff networks

More than 8,000 people work across the breadth of UKRI. To deliver our vision of a research and innovation system that is for everyone, we have set up eight staff networks to ensure colleagues feel free to contribute their ideas and listen to others. UKRI's success depends on creating a working environment that supports everyone to thrive. Our staff networks play a key role in co-creating an inclusive workplace.

To date, we have:

Assessed over
173,532
applications for R&I funding, **40,348** of which were awarded.

Supported
10,920
organisations including **504** research, academic and higher education institutions and **9,121** small and medium-sized enterprises.

Supported
53,418
individuals, comprising of Project leads, Co-investigators, Project co-leads (UK and International), Researcher co-investigators, Researcher co-leads, and Fellows.

People and careers | Places | Ideas | Innovation | Impacts | World-class organisation

In a major international collaboration involving the BBSRC-funded John Innes Centre, scientists have unlocked the genetic secrets of over 700 varieties of peas from around the world. This has created a powerful genomic resource that could supercharge the development of hardier, more sustainable crops.

Performance Analysis

This section describes in detail how we have delivered over the year. The section also outlines the ambitions we set out in our 2022-2025 Corporate Plan and describes UKRI's progress against them for each of our six strategic objectives, details of key risks and how they have been managed, and how we are driving environmental sustainability across the organisation.

Please note: Since publishing the 2023-24 Annual Report and Accounts, some of the data in objectives 1-4 has been updated. This year, we have included all funding decisions made in 2024-25, whereas previously only competitive awards were reported. We have also reviewed and revised previously published figures to reflect the most current data available in the UKRI Databank (UKRI's administrative data repository). The affected measures are: Objective 1: Who our funding supported in 2024-25; Objective 2: Partnerships on UKRI awards and Objective 4: Co-investment on New Grants.

Objective 1: People and careers

We invest across the full R&I skills spectrum to make the UK the destination of choice for talented people, teams, and businesses. In our strategy, we committed to increase investment in our people, culture and talent portfolio, to boost career path diversity and connectivity, and to enable a wide range of exciting careers and a vibrant UK R&I culture.

2024-25 at a glance

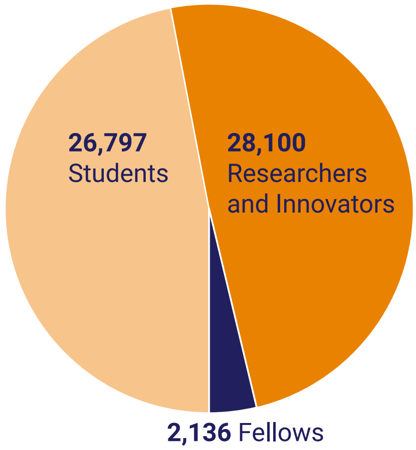
In our 2022-25 Corporate Plan, we committed to:	In 2024-25, we:
creating a UKRI-wide talent programme that would harmonise our activities to reduce bureaucracy and support the UK government to deliver a New Deal for Postgraduate Research	▪ invested over £500 million on new Doctoral Landscape awards, to support around 4,700 studentships across the engineering and physical sciences, biological sciences and natural and environmental sciences ▪ announced an 8% increase in the minimum PhD stipend from October 2025 and updates to our doctoral training grants terms and conditions for the 2025-26 academic year, to simplify extensions for medical or additional leave and remove barriers for disabled students
making the UK the most attractive destination for talented people and teams from the UK and around the world	▪ invested £104 million in 68 of the most promising research leaders, through round 8 of Future Leaders Fellowships (FLF), to lead cutting-edge research and commercialise their innovations in the UK ▪ issued the first endorsements for R&D businesses under the Government Authorised Exchange Future Technology R&I short-term visa scheme, enabling international research collaborations, training, and work placements for up to two years in critical technology areas
improving support for the range of roles needed in R&I and enhancing the porosity of the system to incentivise the movement of people, ideas and skills	▪ awarded £3.4 million to 11 new three-year BBSRC Flexible Talent Mobility Accounts enhancing cross-sector and interdisciplinary knowledge exchange ▪ initiated ESRC's new phase of doctoral training with a focus on research skills and employability through 'research in practice' placements ▪ invested £16 million in Strategic Technical Platforms, providing training for engineering and physical sciences research technical professionals
delivering our Equality, Diversity and Inclusion Strategy to support the diverse, inclusive and connected R&I system essential for success	▪ contributed to addressing the under-representation of Black heritage researchers across MRC and the UK biomedical sciences by funding new initiatives in the Black in Biomedical Research project, including a second cohort of Sanger Excellence Fellows and paid internships for Black biomedical students ▪ launched a new £2.5 million national hub to address diversity challenges within the engineering, physical and mathematical sciences community
developing and influencing responsible national and international R&I policy and culture, driving the adoption of good practice	▪ published a new UKRI policy standardising approaches to involving animals in research, supporting advances across UKRI-funded activities via BBSRC and MRC with support from the NC3Rs ▪ served as the Interim Executive Secretariat for the Global Research Council (GRC), in partnership with the German Research Foundation (DFG)
delivering a new public engagement strategy for UKRI, to break down barriers between research, innovation and society	▪ boosted public participation in research via AHRC with a new £3 million national Centre for Public Engagement Practice in Arts and Humanities ▪ included people with lived experience of flooding and coastal erosion within the grant assessment panel for NERC's £2.4 million Engaged Environmental Science programme

How we performed: Developing the breadth of skilled people and teams essential for the future R&D workforce

Who our funding supported in 2024-25

Analysis: We committed to nurturing and growing the UK's talent base within our 2022-25 Corporate Plan, by continuing to invest in people and teams across the full R&I skills spectrum. In 2024-25, we increased the number of researchers and innovators that we invest in by 1.4% from 2023-24, and the numbers of fellows by 0.6%. The number of students supported has fallen by 4.2% from 2023-24 due to anticipated factors such as the end of additional support to mitigate the impacts of COVID-19, as well as factors such as recent increases to our UKRI stipend.

2023-24: Students 27,959; Fellows 2,023; Researchers and Innovators 27,720. 2022:23: Students 28,688; Fellows 2,075; Researchers and Innovators 28,508

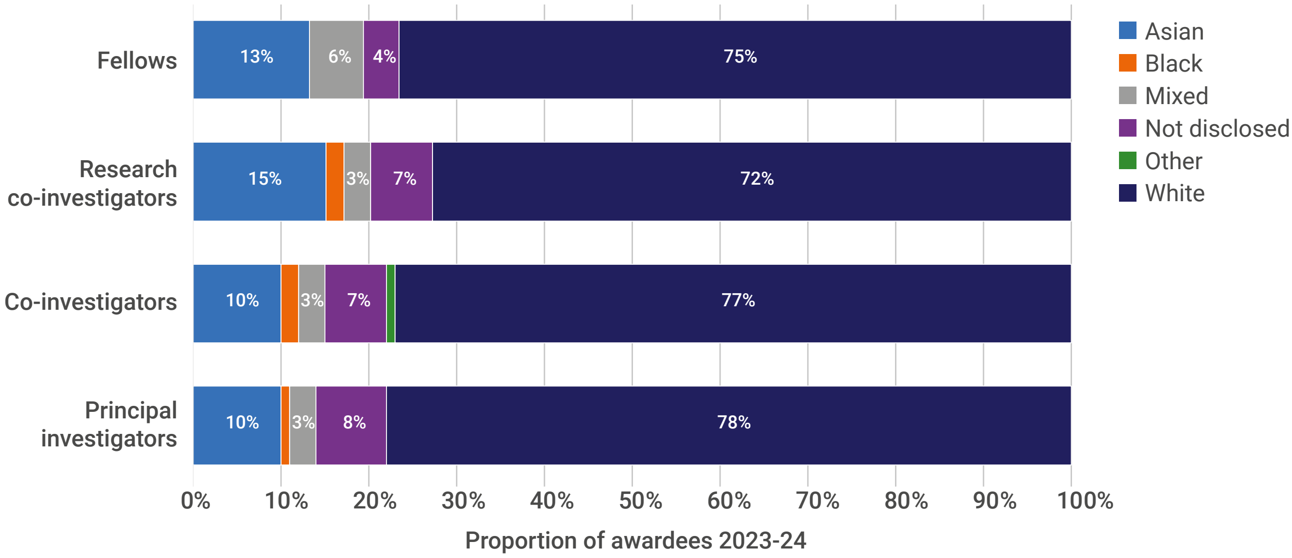


Our Award Holders

In 2023-24, most awardees for all role types were White. Excluding White awardees, the combined Asian ethnic group made up the largest proportion of awardees for all role types.

* Our upcoming diversity data report will have detailed analyses of UKRI's applicants and awardees in 2023-24. Our website includes more information about UKRI's EDI related activities.

** The label represents the proportion of awardees. The totals for each category may not equal 100%, reflecting data suppression methods where groups with four or fewer individuals are suppressed. Counts in groups with less than 2% of the annual role tota are not labelled. Our Funding Service details role descriptors and responsibilities.



Transforming women's healthcare through digital therapeutic support for gynaecological conditions

Dr Dupe Burgess is the founder of Bloomful, a company which aims to improve the healthy lifespan of women by developing accessible, evidence-based tools to self-manage their gynaecological health. Awarded funding from Innovate UK's Women in Innovation programme in 2024-25, Dr Burgess reflected that 'this award comes at an important time for Bloomful: we are deep in product development and testing, and it will play a significant role in taking our product to the next level.'

EPSRC-funded PhD research underpins lifetime extension of Sellafield repository

Alexander Potts, a PhD student at the University of Manchester funded by EPSRC's Industrial Cooperative Awards in Science and Engineering (ICASE) scheme, generated experimental data which helped underpin a lifetime extension decision for the Vitrified Product Store (VPS) at Sellafield. The VPS is a repository for all of the UK's highest activity solidified waste. Without the extension, a second facility may have been required, which would have cost the UK taxpayer over a billion pounds.

Attracting and retaining talented people and teams

Future Leaders Fellowships (FLF)

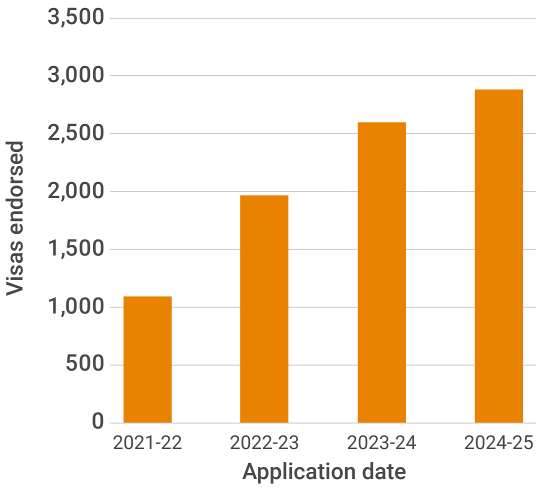
UKRI's flagship Future Leaders Fellowships (FLF) programme empowers researchers and innovators to pursue bold ideas and groundbreaking research. It supports diverse career paths and drives innovations that can impact society and the economy.

- In 2024-25, £114.5 million was awarded to 77 new R&I fellows and £79.5 million to 136 existing FLF holders, allowing them to extend their award for an additional three years
- 623 fellowships have been awarded since the scheme launched in 2018, with a total of £896 million invested so far
- Of those awarded to date, 231 FLF holders have received a three-year renewal, with a further £134 million committed

Almost 100 Fellows (collectively awarded over £100 million) are developing research in one of the UK Science and Technology Framework's five critical technology areas. Dr Chris Balance, a FLF based at the University of Oxford, is developing technologies to manipulate trapped atomic ions to build quantum computers. He is the co-founder of a spinout company, Oxford Ionics, that seeks to use these techniques to build commercial quantum computers.

* The FLF data is based on the decision dates of awarded applications made between 2018-19 and 2024-25.

Global Talent Visas



Analysis: The Global Talent visa is the UK's primary visa for research, attracting talented researchers to the UK to work on competitively awarded research funding from a range of UK and international funders.

UKRI has endorsed 2,882 visas with an application date in 2024-25, approximately 2.6 times the total endorsed with an application date in 2021-22 (1,095), reflecting our progress against our 2022-25 Corporate Plan commitment to make the UK a highly attractive destination for talented people and teams. This increase is partly the result of recent expansions to the visa scheme, including a broader pool of eligible funders and host institutions, as well as enhanced communication efforts such as a series of best practice workshops held in 2024.

Fostering an inclusive R&I ecosystem

Engaging communities with environmental science and innovation

More than 3,000 visitors attended NERC's October 2024 Public Engagement Showcase 'Archwiliwch ein planed – Explore Our Planet' in Cardiff. Those who visited were able to see ocean science in action, find out more about the secret life of seals, try on genuine Antarctic explorer gear, and take a tour of the RRS *James Cook*, amongst a range of activities, talks and exhibits on offer.

Supporting scientists from Black heritage backgrounds

In 2024, the MRC Laboratory of Molecular Biology (LMB) launched a fully-funded postdoctoral fellowship for scientists from Black heritage backgrounds, helping to address their under-representation in the UK, promoting diversity and providing role models for future generations. The three-year fellowships, supported by a generous training budget and mentoring, are fostering skills development and a more inclusive scientific community.

Objective 2: Places

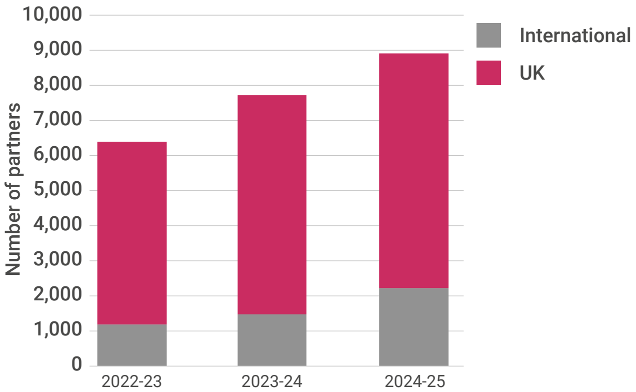
We invest across the UK in outstanding people and teams, institutions, infrastructures, sectors and clusters. In our strategy, we committed to enabling collaboration locally, regionally, nationally and internationally by deepening our engagement with local and regional authorities and devolved administrations, delivering substantial strategic investment in R&I infrastructure, and working to understand the financial challenges the R&I system faces.

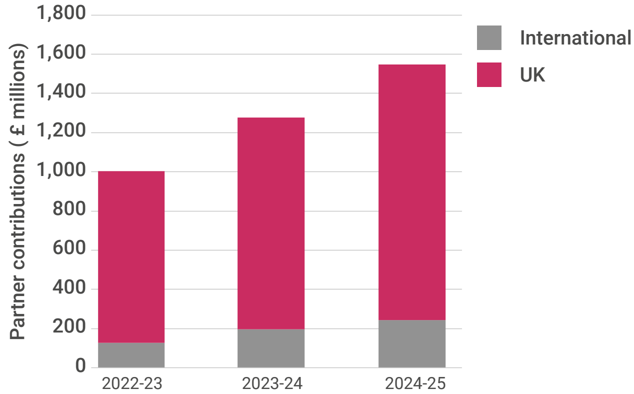
2024-25 at a glance

In our 2022-25 Corporate Plan, we committed to:	In 2024-25, we:
investing in R&I strengths across all regions and nations of the UK, strengthening our partnerships with key regional and national partners, and delivering benefits to all citizens	▪ drove innovation in precision medicines by delivering £55 million of funding through UKRI's Strength in Places Fund, the Northern Ireland Executive and consortium members ▪ fostered improvements in non-pharmaceutical healthcare across the UK's remote regions in partnership with NHS health and social care services via AHRC's £30 million Mobilising Community Assets programme ▪ published the Tees Valley Local Action Plan through Innovate UK, in partnership with the Tees Valley Combined Authority and the wider Tees Valley ecosystem, to unlock regional innovation-led growth
creating the conditions for local high-growth R&I clusters across the country, driving growth and crowding in private sector investments	▪ supported the UK's Industrial Strategy with the launch of two AHRC-led Creative Industries Clusters in Birmingham and Liverpool on creative tech and music, as part of a planned £50 million investment ▪ invested in regional R&I clusters across the UK to kickstart economic growth and address regional needs through EPSRC's seven new place-based impact acceleration accounts
adopting a strategic approach to international partnering, collaboration and engagement	▪ launched an £11.5 million ESRC initiative, in collaboration with the United Nations, to support a new global evidence infrastructure which will enable AI-driven evidence synthesis for global policy making ▪ signed a memorandum of understanding between STFC and Indonesia's Research Organisation for Nanotechnology and Materials to operate collaborative experiments at ISIS Neutron and Muon Source
working across the R&I landscape to improve the financial sustainability of research and innovation in UK organisations	▪ published a research financial sustainability insights paper on factors influencing the costs of doing research, cost recovery and training postgraduate students, informed by two UKRI-commissioned reports ▪ announced updates to our approach to equipment costs and capital thresholds from 1 April 2025 and clearer guidance on institutional matched funding
securing cutting-edge infrastructures for world-class research and innovation	▪ announced five new research infrastructure awards totalling £388 million ▪ launched the refresh of the national R&I Infrastructure Roadmap ▪ funded the first MRC Centres of Research Excellence in Therapeutic Genomics and Advanced Cardiac Therapies ▪ completed a feasibility study for ESRC's new Early Life Cohort programme and launched a £42.8 million full cohort longitudinal study ▪ awarded £156 million to 18 bids in the second round of the Expanding Excellence in England (E3) scheme through Research England

How we performed: Strengthening partnerships, clusters and infrastructures – locally, nationally and globally

Partnerships on UKRI Awards





Analysis: In 2024-25, the number of UK-based project partner organisations on UKRI awards was 6,700[1], an increase of 7.1% from 2023-24, reflecting our progress against our 2022-25 Corporate Plan objective to strengthen local and national R&I partnerships. The total value of project partner contributions[2] in 2024-25 has increased by 20.5% from 2023-24[3]. We continue to foster an increasing number of international partnerships across our portfolio by enabling researcher and innovator-led international partnerships, developing and deepening collaboration with global R&I funders, and supporting international research infrastructures.

1 National and international project partner data have been taken from the Joint Electronic Submissions (J-eS) system, the new Funding Service (TFS) and the Innovation Funding Service (IFS). Whilst every effort is made to clear our datasets, duplications within the data may be present where project partner organisations are named differently across JeS, TFS and IFS.

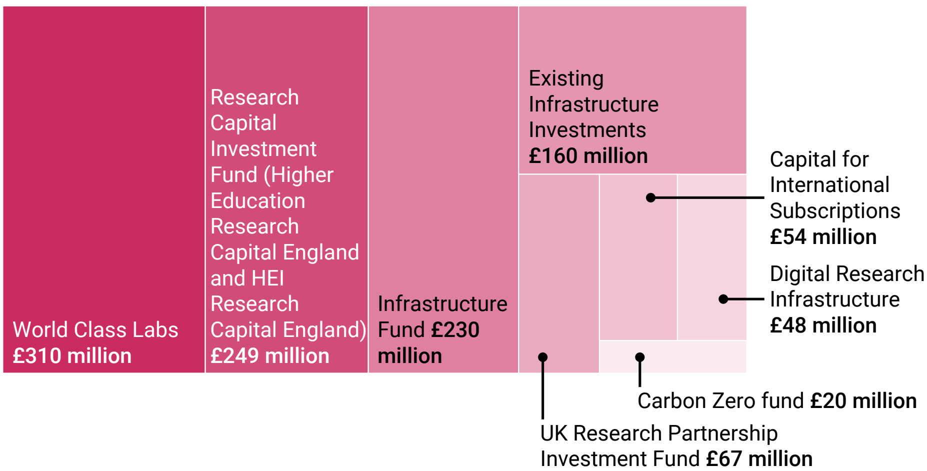
2 This data reflects project partner contributions declared at the point of application.

3 An additional 13 partners for whom geographical location was not classified contributed a further £1 million in 2024-25.

Babraham Research Campus creates a hub for bioscience innovation and economic growth

A 2024 independent economic impact report highlighted that Babraham Research Campus (BRC) is home to 60 companies contributing £538 million annually to the local economy in Cambridge, and has supported the creation of 9,400 jobs (2,000 on campus). The Campus companies have a collective valuation exceeding £3.15 billion and have achieved £1.6 billion in commercial investment. One of five R&I campuses supported by BBSRC, BRC fosters early-stage innovation, attracts private investment, and accelerates research by providing bioscience companies with access to specialist facilities and expertise.

UKRI Investment in R&I Infrastructure

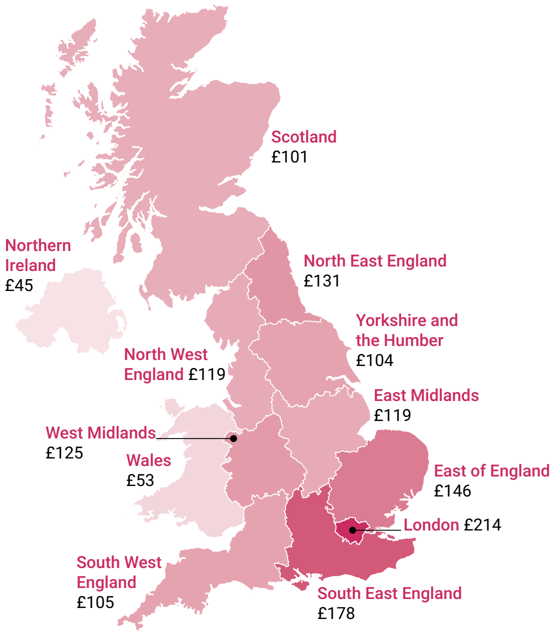


Analysis: £1,138 billion invested in R&I infrastructure in 2024-25 (£946 million in 2023-24)

We committed in our 2022-25 Corporate Plan to grow our investment in R&I infrastructure to over £1.1 billion by 2024-25.

We achieved this target in 2024-25, by increasing our annual investments in the UKRI Infrastructure Fund and UK Research Partnership Investment Fund by £93 million and £60 million respectively from 2023-24.

Geographical Distribution of UKRI Investment



Geographical distribution of UKRI investment per person in 2023-24

Analysis: In our most recent published data, we invested £4.6 billion outside the Greater South East (GSE), comprising 50% of our portfolio, up from 49% in 2022-23 and 47% in 2021-22. Since 2021-22, all UK regions and nations have received an increase in UKRI investment, in line with our 2022-25 Corporate Plan commitment to invest in R&I strengths across all parts of the UK.

Normalising UKRI investment by population, we invest the most per person in London, the South East and East of England. Outside the GSE, we invest the most per person in the North East, despite the region receiving the least total investment within England.

We invest relatively less in Scotland, Wales and Northern Ireland. UKRI data include substantial Research England quality-related research (QR) investment in English universities, but do not include investment by the equivalent funding bodies in these nations, who allocate funding according to their national research policies and priorities.

Investing in facilities, technology and people to enhance the UK's visitor economy

Enabled by UKRI's World Class Laboratories funding, AHRC invested £62.5 million in 85 institutions between 2020 and 2024, spanning the UK's world-class university ecosystem, creative and performing arts specialist organisations, and the museums, galleries and libraries that sustain the UK's visitor economy. Highlights included:

- Historic Environment Scotland developing an immersive 3m squared 360-degree cube of the temporarily inaccessible Kisimul Castle on the Isle of Barra, and enabling visitors to experience other world heritage sites in climate-sensitive ways.
- Bradford 2025 City of Culture developing immersive Augmented Reality and Virtual Reality experiences to bring the city's heritage to life for young audiences.

Transforming air quality and economic growth in the West Midlands

The WM-Air programme enabled regional partners across the West Midlands to access the latest research to improve policy and actions for clean air. Leveraging and influencing over £47 million of investments from 2019-2024, the programme is predicted to deliver £34 million Gross Value Added (GVA) by 2028. Funded through NERC, WM-Air provided environmental, health and economic benefits for the people of the West Midlands and beyond, supporting the development of the first West Midlands Air Quality Framework and developing guidance for monitoring air quality at NHS sites.

Objective 3: Ideas

We are advancing the frontiers of human knowledge by enabling the UK to seize opportunities from emerging research trends, multidisciplinary approaches, new concepts and markets. In our strategy, we committed to enhance and improve our toolbox of funding mechanisms, and to work with UK government departments and international partners to enable greater strategic coordination in developing long-term international collaboration.

2024-25 at a glance

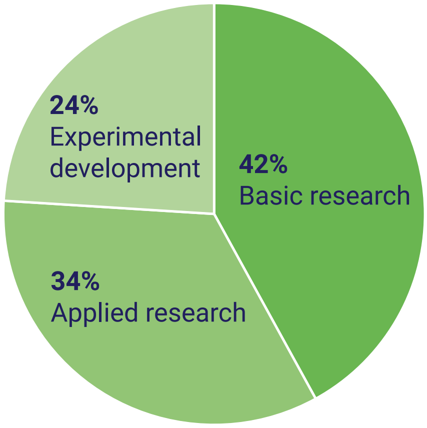
In our 2022-25 Corporate Plan, we committed to:	In 2024-25, we:
investing in a diverse and dynamic portfolio of high-quality and creative curiosity-led research and innovation	▪ announced 100 new EPSRC projects backed through an £80 million investment to boost curiosity-led research in engineering, ICT, maths and physical sciences, giving researchers the freedom to explore and generate major discoveries. ▪ delivered a new BBSRC approach to support research networks with a targeted £5 million responsive mode funding opportunity bringing together diverse research communities ▪ launched the NERC-led January 2025 Pushing the Frontiers of Environmental Research funding opportunity to support ambitious, high-risk and high-reward curiosity-led environmental research
collaborating with international partners in the collective endeavour of discovery through longstanding open, responsive R&I programmes and strategic funder-to-funder relationships	▪ strengthened our partnership with the German Research Foundation (DFG), establishing an engineering and physical sciences lead agency agreement and launching 16 new projects through the AHRC-DFG Humanities Funding Initiative ▪ signed the first collaborative partnership agreement between UKRI and the Natural Sciences and Engineering Research Council (NSERC) in Canada, enhancing cooperation in emerging research fields ▪ facilitated a £21 million UKRI-Southeast Asia partnership (with funders from Singapore, Thailand, Vietnam, Indonesia, Malaysia and the Philippines) to support research in infectious diseases ▪ launched our harmonised project co-lead (international) policy and published a review of the policy across AHRC, ESRC and MRC, and its impacts for UK and global research ▪ worked alongside DSIT to boost UK participation in Horizon Europe through the National Contact Points and the UK Research Office, delivering roadshows to promote Horizon Europe opportunities across the UK and awarding pump-priming grants from Innovate UK ▪ supported Universities UK International through Research England to enhance global research partnerships
incentivising and removing barriers to multi- and inter-disciplinary working and enhancing our toolbox of funding mechanisms to support the full diversity of ideas needed	▪ awarded £32.4 million to 36 projects through round 1 of the cross-research council responsive mode (CRCRM) pilot scheme and launched the second round of funding with a further £32.5 million ▪ launched a £5.6 million call for a Multidisciplinary Centre for Neuromorphic Computing to deliver net zero solutions for critical digital technologies ▪ conducted the first UKRI data sandpit for metascience to develop novel projects that can address multi-faceted metascience questions related to R&D funding and inform R&D policymaking ▪ commissioned an independent evaluation of the impact and effectiveness of Research England's Strategic Institutional Research Funding (SIRF), to inform research funding policy and future government spending reviews

How we performed: Investing in a diverse and dynamic portfolio of high-quality, creative curiosity-led research and innovation

Our portfolio

Our portfolio of research council and Innovate UK investments, 'Research and development expenditure by the UK government: 2023', ONS, April 2025 (see pie chart)

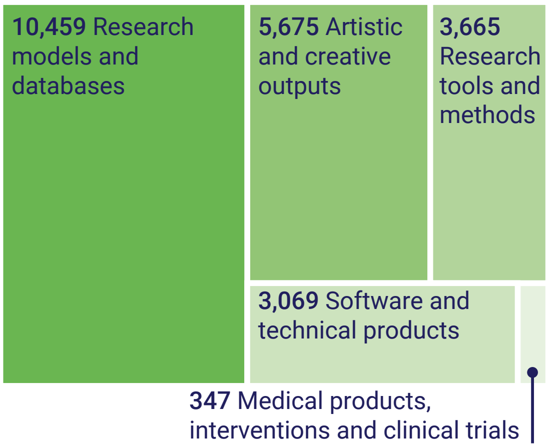
In 2022, basic research comprised 43% of research council and Innovate UK investments, experimental development 28% and applied research 29%. The proportion of applied research increased by 5% in 2023, the first full calendar year of our Transforming Tomorrow Together strategy, with the proportion of experimental development falling by 4%.

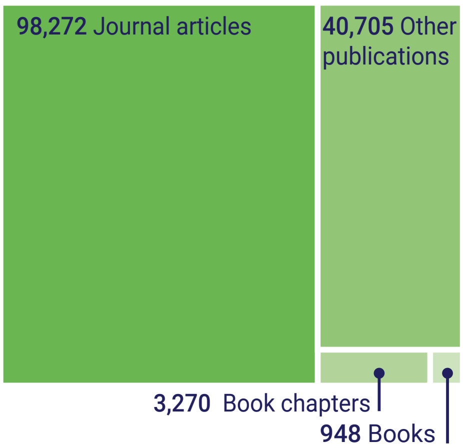


We are investing £2.2 billion through Research England quality-related research funding, supporting the resilience, agility and strategic investment in the higher education research system

We are investing £0.8 billion supporting curiosity-led R&I through our responsive mode schemes

Knowledge outputs





Analysis: 166,410 knowledge outputs have been generated by UKRI awards starting between 2020-21 and 2024-25 financial years, including 143,195 publications and 23,215 diverse R&I outputs, reflecting our progress in meeting our 2022-25 Corporate Plan objective to advance the frontiers of human knowledge and innovation.

* Equivalent figures reported in the 2023-24 Annual Report and Accounts covered the calendar years 2018-2022 and were as follows: 175,105 knowledge outputs, 151,477 publications and 23,628 diverse R&I outputs.

Citations in 2024 to UKRI-enabled publications*

26% of the UK publications were enabled by UKRI funding

32% of citations to all UK publications were to the 26% of publications enabled by UKRI funding** (Citations in 2023: 26% and 31%)

* Publications that included one or more authors affiliated to a UK R&I organisation. Based on metadata as of April 2025 from Digital Science's Dimensions platform, available at ukri.dimensions.ai. Access was granted under license agreement with UKRI. Citation analysis includes publications since 2008. Improved data linkage may increase the number enabled by UKRI.

** Based on the R&I funding sources cited by publications. This is not exhaustive and under-represents UKRI's contribution as not all publications will cite our support, for example through Research England QR funding.

Pushing the limits of the known universe

An international team has uncovered the largest ever collection of dwarf galaxies hosting active black holes, using the Dark Energy Spectroscopic Instrument (DESI). Led by the US Department of Energy Lawrence Berkeley National Laboratory, the team involves over 900 researchers from more than 70 institutions worldwide. STFC supports the UK component of the team's study, including researchers from Durham University, the University of Portsmouth and University College London.

Supporting consumers to make healthy and sustainable choices

The Nutrition and Lifestyle Analytics Team from the ESRC-funded Consumer Data Research Centre (CDRC) received the Market Research Society's President Medal in 2024 for their collaborative work with Asda, Sainsbury's and the Institute of Grocery Distribution (IGD) to make healthy and sustainable food choices easier for consumers. Based at the University of Leeds, the team is currently working with Asda, Morrisons, Sainsbury's and Tesco to investigate the impact of high fat, sugar or salt (HFSS) legislation, with results to be shared in 2025.

Setting a new world record for wireless data transmission

EPSRC-funded researchers at University College London have set a new world record for wireless data transmission, achieving speeds of 938 gigabits per second – approximately 9,000 times faster than current 5G phone networks in the UK. The breakthrough was achieved by combining both radio and optical technologies for the first time, and overcomes bottlenecks caused by frequency congestion which limit the speed of wireless communications. The breakthrough offers a glimpse of next generation 6G communication, which is expected to be commercially available within the next 10 years.

Removing barriers to multi and interdisciplinary working

Our funding finder enables researchers to view all of our current funding opportunities in one place. In 2024-25, our councils collectively published 42 new interdisciplinary funding opportunities on the funding finder (2023-24: 72), continuing our delivery of our 2022-25 Corporate Plan commitment to reduce barriers to multi and interdisciplinary working. Eight UK government departments partnered with UKRI in 2024-25 across 31 published funding opportunities. A further eight published funding opportunities saw UKRI partner with a devolved administration department, agency or public body.

Cross-research council responsive mode (CRCRM) pilot scheme

We are investing £65 million over two rounds in UKRI's cross-research council responsive mode pilot scheme to support emerging interdisciplinary ideas not typically funded via existing UKRI responsive mode schemes to support emerging interdisciplinary ideas not typically funded via existing UKRI responsive mode schemes.

In Round 1, we awarded £32.4 million to 36 applications with a 21% award rate (announced in September 2024). In Round 2 (ongoing in 2025-26), 128 lead organisations submitted 574 outline applications with 535 applications assessed and 100 applicants invited to submit full stage applications.

Global interdisciplinary collaborations via the Ayrton Fund

We committed over £33 million in 2024 to 13 research projects via the UK Government's Ayrton Fund. The projects are using interdisciplinary approaches in clean energy technologies and business models to drive forward the clean energy transition in developing countries, with the aim of addressing United Nations Sustainable Development Goals.

Objective 4: Innovation

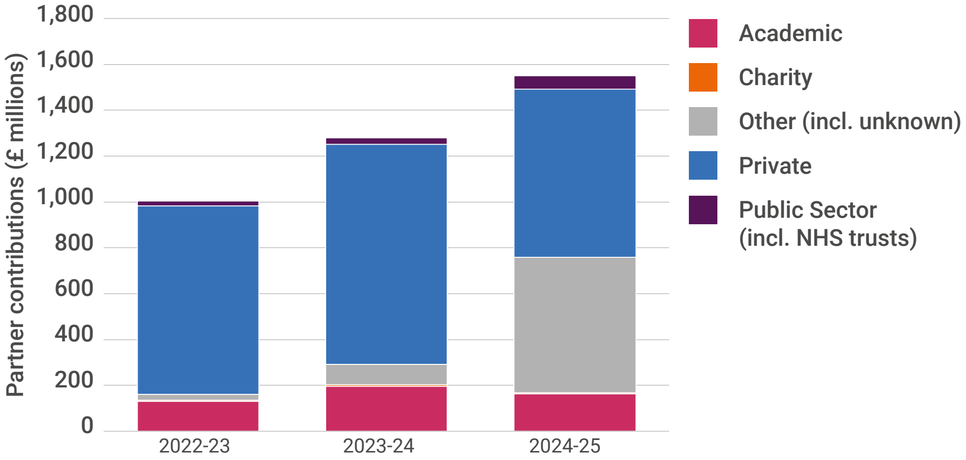
We work to realise the full potential of the UK's world-class research base and national capabilities, helping deliver the UK Government's vision for an innovation nation. In our strategy, we committed to enhance the speed and effectiveness of the UK's commercialisation activity, and to maximise the opportunities for knowledge exchange and collaboration between researchers, innovators, businesses, public services, and policymakers, across a range of priority business sectors.

2024-25 at a glance

In our 2022-25 Corporate Plan, we committed to:	In 2024-25, we:
delivering the skills, finance and collaboration opportunities needed to boost private sector investment and raise economic growth	▪ funded 311 creative catalyst projects to scale up innovation in the creative industries with targeted support to help businesses grow ▪ delivered the £78 million Sustainable Medicines Manufacturing Innovation programme, in partnership with the Department of Health and Social Care, awarding over £14 million across 29 innovative projects to drive improvements in areas including energy use reduction, resource efficiency and waste reduction ▪ announced the ADOPT Fund, delivered by Innovate UK on behalf of the Department for Environment, Food and Rural Affairs (DEFRA), which will support collaborative farmer-led, on-farm trials to speed up the development and use of new technologies and improve the productivity, resilience and sustainability of farming ▪ supported business-academic partnerships with over £55 million through EPSRC and BBSRC Prosperity Partnership awards, including an £8 million project co-led by the University of Birmingham and speciality chemical company Croda to help solve plastic pollution, by tackling the sustainability and biodegradability of polymers in liquid formulations (PLFs) found in millions of everyday products
working with global partners to deliver collaborative international innovation programmes	▪ secured £17 million of additional investment from the International Science Partnerships Fund (ISPF) to boost Innovate UK's international partnerships by launching collaborative business-led research with South Korea, Taiwan, Canada and Singapore in AI, semiconductors, and quantum technologies ▪ enhanced Innovate UK's global funding to provide direct grants for UK businesses to conduct international R&D in Quantum Technologies and connect UK industries to global supply chains
accelerating research translation, commercialisation and knowledge exchange by leveraging new and existing opportunities	▪ supported six new research centres with £85 million through Research England's flagship UK Research Partnership Investment Fund (UKRPIF), to strengthen the research base's contribution to economic growth and enable job creation in sectors including net zero transport, disease therapies, and translational medicine ▪ invested £30 million through Research England to support the development of university-centred commercialisation ecosystems across England ▪ invested £2.5 million through BBSRC and Innovate UK to develop innovative, nutritious food and beverage products, supporting health through early-stage feasibility projects and business-led innovation ▪ launched a £40 million UKRI proof-of-concept fund to support the commercialisation of products, processes and services developed through research, and implemented the Independent Review of University Spinouts recommendations, including highlighting universities that have adopted best practices ▪ invested £2 million to help start-ups bring new innovations to market more quickly through STFC's UK Business Incubation Centres (BICs, delivered with partners including MRC and BBSRC), allowing 28 game-changing start-ups to gain access to world-leading research facilities, expertise and IP

How we performed: Delivering the skills, finance and collaboration opportunities needed to boost private sector investment

Co-Investment on New Grants



Analysis: In 2024-25, there was over £1.5 billion of co-investment declared on new UKRI grants, including at least £733 million of co-investment from the private sector[1]. The total co-investment declared on new UKRI grants has increased by £545 million from 2022-23, the first year of our 2022-27 UKRI strategy in which we committed to fostering co-investment between universities, businesses and the wider research base. UKRI uses a diverse portfolio of mechanisms to stimulate co-investment including programmes targeted at fostering private sector participation and academic-business partnerships, such as Research England's UK Research Partnership Fund (UKRPIF) which requires universities to attract a further £2 from non-public sources for every £1 invested by the fund.

1 The data includes new grants awarded via the Joint Electronic Submissions (Je-S) system, the new Funding Service (TFS), and the Innovation Funding Service (IFS), and captures project partner contributions declared at the point of application. As TFS does not currently categorise organisations and their co-investment on new grants by sector, co-investment on TFS-awarded grants in 2024-25 has been categorised as 'other'. The 'other' component of the aggregate bar for 2024-25 therefore includes investment from the four other sector components (public, private, charity and academic).

Driving economic growth and creating high-quality jobs

As a result of Innovate UK support, businesses self-reported in 2024-2025 secured £139 million in private follow-on funding, increasing the number of Full-Time Equivalent (FTE) employees by 2,261 and launching 2,937 new products or services between 2023 and 2025[1].

Since 2016, the UKRI Challenge Fund has realised £5.79 billion in co-investment to date, supported over 10,884 FTE jobs retained and created over 7,190 FTE jobs, with 433 Challenge Fund projects self-reporting new IP items granted.

1 Based on self-reported data from projects which are monitored by the Innovate UK Impact Management Framework. The data includes 2,124 project participants who are businesses that provided Project Impact data at the closure of their project. This is not exhaustive and under-represents Innovate UK's contribution, as not all Innovate UK programmes currently use the Impact Management Framework, for example Catapults.

Boosting the UK's battery industry through EV recycling

Innovate UK's Faraday Battery Challenge is boosting the resilience of the UK's battery industry. Almost 14 million electric vehicles (EVs) were registered globally in 2023. Based on one estimate, that single year's supply of EV batteries could produce 3.5 million tonnes of waste – enough to fill two O2 Arenas. The CAM-EV project, a collaboration between clean energy technology company Altilium and Imperial College London, explored how the critical metals inside this waste could be recycled into new battery cells. The team developed a new hydrometallurgy method to recover materials needed to produce a high-quality cathode-active material, retrieving 97% of the lithium from lithium-ion phosphate cells. The process also recovered substantial amounts of graphite used in anodes, crucial for the UK which lacks domestic graphite sources.

Accelerating translation, commercialisation, and knowledge exchange

We committed to accelerating knowledge exchange and R&I translation and commercialisation in our 2022-25 Corporate Plan. Independent evaluations of UKRI-supported R&I, published in 2024-25, identify:

- A £14.80 return on investment for every £1 of UKRI funding through Higher Education Innovation Funding (HEIF), led by Research England in partnership with the Office for Students, catalysing university and business collaboration and R&D investment to support knowledge-based interactions and deliver economic and societal benefits.
- A £7.70 return on investment for every £1 invested, including 12,969 newly trained people in enterprise skills and 214 spinouts, via the Connecting Capability Fund led by Research England to promote collaborations between universities and private sector partners to achieve more effective research commercialisation.
- A £9 net additional return over a ten-year period for every £1 invested through BBSRC's translational funding.
- Research funded by MRC between 2008 and 2023 has led to spin-out companies with an estimated economic value of over £6.1 billion, creating over 3,800 jobs and attracting £10.2 billion of external investment.

Jersey Royals unlocking the circular economy

A circular economy project, funded through AHRC's £25 million Future Observatory, has pioneered a scalable plan for turning potato harvest waste into textiles, with the potential to create a closed sustainability loop for the Channel Islands. Regenerative design researchers from Imperial College London supported Fibre Ltd. and Jersey Royals Company in testing the viability of a 'farm to fibre' business model. This prototyping work demonstrates the potentially transformative value for a region affected by falling revenues, where potato farming generates about 70% of economic turnover. Scaled up, this new model will lift farm incomes by up to £1 million per annum.

Revolutionising lung cancer treatment with an innovative fibre-optic device

Spinout company Prothea has received a £10 million investment to develop a unique fibre-optic device to help image and treat lung cancer in a single hospital visit. The company's device will allow clinicians to identify lung cancer lesions and treat them with laser ablation at the same time. It was created by Dr James Stone at the University of Bath, together with colleagues from the University of Edinburgh. The research was supported by EPSRC through an Industrial Strategy Challenge Fund fellowship and an Impact Acceleration Account award.

Cell therapy spin-out creates new manufacturing facility

Autolus, a spin-out founded on advanced cell programming technology developed with funding from MRC and others, has invested in a new 70,000 ft2 manufacturing facility in the UK. Valued at £259 million in May 2024, the company was established to develop and commercialise advanced autologous T-cell therapies that have the potential to deliver life-changing treatments to patients with cancer and autoimmune diseases. Autolus has raised £1.2 billion in external investment since it was established in 2014 and employed 342 workers in 2022.

Objective 5: Impacts

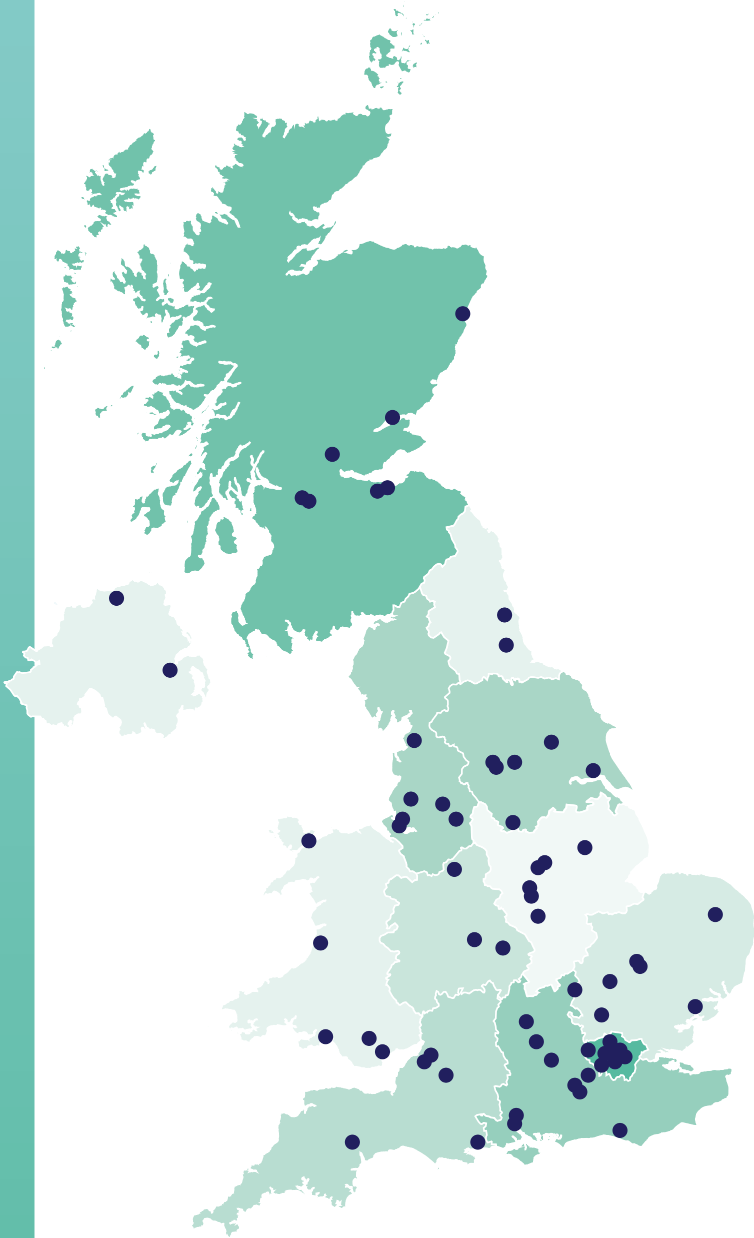
We create opportunities to connect ideas, science and innovation, providing the foundations to target global and national challenges and advance government priorities. In our Strategy, we committed to harnessing the UK's world-class R&I to deliver benefits to society and the economy, including amplifying our collective activity through our strategic themes and building on our existing investments to scale and expand R&I across the critical technologies.

2024-25 at a glance

In our 2022-25 Corporate Plan, we committed to:	In 2024-25, we:
addressing major national and global challenges through our five strategic themes and wider investments	▪ built on the significant investments made through our strategic themes: building a green future, building a secure and resilient world, creating opportunities and improving outcomes, securing better health, ageing and wellbeing, and tackling infections ▪ announced five new EPSRC Healthcare Research and Partnership Hubs with the Department for Science, Innovation and Technology (DSIT), the Department for Health and Social Care (DHSC) and No.10, receiving £64 million in cash and in-kind support from 131 partners ▪ announced EPSRC's £6 million investment in the Cyber Security Research and Networking Environment NetworkPlus, which aims to strengthen the UK's cybersecurity and better prepare society against future cyber threats ▪ launched a £5 million ESRC funding opportunity in collaboration with the National Police Chiefs' Council (NPCC), to support nine Policing Academic Centres of Excellence (P-ACEs) to connect researchers and users in policing and identify the best research evidence, science and technology ▪ published Innovate UK's Net Zero Annual Review 2024 detailing investments and impacts across Heat and Power, Make and Use, Mobility, Systems Integration and Agrifood Tech Net Zero
increasing investment in, and harnessing opportunities from, developing and adopting tomorrow's technologies	▪ enhanced the UK's global leadership in transformative technologies through our £320 million flagship Technology Missions Fund, with £63 million of investment in 2024-25 targeted at boosting one or more of the UK Science and Technology Framework's critical technologies ▪ delivered our £100 million investment via EPSRC in the Alan Turing Institute to develop its revised challenge-led programmes following its quinquennial review
transforming and investing in sectors that are key to the future economy	▪ invested £28.5 million in the Human Functional Genomics Initiative, through MRC and BBSRC, to advance understanding of the impact of genomic variation on human physiology and disease, supporting the UK's ambition to have the most advanced genomic healthcare system globally ▪ launched an £8.5 million funding opportunity to research UK dietary health inequalities, promoting a 'food systems' approach for place-based solutions ▪ opened three state-of-the-art UK R&D facilities powering up major creative industry names and SMEs through the AHRC-led £76 million infrastructure programme CoSTAR ▪ reopened the Edinburgh Higgs Centre for Innovation's space testing facility, following a major renovation investment, enabling support of early-stage technology start-ups and SMEs

How we performed: Harnessing the full power of the UK's R&I system to tackle large-scale and complex research and innovation challenges

Our five Strategic Themes are aligned to the Government's five missions, supporting the resilience of key Industrial Strategy growth sectors and enhancing sovereign capabilities critical to national security and defence. Capitalising on UKRI's unique role in the research and innovation ecosystem, the five themes enable the coordination of research activity across multiple disciplines to address government-wide Areas of Research Interest, delivering growth across the UK and tackling large-scale, complex national and global challenges.



We have invested over £200 million in the five themes, supporting more than 260 projects to date. This investment has directly amplified nearly £300 million of other investment across UKRI and supports a much larger portfolio aligned to the themes' objectives. It has also led to collaborations with more than 30 government departments and other funders and has leveraged more than £140 million of co-funding.

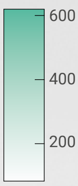
We have ensured collaboration is built into our investments, with pre-launch workshops, webinars, guidance and pump-priming/seed funding to support the development of diverse partnerships.

The 1,800 investigators we are supporting are collaborating with 1,100 project partners across the UK and in over 40 countries. This includes more than 100 third sector, 200 public sector and over 300 industrial partners.

This map shows the project partners and investigators supported by our Strategic Theme investments across the UK. The darker the colour, the higher the number of partners and investigators in that nation or region. Lead organisations for each investment are shown as dots.

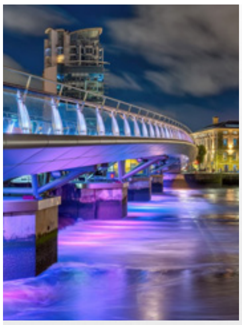
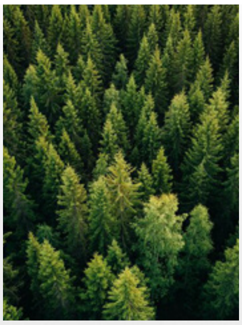
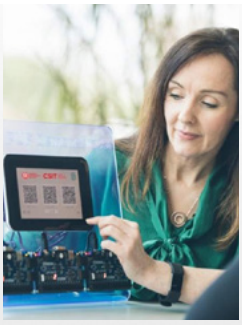
Map Legend

Dots show the location of Lead Organisations



This shaded map shows the number of investigators (Principal Investigators, Co-Investigators, Project leads, Researcher Co-leads, Researcher Co-Investigators) and Project Partners per Strategic Theme award in each nation or region. The darker the shade, the higher the number.

People and organisations are counted once, even if they work across multiple awards. Some people/organisations may be duplicated. A small number of records are excluded due to missing information.

Investments from our five Strategic Themes include:

Creating Opportunities, Improving Outcomes

Epic Futures Northern Ireland, a £4.8 million Local Policy Innovation Partnerships (LPIPs) research project, is aiming to reduce economic inactivity by helping the hidden unemployed find meaningful work, improve lifelong learning access, and identify future skills needs. Led by Ulster University Business School, the project team is partnering with the Northern Ireland Executive's Departments for Communities, the Economy, and finance and the Department for Communities' JobStart 50+ programme. The project will assess the value for money of 11 Labour Market Partnerships across Northern Ireland to guide future funding decisions.

Securing Better Health, Ageing and Wellbeing

A new £22.5 million Mental Health Platform is bringing together researchers from across the UK and across a range of medical and non-medical disciplines and institutions. The Platform is focused on generating an in-depth understanding of those who experience severe mental illness to help discover new approaches for diagnosis, treatment and support, with lived experience at the heart of the platform. Led by Professor Andrew McIntosh (University of Edinburgh), it consists of five research hubs, a data science hub (DATAMIND), and a coordinating centre to ensure seamless collaboration.

Building a Green Future

Accelerating the Green Economy is a £25 million investment in five new green industry centres bringing together researchers, businesses and local leaders to help co-develop and deliver new products and processes to bring them successfully to market. For example, the 'Centre for Net Zero High Density Buildings' at the University of Edinburgh is partnering with 58 organisations to design, develop and deliver inclusive net zero solutions for high density buildings, support skills academies with local colleges, and generate 2,000 regional jobs that will enable economic growth and societal benefits for city regions across Scotland.

Tackling Infections

Two Avian Influenza research consortia led by Imperial College London and the UK Animal and Plant Health Agency are looking to address urgent public health questions around the ongoing H5N1 bird flu panzootic. Drawing on £6.1 million from UKRI, the Department for Environment, Food and Rural Affairs (DEFRA) and the Department for Health and Social Care (DHSC), the consortia will provide essential biosecurity capability for the UK. Building on BBSRC/DEFRA's previous investment into avian flu research, the consortia are addressing urgent questions around H5N1's viral spread, transmission routes and potential spillover risks, feeding directly into UK public health authorities to inform future policy interventions.

Building a Secure and Resilient World

The £4.3 million Building a Secure and Resilient World Research and Coordination Hub, SALIENT, is led by the University of Manchester with partners from the universities of Bath, Exeter and Sussex. It is bringing together expertise from academia, industry and government to catalyse, convene and conduct research and innovation in support of the UK's national security and resilience. The first research projects commissioned by SALIENT will start in 2025, aiming to work across all regions of the UK.

Seizing the opportunities from tomorrow's technologies and transforming sectors that are key to the future economy

Our flagship £320 million Technology Missions Fund (2022-2025) accelerates and provides a focus to UKRI's critical technology programmes, in line with our 2022-25 Corporate Plan commitment to increase investment in the adoption and development of tomorrow's technologies. Supporting technologies with the radical potential to benefit our society and economy, our investments in 2024-25 include:

- driving the adoption of AI in high-growth business sectors through Innovate UK's BridgeAI programme, with almost 100 projects backed by £32 million
- launching responsible AI demonstrators via AHRC's Bridging Responsible AI Divides (BRAID) programme
- supporting UK businesses to adopt quantum technologies through a £9.5 million Innovate UK investment in Quantum Computing and Networks projects
- launching an £11.5 million funding opportunity through Innovate UK to improve semiconductor manufacturing and supply chains
- driving new collaborations and commercial opportunities in the engineering biology sector through a £3 million proof of concept programme and a £2.8 million seed corn fund
- launching a new Doctoral Focal Award in Engineering Biology to train the next generation of researchers in cutting-edge technologies

Engineering biology for a brighter future

An independent evaluation of our Synthetic Biology for Growth (SBfG) programme demonstrated substantial economic and social benefits, contributing an estimated Gross Value Added of £360-£419 million, with potential market values exceeding £1 billion. This represents a return of up to 8.7 times our initial UKRI investment. SBfG can be considered transformational for the UK, driving innovation and unlocking economic growth through synthetic biology. Since 2007, BBSRC, EPSRC, and MRC have invested over £800 million in this field, including £114 million for SBfG. In 2024, building on this success, we announced a five-year, £125 million programme supported by the Technology Missions Fund to advance six mission-led engineering biology hubs and related initiatives.

A game-changer for global telecoms

Finchetto, supported by Innovate UK and UKRI, has developed the world's first fully optical network switch, allowing high-performance computer users and data centres to improve data transmission and capacity speeds whilst reducing energy consumption by over 20 times. The switch, compatible with quantum computing, aims to enhance the UK's telecoms network in collaboration with BT. The technology has significant global export potential, promising a transformative impact on the UK telecoms industry.

Quantum computing revolutionises materials innovation

STFC's Hartree Centre and PsiQuantum have developed a quantum computing approach to simulate complex materials such as high-temperature superconductors. This collaboration marks a significant step towards using quantum computers to solve real-world industrial challenges. By improving simulations of these materials, the partnership aims to drive breakthroughs in energy-efficient technologies and advanced electronics, ultimately benefiting a range of industries.

Revolutionising dairy farming with AI

The ACCED project, supported by UKRI's Technology Missions Fund, has shown that AI-driven approaches can revolutionise dairy farming, making it more productive, sustainable and profitable. The ACCED team has demonstrated how AI-enabled automation can prevent heat stress in cows, leading to healthier animals and higher milk yields. By using data from ear tags and sensors, the system can monitor cow behaviour and regulate their environment without human intervention.

Semiconductor breakthrough boosts quantum communication

Scientists at Heriot-Watt University, funded through EPSRC, have made a significant breakthrough in quantum networking by developing a new semiconductor system that allows single atoms to emit light at the same frequency. This innovation eliminates the need for expensive lasers and additional equipment, reducing costs and making quantum communication more feasible. The breakthrough promises to enhance secure, unhackable communication channels, benefiting all those reliant on advanced communication technologies.

Enhancing the UK's global leadership in critical technologies through international collaborations

In 2024-25, we invested in collaborations with international R&I partners to enhance and exploit the UK's global leadership in transformative technologies, driving technology development, adoption and diffusion across disciplines and innovation by:

Canada: Signing our first collaborative agreement with the Natural Sciences and Engineering Research Council (NSERC) and partnering with the National Research Council (NRC) to enable UK and Canadian businesses to collaborate in areas including quantum technologies, AI and semiconductors

India: Launching a £3.5 million UK-India telecoms research funding opportunity through EPSRC, in partnership with India's Department of Science and Technology (DST)

South Korea: Partnering with the Korea Institute for Advancement of Technology (KIAT) and the Korean Institute of Energy Technology Evaluation and Planning (KETEP) to deliver a £6 million funding opportunity for joint UK-South Korea business-led collaborative research in areas including AI and semiconductors

USA: Launching a £2 million quantum chemistry funding opportunity with the US National Science Foundation (NSF) and supporting STFC's partnership with the US Oak Ridge National Laboratory on the Extreme Scale Computing & AI Powerplant Engineering (ESCAPE) programme

Japan: Committing over £19 million to programmes focusing on AI, quantum technologies, semiconductors and engineering biology, in collaboration with the Japan Science and Technology Agency (JST) and backed by BBSRC, EPSRC and MRC

Germany: Partnering with the Federal Ministry for Economic Affairs and Climate Action (BMWK) to deliver a £2 million funding opportunity to enhance UK-Germany SME collaboration in emerging fields of technology

Objective 6: World-class organisation

We are transforming UKRI to become a more efficient, effective and agile organisation, integrating our capability to maximise and optimise the support we deliver for the R&I system. In our strategy, we committed to drive forward re-engineering our operating model and programmes to harmonise our IT infrastructure and improve our operational data and funding service.

2024-25 at a glance

In our 2022-25 Corporate Plan, we committed to:	In 2024-25, we:
making UKRI an efficient, effective and agile organisation by harnessing and optimising our internal capabilities	▪ transitioned all new competitive research council grant awards to the new digital Funding Service (TFS) platform and operated a full TFS end-to-end service , simplifying our funding opportunities, harmonising applicant guidance and helping users manage opportunities, applications and awards effectively ▪ streamlined our business processes and technology platforms via the Services for HR, Accounting, Reporting and Procurement (SHARP) programme, working towards upgrading from legacy on-premises systems to Oracle Fusion's cloud-based integrated Software as a Service (SaaS) solution in summer 2025 ▪ established a Strategic Technology Data and Governance Committee to ensure that strategic architecture and technology standards are adhered to across our distributed IT ▪ implemented our new Innovate UK Impact Management Framework to improve the reporting and analysis of business innovation outcomes
embedding environmental sustainability across our work and estates	▪ partly delivered against our Environmental Sustainability Strategy, more details can be found in our Environmental Sustainability report (page 53) ▪ signed the cross-R&I sector concordat for the environmental sustainability of research and innovation practice
delivering a new communications and engagement strategy to champion a creative and diverse R&I system and help embed R&I in our society and economy	▪ progressed the recommendations of 2023-24 capability review of communications, in alignment with our 2023-27 UKRI communications and engagement strategic framework ▪ delivered operational and strategic communications needs for UKRI through: – 186 media announcements, gaining coverage across every major UK newspaper and broadcaster – publishing 512 funding opportunities and improving our 'Before you apply' guidance – engaging external stakeholders via UKRI Connect Exeter and Lincoln events ▪ hosted our first R&I showcase event of the new Parliament to celebrate the extraordinary impact of UKRI-funded projects across the UK, highlighting how R&I improves people's lives and livelihoods
empowering talented people to collaborate and thrive to meet the needs of our new operating model	▪ initiated Phase 3 of our Leadership through Change development programme and progressed six cohorts through its sister Emerging and Inspirational Leadership programmes ▪ continued to enhance employee experience by strengthening staff communities through our staff networks and communities of practice, and enabling engagement via the People Survey ▪ introduced a Voluntary Exit Scheme and worked with our senior leaders and trade unions to help reshape and realign staffing across the organisation ▪ undertook an employee relations (ER) strategic review to identify the root causes of ER issues and established a follow-up action plan

How we performed: Making UKRI an efficient,effective, and agile organisation

In 2024-25, we continued to use our existing Joint Electronic Submissions (Je-S) and Siebel grant management systems, alongside our new Digital Funding Service (TFS), to process funding applications and awards.
In December 2024, TFS became the default platform for all applications submitted to, and awards funded by, UKRI's research councils. At the end of March 2025, 10.6% of all in-flight (set up through to active) UKRI research council awards were managed on TFS. This percentage will continue to increase in 2025-26 as active awards on Siebel conclude and new awards are issued through TFS.

- Since the first pilot in 2020, we have processed through TFS over 620 funding opportunities and 26,000 applications
- In 2024-25, through TFS, we handled over 17,000 applications requesting a total of £9.6 billion, issued more than 65,000 review invitations and supported over 700 panel meetings

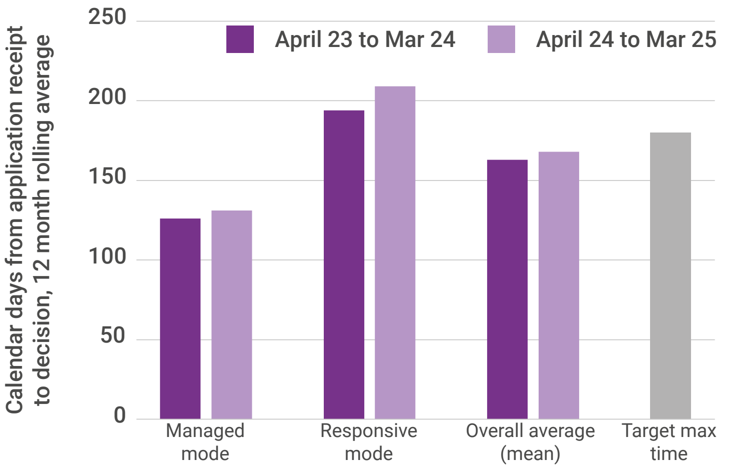
Innovate UK Grant Processing Times

Analysis: In 2024-25, Innovate UK's[1] overall average grant processing time was 125.6 days, above the target of 90 days from competition close to project live (average 51 days from competition close date to initial decision and average 74.5 days from initial decision to project live). The overall average time has decreased though by 9.7 days from 2023-24[2] (135.3 days), with the average time from initial decision to project live falling by 22 days, primarily resulting from embedding a culture of continuous improvement within Innovate UK's operations teams, who are empowered to continuously review their processes to identify and deliver improvements.

1 Innovate UK's customer base, products and processes differ from the research councils.

2 The 2023-24 figures have been revised from those published in the 2023-24 Annual Report and Accounts, which reflected a snapshot from 1 April 2023 to 31 March 2024. Since then, competitions launched in 2023-24 have finished and their impacts have now been accounted for.

Research Council Grant Processing Times

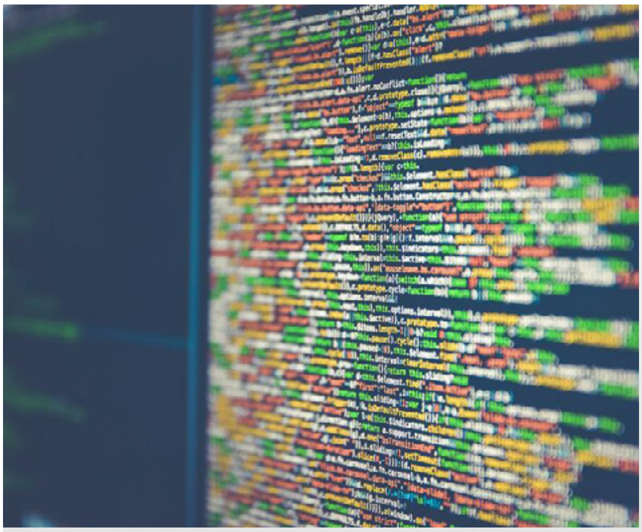


1 Responsive mode opportunities welcome applications on any topic within the disciplinary portfolio. Managed mode opportunities focus on specific R&I areas or challenges.

2 The 2023-24 data has been updated from that provided in the 2023-24 Annual Report and Accounts.

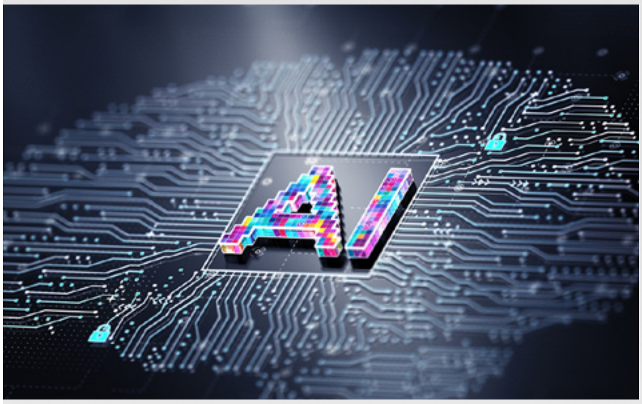
Analysis: We are making progress in maximising our support for research and innovation by cutting unnecessary bureaucracy and driving up efficiency, as highlighted in our 2022-25 Corporate Plan. Our average processing time for research council funding applications in 2024-25 (5.6 months/168 days) continues to sit below our target of 6 months/180 days[1].

This represents the third consecutive year that the average processing time is below the 6 months/180 days target, although the time increased by five days from 2023-24[2] (5.4 months/163 days).This increase was primarily caused by the transition in grant processing systems from Siebel to TFS, involving the implementation of lengthier manual workarounds and the need to redefine internal processes to meet the new system's requirements.



Building a more streamlined and responsive funding service

In February 2025, the new Funding Service (TFS) successfully passed its public beta assessment, marking a significant step forward in simplifying our funding process and building a more responsive service around user needs. The successful assessment confirmed that TFS meets high government standards for security, accessibility and user-centred design. A panel of independent digital professionals from the Government Digital and Data community assessed the service against 14 key standards and included experts in user research, design, technology and performance analysis.



Preserving the integrity of our funding systems

In September 2024, we launched our policy on the use of generative artificial intelligence (AI) during the funding application and assessment process. Generative AI is a broad label used to describe any AI that can be used to create new content such as text, images, video, audio or code. Our policy builds on the joint funder statement that UKRI signed in September 2023 on the use of generative AI tools in funding applications and assessment.

Demonstrating our commitment to effective evaluation

We published our first evaluation strategy in August 2024 to aid transparency and demonstrate our commitment to the effective evaluation of our investments. The strategy outlines our vision for high-quality evaluation to be embedded throughout UKRI, generating robust, reliable and trusted evidence, and helping us to understand and improve our impact. We are focusing on four key areas of action to achieve the vision: proportionate evaluation practices, high-quality evaluation, a culture of continuous improvement and ethical evaluation.

UKRI Business Case Hub

The UKRI Business Case Hub plays a pivotal role in shaping high-value investments by supporting the development, approval and assurance process for business cases exceeding £20 million. Through expert guidance and resources, the hub empowers teams across UKRI and DSIT to build strong and impactful cases. Since 2020 the Hub has supported the development of over 70 full business cases worth over £10 billion, with all approved first time by the BEIS/DSIT Investment Committee[1]. In 2024-25, the Committee approved five business cases worth a total of £237 million.

1 BEIS (Department for Business, Energy and Industrial Strategy) was split in 2023 to form three departments including Department for Science, Innovation and Technology (DSIT).

Empowering talented people to thrive

We are committed to improving employees' experience of UKRI, so that the best people join UKRI and thrive. We have maintained focus on strengthening leadership and talent development to empower colleagues at all levels, fostering a high-performance, inclusive and collaborative culture in a safe environment. As we move through significant organisational change, while meeting demanding reductions in staff numbers, this has been challenging. We have actively engaged our staff to support their wellbeing and involve them in shaping our new ways of working. Highlights in 2024-25 include:

We have been recognised as a **Carer Confident Active Employer** by Carers UK, acknowledging our commitment to supporting employees who are carers. This Level 1 award highlights UKRI's efforts to create a supportive and inclusive workplace, enabling carers to have fulfilling careers and contributing to UKRI's impact. With about one in seven people in any workforce being a carer according to the 2021 census, UKRI's initiatives, including the annual 'Carers Rights Day' and the UKRI Carers Network, aim to raise awareness and provide support that enables carers to thrive.

We continued to invest in our people through our **Leadership and Learning Programme** with over 250 people trained in FY 24-25 and a further six cohorts on track for completion by June 2025. We also delivered Continuous Improvement basic training to over 450 people in 2024-25.

We refreshed our **Employee Engagement Toolkit** for line managers, providing the resources, strategies, and tools necessary to develop a positive, engaging and productive work environment across UKRI.

We supported our **eight staff networks** to grow and work across the organisation to identify, generate and offer solutions to workplace challenges and barriers so members can achieve their full potential. As of November 2024, the networks had **1,827 members, 77 leadership team members** and **16 executive and senior sponsors.**

Our **Dignity, Respect and Anti-Bullying, Harassment and Discrimination (BHD) plan 2024-27** sets out a consistent, unified framework to ensure that all colleagues experience dignity and respect wherever they work in UKRI. Drawing on an independent review of UKRI's anti-BHD practices led by the Inclusive Leadership Company, this coordinated approach involves different parts of UKRI developing aligned actions to improve workplace culture. These actions will be included in organisational People Plans to be published internally this year.

We supported the wellbeing of our people by delivering a calendar of **over 60 wellbeing events** throughout 2024-25. We also launched our Wellbeing Ambassador Network in June 2024, delivering two Wellbeing Ally training sessions each month from September 2024. We now have **22 Wellbeing Champions** and **370 Wellbeing Allies.**

We launched the **2024 UKRI People Survey** in April, enabling staff to express their views on our organisational strengths and challenges, and then developed a UKRI-wide action plan and local council/area action plans to address staff feedback. We also launched a 'You Said, We Listened, Together We Delivered' campaign reflecting on the progress made from the 2022 and 2023 UKRI People Surveys.

We launched new UKRI **Communities of Practice**, fostering connectivity across the whole organisation by bringing colleagues together to share a common professional interest or overcome a shared challenge related to their work. Our nine communities of practice extend across areas as diverse as funding innovation, communications and engagement, and project delivery.

Risk and Performance

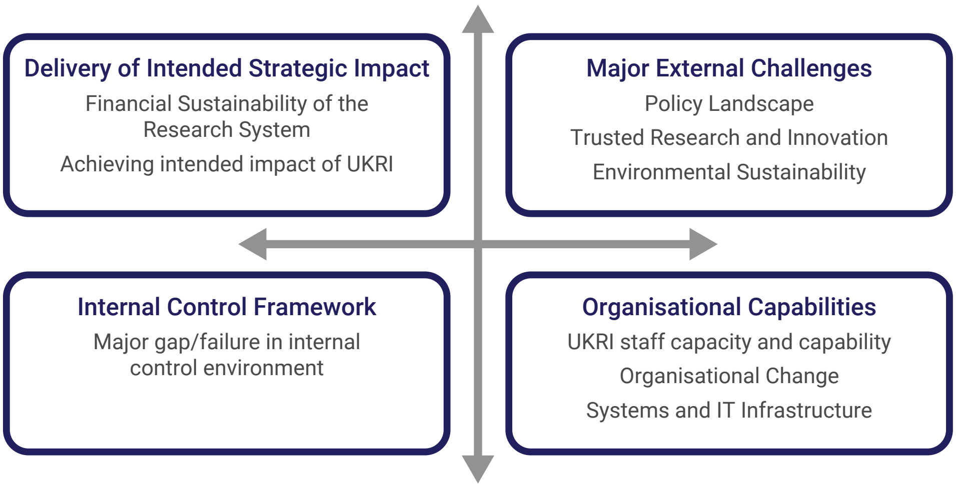
UKRI operates a risk management framework that is embedded across the organisation to ensure that risks are identified, assessed and managed at the optimum levels, ensuring effective deployment of resources, as well as ensuring that appropriate oversight and escalation routes are in place. Our risk management framework is owned by the CEO and championed by our CFO. Assessment of the performance of UKRI risk management is undertaken through the annual Executive Accountability Exercise, risk maturity assessments, analysis of performance against the principles of the Orange Book and internal audit.

Our principal risk approach includes assessment through four lenses: Delivery of Intended Strategic Impact; Major External Challenges; Internal Control Framework; Organisational Capabilities. This approach supports analysis and understanding of the links and interdependencies between our principal risks as well as providing the foundations for our golden thread assessment of aggregated risk. Principal risk deep dives are undertaken by ExCo on a rolling schedule to evaluate external and internal risk factors and influences, effectiveness of current mitigations and the impact on risk levels of actions to further reduce risk.

UKRI risk management arrangements are subject to continuous improvement, and during 2024-25 the organisation has refreshed the annual Executive Accountability Exercise in alignment with the risk management framework, increased the depth of the embedded approach to principal risk deep dives and carried out detailed analysis of top-level risk across the organisation to strengthen the clear line of sight throughout the organisation's risk landscape.

The Risk and Assurance Network has grown in membership and has become a UKRI Community of Practice, recognising the value of the work undertaken in this space to gain consistency in risk management practice and further insight into detailed areas of risk.

Implementation of the risk management framework is supported by an enterprise risk management system and a team of professionally qualified Risk and Assurance Business Partners to support decision-making and challenge the business on the effective management of risk.



Risk appetite

We recognise as an organisation that we must take risks to achieve our objectives, and to inform this we have a risk appetite statement that sets the boundaries for risk taking. The Risk Appetite Statement is approved by UKRI Board and enables effective identification and assessment of risks to evaluate a mitigation plan.

Our risk appetite statement has five levels: averse, minimalist, cautious, open and bold. Risk appetite categories are applied to each level to reflect the level of appetite that is appropriate for the activity. A cycle of review is in place for risk appetite to ensure that we adapt to evolving internal and external requirements by evaluating the optimal levels of risk the organisation is willing to take in pursuit of objectives.

Principal risks

UKRI defines risk as the effect of uncertainty on objectives, in terms of uncertain event or set of circumstances, that (should it occur) will have an impact on the achievement of objectives.

There are 24 principal UKRI risks which are overseen by the Audit and Risk Assurance Committee (ARAC), with ownership and management by ExCo. Nine of these risks are identified as Board level risks.

A summary of the Board level risks is set out in the table below.

Risks and mitigating actions	Appetite and direction
Delivery of intended strategic impact	
Financial sustainability of the research system: Improving the resilience of the research sector is a core principle for change within UKRI's strategy. UKRI works with our partners and key stakeholders to assess current and future financial risks and challenges to the research base to support a strong, diverse and connected R&I system. During 2024-25 UKRI has undertaken a programme of work in a three-stage approach looking at the short, medium, and long-term actions UKRI can take to mitigate this risk, including further developing our agility and preparedness, working closely with DSIT.	**Strategy (cautious)** 16 VERY HIGH Due to the evolving risk environment, this risk is anticipated to remain outside appetite in 2025/26.
Managing strategic direction to achieve UKRI's intended impact: This risk focuses on the uncertainties that may affect our ability to deliver world-class R&I outcomes and the challenges of evidencing the impacts of our strategy and delivery plans. Our performance management framework and balanced scorecard enables us to monitor the implementation of our strategy. The UKRI evaluation strategy and framework is aligned with HM Treasury guidance and we use this to keep a sharp focus on the impact of our investments. During 2024-25 we focused on evaluating and developing our mitigations through detailed work in our Spending Review activity, in-depth review of our planning pipelines and ongoing celebration of successes from our broad and diverse portfolio of investments.	**Strategy (cautious)** 12 HIGH Currently this risk is outside appetite and will be reviewed in 2024-25 as mitigations progress.
Major external challenges	
Failure to influence/respond to changes in the policy landscape: UKRI continues to respond quickly to changes in the R&I landscape through maintaining our strong relationships with UK Government and the UKRI community. Our performance reporting demonstrates the achievements in this area throughout 2024/25. We continue to evaluate how we engage with and understand our communities to ensure we are building and maintaining effective, influential and trusting connections across the research and innovation landscape.	**Strategy (cautious)** 12 HIGH This risk is regularly reviewed to evaluate external and internal elements of risk, moving into 2025-26 the risk remains outside appetite due to external risk factors in a dynamic risk landscape.

Residual score: Critical Very high High Medium Low

Risks and mitigating actions	Appetite and direction
Major external challenges	
Failure to deliver against UKRI Environmental Sustainability and Greening Government Commitments: The UKRI Environmental Sustainability Strategy has set out clear accountabilities and responsibilities across UKRI leadership and has taken decisions throughout 2024-25 that have enabled the organisation to make progress on our Environmental Sustainability priorities, including net zero as well as improving biodiversity. UKRI has signed up to the concordat for environmentally sustainable research and innovation practice, and is supporting a very significant transformation programme for the UKRI owned and operated research facilities and have implemented a carbon budget pilot programme to control emissions for the organisation. UKRI has been within the Greening Government Commitments target since 2017-18, however in 2024-25 we have not been able to meet all elements of the targets (as reported in the Environmental Sustainability report page 53).	**Legal/Compliance (cautious)** 12 HIGH The nature of the mitigations of this risk are of a longer-term nature and while the risk remains outside appetite currently, we continue to review and develop our approach to bring the risk towards appetite.
Trusted Research and Innovation: UKRI has a responsibility to respond appropriately to the risks posed by hostile actors or unethical interference in the activities we support. Our Trusted Research and Innovation (TR&I) work aims to protect the people, intellectual property, sensitive research, and infrastructure that we support from potential theft, misuse and exploitation. Our TR&I programme considers collaborations that take place both within and outside the UK, including inward investment by overseas-based companies. By enabling universities, research institutes and businesses to participate in safe and secure collaborations, the programme aims to maximise international and domestic opportunities for UK research and innovation. We do this through: ▪ regular engagement with the academic and business communities built on appropriate principles and processes and informed by discussions across government ▪ carrying out regular and detailed risk assessments internally, drawing on a range of current and historic information in our portfolio ▪ our funding terms and conditions embed proportionate controls and mitigations across a substantial part of the research and innovation ecosystem ▪ conducting periodic reviews and monitoring exercises In 2024-25 we further developed and refined our risk assessment framework, improved governance in line with audit recommendations from GIAA, and continued to develop a positive and risk-aware culture across the organisation. In 2025-26 we will continue to develop and improve our TR&I policy and arrangements including reviewing terms and conditions, providing additional training, and piloting the use of new tools and approaches. We will also work closely with DSIT and a range of other government departments and agencies, and international partners. Continued progress on the effectiveness of UKRI's IT infrastructure and realisation of the benefits of TFS remain central to ensuring effective TR&I risk analysis and mitigation.	**Operational (cautious)** 12 HIGH Work on our mitigations in 2024-25 has strengthened risk mitigation however the evolving external landscape continues to keep this risk outside appetite.

Residual score: Critical Very high High Medium Low

Risks and mitigating actions	Appetite and direction
Internal control framework	
UKRI undertakes regular review of our internal control environment through the management of risk, assurance activities and reviews, and through internal and external audits. This risk recognises the high-risk profile of our key legal or regulatory compliance areas and our responsibilities under UK government requirements. There are specific areas of the control environment where we have been working to improve controls to strengthen our ability to adapt to external changes and influences. Our major change programmes are implementing new systems and we have undertaken significant work across the year to assess the impact as we move from existing controls into new systems, processes and ways of working that provide an evolved control environment. We have developed assurance mapping within our enterprise risk management system and implemented this through our new approach to the annual Executive Accountability Exercise. This has enabled a greater depth of analysis and insight which will provide areas of focus for our risk and assurance work in 2025-26.	**Legal/Compliance (minimalist)** **9** MEDIUM Although the risk is currently outside appetite, reflecting the evolving external risk environment, we have strengthened our risk mitigations in 2024-25 and will build on these in the next financial year.
Organisational capabilities (people and systems)	
Failure to deliver the benefits of UKRI's Organisational Change: UKRI is managing a portfolio of change programmes to align people and culture, systems and processes, and enabling technology to fulfil our vision for an outstanding research and innovation system. In 2024-25 UKRI's Organisational Change portfolio has seen progress across the range of programmes and projects that is supporting mitigation of risks across the Organisational Capabilities principal risk quadrant. The agile delivery of TFS progressed through 2024/25, with benefits delivered to the community in improvements in the application process. This didn't release as much staff time in year as had been anticipated however optimisation in 2025/26 will deliver further benefits. The implementation of Oracle Fusion was delayed in 2024/25 but is on track for delivery in the summer of 2025/26. The appointment to the new role of Chief Information Officer in February 2024 has ensured that throughout 2024-25 the key technology programmes have made significant progress, with Simpler & Better Funding reaching a major milestone where we have an end-to-end service for UKRI Grants now operating through TFS and the SHARP programme is on track to deliver a new Enterprise Resource Platform, Oracle Fusion, in 2025-26. These new systems, in alignment with the People & Culture Programme, Technology Portfolio and other smaller but strategically important change activities will be vital in 2025-26 to ensure that UKRI strengthens organisational capabilities to deliver efficiency, resilience and intended strategic impact.	**Programme & Project Delivery (open)** **15** VERY HIGH Implementation of our major change programmes over 2024-25 and 2025-26 will reduce this risk, however currently it remains outside appetite.

Residual score: Critical Very high High Medium Low

Risks and mitigating actions	Appetite and direction
Organisational capabilities (people and systems)	
UKRI staff capability and capacity: Staff capacity and capability in UKRI remains challenging and is being managed through delivery of the UKRI HR Strategy and supported by the Our People and Culture change programme. The risk is supported by five key workstreams covering the employee value proposition, Human Resources (HR) business intelligence, strategic workforce planning, capacity and capability within the HR team and how HR supports people-related organisational change. The majority of these are focused on longer-term strategic objectives and have progressed more slowly than planned in 2024. Since the beginning of 2025 further progress continues to be made which will assist in significant development and improvements in the 2025-26 financial year. Additionally, delivery of our Organisational Change programmes will help to mitigate this risk once new systems and ways of working are embedded. However, whilst these are being delivered, there will be a period in which this risk remains high. The Renumeration and Staff section later in this report provides a quantitative overview of key metrics related to this risk as well as a summary of the annual staff survey outcomes. The strategy aims to deliver a measurable return by achieving a high-performance culture in a safe and customer-focused environment. By creating a more agile and resilient workforce we will reduce the likelihood of skill gaps, overburdened employees, and operational disruptions. The strategy will help foster a culture where employees are capable and clear about their roles and committed to contributing their best efforts to organisational success, ultimately mitigating this risk and improving overall performance.	**People (cautious)** 16 VERY HIGH The mitigations of this risk will require time to embed to reduce the very high score overall. Our planned mitigations are progressing towards reducing the risk as quickly as possible, though it currently remains outside appetite.
Effectiveness of UKRI systems and IT infrastructure Robust IT infrastructure underpins research, innovation, delivery of important business, secure data handling and reporting, collaboration, and operational efficiency. To address the evolving needs of UKRI, we are placing a strong emphasis on maintaining and enhancing our IT infrastructure. A robust and secure IT framework is not merely a technical necessity but a strategic enabler for all facets of our operations. From ensuring the integrity of our research and innovation processes to safeguarding sensitive data and facilitating seamless collaboration, our IT infrastructure is the backbone that supports our mission. UKRI appointed a new CIO in February 2024, who has embarked on a strategic transformation of our IT estate, integrating and converging applications and infrastructure around industry-leading platforms such as Oracle Fusion, AWS, Salesforce, and Microsoft Azure. This approach not only simplifies our IT environment but also enables the decommissioning of numerous legacy systems, thereby reducing shadow IT risks and advancing a zero-trust secure operating model. UKRI has established the Strategic Technology and Data Governance Committee to ensure that strategic architecture and technology standards are adhered to across our distributed IT, which will strengthen our approach to managing legacy systems and optimising new technology.	**Operational (cautious)** 12 HIGH This risk is not within appetite however, delivery of programmes in 2024-25 and 2025-26 is anticipated to reduce this risk towards appetite.

Residual score: Critical, Very high, High, Medium, Low

Environmental Sustainability Report

Introduction

Research and Innovation (R&I) is critical in understanding how our planet is changing and helping us act responsibly to protect and restore our natural environment.

The UKRI Strategy and Corporate Plan sets out our responsibility to catalyse change and enhance impact through partnership and leadership. This commitment extends to reducing the harm and enhancing the environmental sustainability of our own operations, while supporting wider research and innovation to do the same.

The UKRI Environmental Sustainability Strategy commits us to:

1. achieving net zero* from our owned operations by 2040
2. being ‘positive for the environment’ through our decision making
3. acting as agents of change to drive environmental sustainability in the research and innovation sector

* The reduction of anthropogenic greenhouse gas emissions (expressed as CO_2e) to zero or to a residual level that is consistent with reaching net zero emissions in eligible 1.5°C pathways (hence time-bound), recognising that UKRI will need to neutralise the impact of residual emissions (if any) by removing and storing an equivalent volume of carbon.

In line with these commitments, during 2024-25 we have:

- become a signatory to the concordat for the environmental sustainability of research practice and continued to help drive its implementation across the UK
- agreed a UKRI costed pathway to net zero as part of our estate transformation plans
- made progress in implementing biodiversity plans across our estate
- led a collaborative approach working with international funders and research institutions for a joint solution for addressing the environmental sustainability of research

Delivery against the UKRI Environmental Sustainability Strategy is governed via reporting to the UKRI Executive Committee and UKRI Board.

We have undertaken extensive preparatory work to understand the activities that need to be undertaken as part of our estates transformation that will allow us to achieve net zero for the UKRI-owned research and innovation facilities. We are currently reviewing the UKRI Environmental Sustainability Strategy and later this year will publish a refreshed strategy for the period 2025-2030.

As part of our efforts to collaborate with the R&I funding sector, in 2025 we hosted a workshop with European funders reviewing approaches to tools and supply-chain activity. This followed a workshop in 2024 organised by the European Molecular Biology Organisation (EMBO) that led to the publication of the Heidelberg Agreement which UKRI now supports. At the 2025 workshop, UKRI shared work underway to lead on the collaborative development of a Sustainable Practice and Research Knowledge (SPARK) Hub, which aims to provide open-access guidance, certification, and emissions calculators to support sustainable research activities.

Bioblitz at Polaris House: Microblitzers hard at work identifying and peering into microscopes.

Environmental sustainability performance

Scope

UKRI environmental sustainability performance is presented in line with the 2021-2025 Greening Government Commitments (GGC) reporting requirements and HM Treasury Sustainability Reporting Guidance. Performance indicators are set against a 2017-18 financial year baseline.

The data set includes direct (scope 1) and indirect (scope 2) GHG emissions from UK operations and UK business travel (scope 3). The 2017-18 data are for the MRC, STFC and NERC estate. The data for remaining years are for all UKRI councils and cross-UKRI functions.

Our activity to decarbonise and minimise the negative environmental impacts of our operations supports several UN Sustainable Development Goals (SDG) including but not limited to:

SDG12.7: Responsible Consumption & Production – 'Promote public procurement practices that are sustainable, in accordance with national policies and priorities'.

SDG13.2: Climate Action – 'Integrate climate change measures into policy and planning'.

SDG17.17: Partnerships for the Goals – 'Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships'.

Mitigating climate change

Key performance indicators:

- net zero carbon emissions by 2040 for UKRI-owned operations
- reduce GGC-scope greenhouse gas (GHG) emissions by 62% and direct emissions by 30% by 2025, compared to a 2017-18 baseline
- UKRI car and van fleet to be 100% zero-emission at the tailpipe by 31 December 2027
- reduce domestic business flight emissions by at least 30% by 2025 and report the distance travelled on international business flights

Task Force for Climate Change Financial Disclosures (TCFD)

UKRI has reported on climate-related financial disclosures consistent with HM Treasury's TCFD-aligned disclosure application guidance, which interprets and adapts the framework for the UK public sector. UKRI has complied with the TCFD recommendations and disclosures regarding governance, risk management, and metrics and targets.

This is in line with the central government's TCFD-aligned implementation timetable for phase 2. UKRI plans to provide recommended disclosures for its Strategy in future reporting, in line with the implementation timetable.

Governance

Our corporate governance reflects the legislation under the Higher Education and Research Act 2017 (HER Act 2017). The governance for environmental sustainability activities has been established to enable effective programme management, wider organisational change, and direct access to senior leadership to support and drive the delivery of the strategy.

Climate change and wider environmental impacts are a critical concern to us and our research. They have implications for our infrastructure, finance, and our funded activities. In accordance with the UKRI Environmental Sustainability Strategy, the UKRI Board is responsible for the strategic oversight of the successful delivery of the Strategy.

Board/Committee responsibilities

Our ambition is to include environmental sustainability in all aspects of our work and decision-making. In that sense, all boards and committees are required to include this in their respective activities. All executive papers now have environmental sustainability considerations as a mandated element for their decision-making. A number of UKRI boards and committees have specific and defined roles and responsibilities regarding all aspects of environmental sustainability, including UKRI Board, Audit and Risk Assurance Committee (ARAC), Board Investment Committee (BIC), Executive Committee (ExCo), People, Finance and Operations Committee (PFO), and Investment Advisory Working Group (IAWG).

Management-level responsibilities

Our CEO is accountable for the delivery of the UKRI Environmental Sustainability Strategy, and the Senior Responsible Owner (SRO) is responsible for the sponsorship of the programme and strategic direction. The Executive Chairs of our councils are responsible for the implementation of environmental sustainability in all aspects of their respective operations, supported by the UKRI Environmental Sustainability Programme Director and team. Due to the departure of the Executive Chair for NERC in June 2023, the SRO role was taken up in the interim by our Chief Finance Officer. In 2025 this responsibility was transferred to the new NERC Executive Chair.

Risk management processes

UKRI holds a Board-level principal risk on Environmental Sustainability, which is the aggregation point for environmental sustainability and climate-related risk for the organisation. All UKRI principal risks are reviewed in detail through the schedule of principal risk deep dives at Executive Committee as detailed in the risk section. An overview of the Environmental Sustainability and climate-related risks is included in the risk section of this annual report under 'risks and mitigating actions'.

Metrics and targets

The UKRI Environmental Sustainability Strategy 2020-2025 set outs the ambition of the organisation and includes short-term and long-term goals. Our annual progress in delivering the strategy, including reporting our greenhouse gas emissions, is included in this environmental sustainability section of the UKRI Annual Report. Our methods used to calculate or estimate the metrics associated with GHG emissions are in accordance with the GHG Protocol methodology. We have established that the emissions from our scope 3 investments are material, but have not yet gathered accurate data on the extent of these emissions. This is largely due to the complexity and scale of our investments. There is work in progress to help obtain improved data on our investments which will improve our understanding of these emissions. The overall progress made by the organisation on these ambitions and targets is currently being reviewed, and new targets will be identified, agreed and published in a refreshed strategy for the period 2025-2030.

UKRI greenhouse gas emissions

UKRI greenhouse gas emissions			2017-18 baseline	2021-22	2022-23	2023-24	2024-25
Non-financial total gross indicators** (1000t CO_2e)	GGC-scope gross emissions		92.3	47.3	44.0	47.8	49.1
	GGC-scope net emissions		92.3	47.3	44.0	47.8	49.1
	UKRI total gross emissions		*134.1*	*82.6*	*88.7*	*89.2*	*89.8*
	Scope 1 emissions	Fuels (eg, gas & LPG)	14.3	11.3	11.0	9.4	10.8
		Owned transport	0.2	0.03	0.03	0.04	0.04
		Fugitive emissions	1.7	0.3	0.3	0.7	0.5
	Scope 2 emissions	Electricity	68.0	32.5	28.8	33.5	33.7
		Heat	0.03	0.0	0.1	0.2	0.1
	Scope 3 emissions	Business travel	1.7	0.4	1.1	1.1	1.1
		Transmission & Distribution losses	6.4	2.8	2.6	2.9	3.0
Related energy consumption** (million kWh)	Electricity: non-renewable		193.3	0.0	108.1	123.1	141.2
	Electricity: renewable		0.2	148.6	40.5	38.6	21.5
	Gas		67.4	64.5	60.1	51.1	58.6
	LPG		0.006	0.030	0.000	0.000	0.003
	Heat*		0.2	6.5	4.8	7.6	7.2
	Other		6.5	0.1	0.04	0.3	0.2
Financial indicators (£m)	Expenditure on energy		17.6	23.8	33.1	43.6	50.1
	CRC Expenditure		1.4	0.0	0.0	0.0	0.0
	Expenditure on accredited offsets		0.0	0.0	0.0	0.0	0.0
	Expenditure on business travel		5.2	2.1	5.3	7.5	7.9

Table 1: UKRI annual Greenhouse Gas (GHG) emissions, energy consumption and expenditure, which fall within the scope of the Greening Government Commitments (GGCs). This includes domestic emissions from the UK estate, fleet and domestic business travel. As UKRI has material emissions which do not fall within the scope of the GGC emissions targets, the row in italics also highlights UKRI's total GHG emissions – including emissions from the overseas estate, research ships and international business travel.

* From on-site Ground Source Heat Pump (GSHP), Combined Heat and Power (CHP) generation and District Heating.

** Due to an update of environmental reporting platforms, the exclusion of some international travel from GGC-scope emissions (as per GGC definitions), and the separation of scope 2 and 3 emissions, we have updated some figures in these rows from previous annual reporting periods.

Note: UKRI does not purchase carbon offsets in line with the UKRI Position Statement on Carbon Offsetting. We seek to reduce our own carbon emissions as a matter of priority. We do not currently support carbon offsetting as research indicates that the benefits of different offsetting activities are currently questionable with a lack of evidence of genuine long-term additionality (permanent capture and storage of carbon). We continue to work to improve the long-term credibility of carbon offsetting through our research investments and collaborations.

We have set a target of achieving net zero for our owned operations by 2040. In 2024-25 our operational emissions decreased by 33% compared to the 2017-18 baseline year (Table 1, Figure 1). This decrease means we have achieved emissions reductions in excess of our target trajectory and remain on course to meet net zero emissions by 2040.

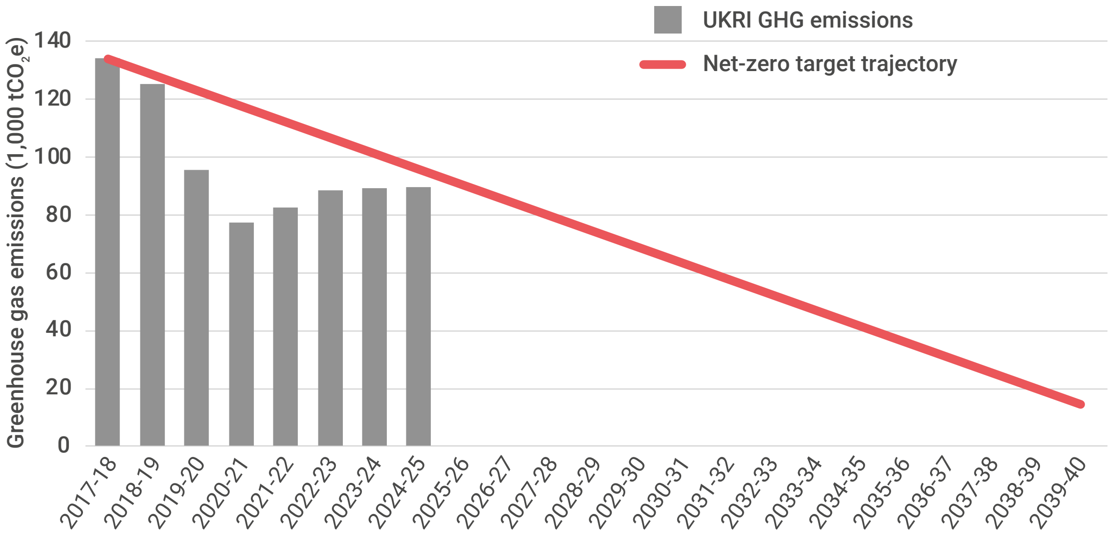


Figure 1: UKRI annual greenhouse gas (GHG) emissions compared with the trajectory required to meet net zero by 2040. Note, this figure shows UKRI's total GHG emissions, which include emissions beyond the scope of the Greening Government Commitments.

In 2024-25 our 'Overall' GGC-scope emissions decreased by 47%, compared to the 2017-18 baseline year, and our 'Direct' scope 1 emissions from our domestic estate decreased by 30% (Table 1, Figure 2). While below the headline target of 62% reduction by 2025, this still represents an overall positive direction for UKRI, though more work will be needed to reverse recent trends of marginal increases in emissions.

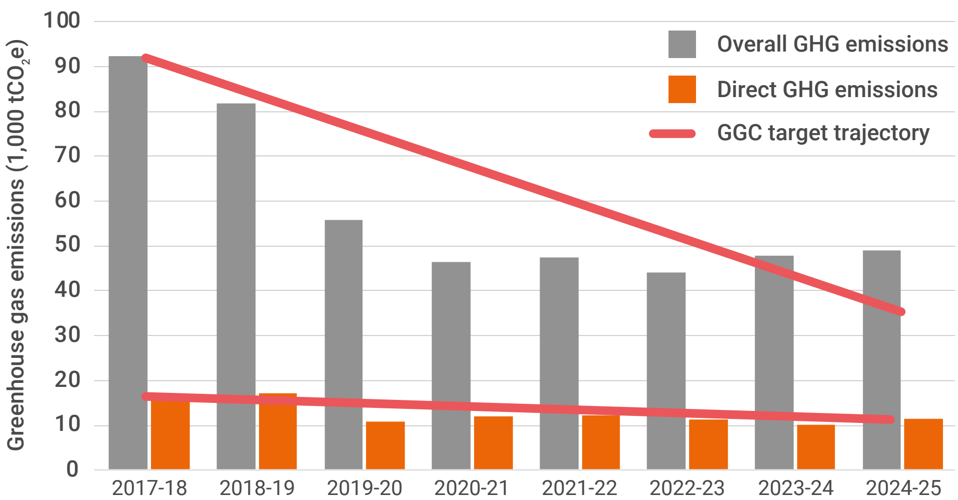
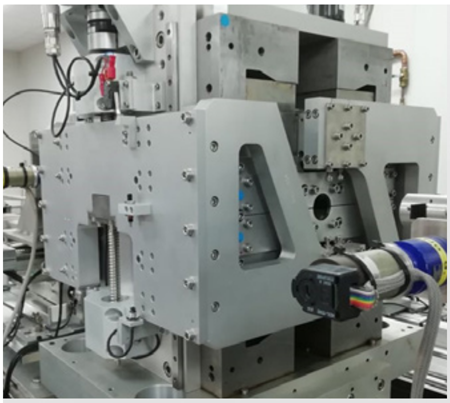


Figure 2: UKRI annual greenhouse gas emissions that fall within the scope of the Greening Government Commitments (GGC). The figure shows a) UKRI's 'overall' domestic scope 1, 2 and 3 (Business Travel) emissions relative to the 62% GGC target trajectory (grey bars), and b) 'direct' scope 1 emissions from UKRI's domestic estate, relative to the 30% GGC target trajectory (orange bars). Note that the 'overall' emissions, shown in grey, only include emissions from domestic business travel, including domestic flights, and do not include emissions from international flights or rail, or business travel occurring outside of the UK.



Highlights of decarbonisation projects in 2024-25 include:

- Through NERC, a solar and energy storage system was installed at British Antarctic Survey's Antarctic field camp, SkyBlu, that provides 24/7 power for essential communication systems. At the end of the season, the system is designed to be safely packed away and stored until the next Antarctic summer field season
- Through NERC, the first phase of works has been completed to install a £1.7 million geothermal heat pump at the British Geological Survey in Keyworth. The project includes 28 boreholes (fitted with sensors to allow the project to be a living lab) and will save 30 tonnes of carbon a year
- Over 1,400 Solar PV panels have been installed on the Mary Lyon Centre and Advance Training Centre (MRC) in Harwell. The arrays will result in a reduction in emissions of around 105 tCO2e in year one of operation
- During 2024-25 over 500 staff in STFC completed a tailored environmental sustainability training course that was created in collaboration with University of Oxford's Smith School of Enterprise and Environment
- Through STFC, a £250k Knowledge Asset Grant from the UK Government Office of Technology Transfer has funded a project to further develop the Zero Power Tunable Optics (ZEPTO) magnet, which is a new type of magnet that could cut both the running costs and carbon footprint of particle accelerators. Particle accelerators are essential to the research conducted at Diamond Light Source at Rutherford Appleton Laboratory (RAL) (STFC) and the Large Hadron Collider (LHC) at CERN
- Through IUK and EPSRC funding, the Industrial Decarbonisation Challenge has concluded after five years, catalysing the decarbonisation of the UK's energy-intensive industries through collaborative working and knowledge sharing

Low-carbon emission vehicles

UKRI owns a fleet of ~80 vehicles, including specialist vehicles to support our science operations. These vehicles are being replaced with ultra-low emission models as they come to the end of their operating life or lease period, in line with the Government Fleet Commitment targets. As at the end of March 2025, 54% of the UKRI fleet is ultra-low emission (≤50gCO_2e/km) vehicles (50% when vehicles hired for more than five days are included). We continue to enhance electric vehicle charging infrastructure on our UK estate for staff and visitors.

Case studies

- During 2024-25 we carried out a procurement exercise for the hiring of vehicles across UKRI. The new contract will allow more opportunity for ultra-low emissions vehicles (ULEV) in our hired fleet.
- Through NERC, low-carbon aviation fuel trials have continued with the FAAM airborne laboratory which is run by the National Centre for Atmospheric Science in Cranfield. During 2024-25 new aircraft fuelling infrastructure was also installed at Cranfield, allowing all home-based flights to be undertaken using sustainable aviation fuel.

Business travel

Greenhouse gas emissions from UKRI business travel during 2024-25 have decreased by 24% compared to the 2017-18 baseline year. This includes a 54% reduction in emissions from UK domestic flights taken in 2024-25, compared to the 2017-18 baseline year. This reduction means we have achieved the GGC target of a 30% reduction by 2024-25, as illustrated in Figure 3. While we have been successful in meeting our initial targets, we recognise the recent trends that international flight emissions are increasing, and aim to work with UKRI staff to ensure we continue to reduce emissions where possible.

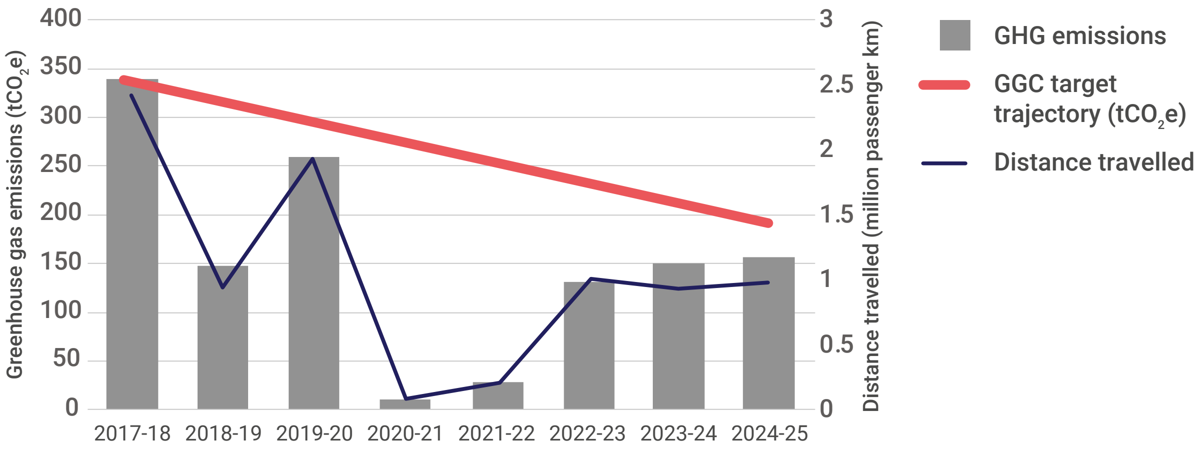


Figure 3: UKRI annual distance travelled and greenhouse gas emissions from UK domestic flights compared to GGC emissions target of a 30% reduction by 2024-25.

UKRI travel on international flights

Flight type	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Short-haul (Economy)	5,933,496	4,959,091	7,946,189	69,755	1,334,520	4,410,161	4,625,063	5,321,552
Short-haul (Business)	52,726	47,891	109,883	5,542	5,020	2,240	10,999	24,791
Short-haul (Unknown)	3,693,288	0	0	9,712	0	995	80,742	505,210
Long-haul (Economy)	38,089,307	33,896,742	41,379,102	2,523,785	4,393,458	11,916,386	19,330,931	19,591,228
Long-haul (Premium Economy)	525,360	445,236	5,452,324	150,434	599,609	1,948,292	3,015,832	3,134,706
Long-haul (Business)	184,513	223,840	1,249,092	8,412	20,219	252,611	383,199	183,762
Long-haul (First)	7,744	7,742	233,866	0	0	0	40,760	0
Long-haul (Unknown)	18,801,668	0	0	14,932	0	0	0	703,236
International non-UK (Business)	0	0	0	0	0	0	85,838	91,694
International non-UK (Economy)	1,224,705	5,169,745	4,901,079	992	3,950,771	11,125,639	12,576,579	12,784,327
International non-UK (First)	0	0	0	0	0	0	538	584
International non-UK (Premium Economy)	0	0	0	0	14,000	11,305	298,225	267,594
International non-UK (Unknown)	0	0	0	0	0	0	1,064,669	573,450
Total	**68,512,808**	**44,750,287**	**61,271,535**	**2,783,563**	**10,317,597**	**29,667,629**	**41,513,375**	**43,182,133**

Table 2: UKRI annual distance travelled on international flights, by flight category. Figures are given in passenger kilometres. Note this table includes flights which do not depart or arrive in the UK (International non-UK), which have not been included in previous reports.

This change is enabled by the ongoing commitment to provide remote and hybrid working technologies across UKRI offices and continued implementation of UKRI's business travel policy, which encourages 'climate-conscious' travel choices.

A full breakdown of our carbon emissions by travel mode is illustrated in Figure 4:

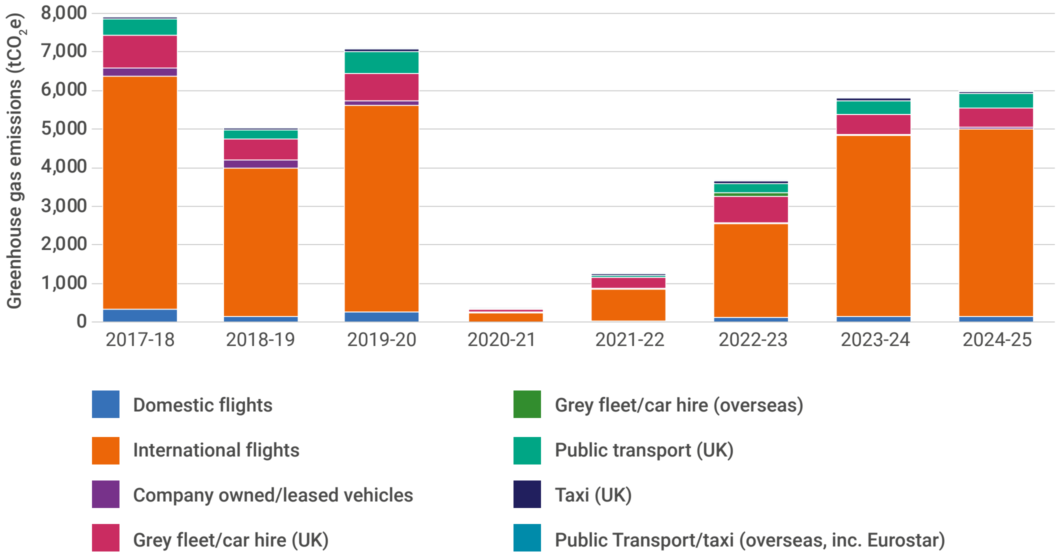


Figure 4: UKRI annual greenhouse gas emissions from business travel by travel mode. Note that figure 4 includes emissions from flights which do not depart or arrive in the UK. This is data which has not been included in previous reports.

Note: Some business travel data for research councils in 2018-19 is not available due to incomplete records.

Minimising waste and promoting resource efficiency

Key performance indicators (by 2025):

reduce the overall amount of waste generated by
15%

reduce the amount of waste going to landfill to less than
5%
of overall waste

reduce paper use by at least
50%

remove consumer single-use plastic from the office estate

measure and report on food waste

report on the introduction and implementation of reuse schemes

increase the proportion of waste that is recycled or reused to at least
70%
of overall waste

We have reduced our total waste generation from operations in 2024-25 by 31% compared to the 2017-18 baseline year (Table 3):

UKRI waste generation			2017-18 baseline	2021-22	2022-23	2023-24	2024-25
Non-financial total gross indicators (tonnes)	Total waste		2,111	1,072	1,176	1,616	1,447
	Hazardous waste	Total	302	125	122	123	141
	Non-hazardous waste	Landfill	128	30	92	59	2
		Reused/recycled	1,394	516	623	820	630
		ICT waste reused/ recycled	Data not available	Data not available	Data not available	55	44
		Composted/ anaerobic digestion	Data not available	Data not available	Data not available	126	72
		Incinerated with energy recovery	284	398	316	413	551
		Incinerated without energy recovery	2	3	23	21	8
Financial indicators (£m)	Total disposal cost		0.8	1.0	1.2	1.2	1.2
	Hazardous waste		0.3	0.7	0.8	0.7	0.1
	Non-hazardous waste	Landfill	0.06	0.2	0.01	0.01	0.03
		Reused/recycled	0.3	0.2	0.3	0.4	0.4
		ICT waste reused/ recycled	Data not available	Data not available	Data not available	0.03	0.03
		Composted/ anaerobic digestion	Data not available	Data not available	Data not available	Data not available	
		Incinerated with energy recovery	0.2	0.01	0.04	0.05	0.08
		Incinerated without energy recovery	0.0	0.0	0.0	0.0	

Table 3: UKRI annual waste generation and expenditure

A full breakdown by waste stream against the GGC reduction target is illustrated in Figure 5:

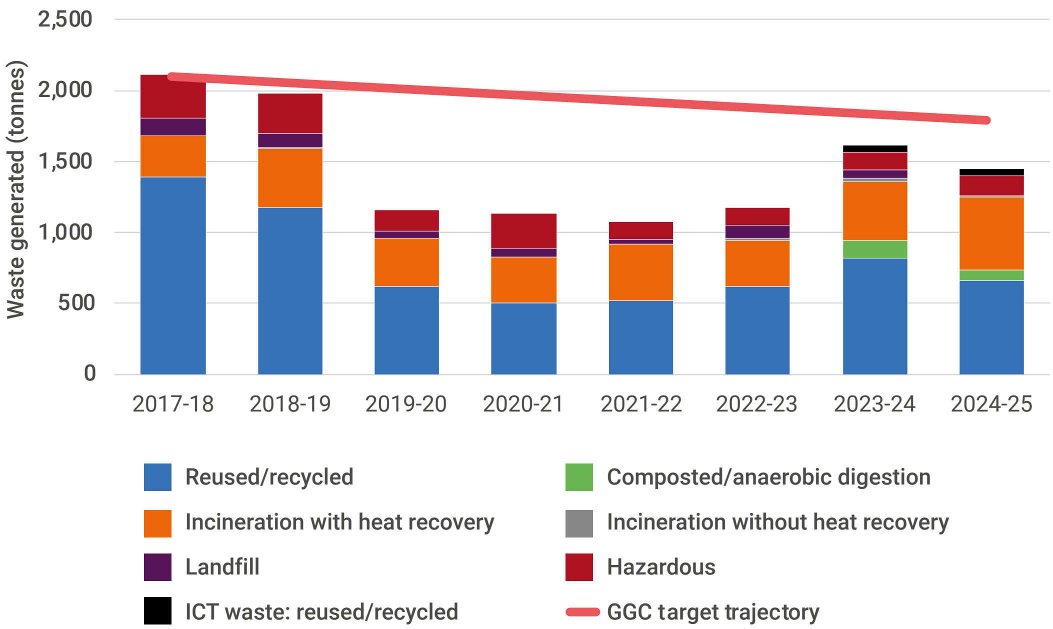


Figure 5: Annual UKRI waste volume (tonnes) by disposal route compared with GGC reduction target trajectory to reduce overall waste by 15% from baseline year by 2024-25.

In 2024-25 UKRI's overall recycling and landfill rates were 52% and 0.1%, respectively (Figure 6). This means we have not achieved the GGC target to recycle at least 70% of waste, but we have achieved the GGC target to send no more than 5% of waste to landfill. Across our estate we have reduced paper use by 77% since 2017/18.

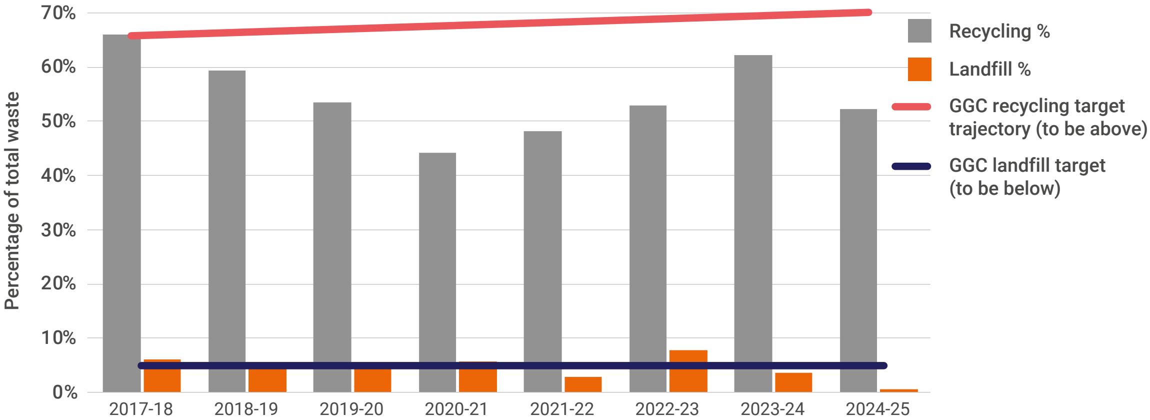


Figure 6: Annual percentage of UKRI waste which has been recycled (grey) and sent to landfill (orange), compared with GGC targets to a) recycle at least 70% of waste (coral line) and b) to limit the proportion of waste sent to landfill to less than 5% (blue line), by 2024-25.

A UKRI-wide waste working group has been developing and implementing plans to improve waste capture and address the issue of gathering complete UKRI-wide data on consumer single-use plastic use and food waste volumes, which we have not historically had. Reusable cup schemes and water refill stations are in operation across our estate and we are working with colleagues in head office to address how our catering providers can do more to reduce single-use materials. Environmental sustainability action plans for our councils and head office set out how we are working to meet reuse and recycling targets and how waste is being reduced across our operations.

Practical actions taken over the last year to improve UKRI waste performance include:

- at MRC's LMB facility, RecycleLab is being piloted within its CL2 labs. This service collects contaminated plastic waste, which would ordinarily be incinerated at high temperatures, and instead decontaminates, sorts, and recycles the rigid plastics to make new lab plastic products
- through NERC, researchers at BAS's Rothera Research Station in Antarctica have trialled the use of natural as well as sturdier synthetic materials for marker flags with the aim of reducing the impact of fraying polyester flags on the Antarctic environment. Results were positive and implementation is currently being planned
- at the British Geological Survey headquarters in Keyworth (NERC), a packaging materials reuse programme has allowed the centralised collection of uncontaminated packaging materials which staff can then reuse
- during 2024-25, staff from facilities, sustainability and commercial teams across UKRI came together for two waste workshops. Outcomes of the workshops include the collaborative development of guidance on waste and recycling contracts

Through our funding, activities to reduce waste include:

- through EPSRC, five new hubs, with each hub receiving £11 million, have been launched to address the challenge of commercialising early-stage research within key areas of manufacturing, such as semiconductors and medicines. A key goal of the hubs is to improve environmental sustainability in manufacturing processes, which includes reducing waste

Reducing our water use

Key performance Indicators:
reduce water consumption by at least
8% by 2025

In 2024-25 UKRI water consumption has decreased by ~11% compared to the 2017-18 baseline year (Table 4). This means we have exceeded the 8% reduction targeted in the Greening Government Commitments, as illustrated in Figure 7 below.

UKRI water consumption			2017-18 baseline	2021-22	2022-23	2023-24	2024-25
Non-financial total gross indicators (000 m^3)	Total water consumption		268.9	205.8	239.6	229.9*	238.6
	Water consumption (office estate)	Supplied	2.4	6.9	10.1	11.9	7.9
		Abstracted	0.0	0.0	0.0	0.0	0.0
	Water consumption (non-office estate)	Supplied	266.5	198.9	229.5	218.0*	230.7
		Abstracted	0.0	0.0	0.0	0.0	0.0
Financial indicators (£m)	Total cost		0.58	0.59	0.78	1.1	0.78
	Water supply cost (office estate)		0.19	0.01	0.03	0.2	
	Water supply cost (non-office estate)		0.39	0.58	0.75	0.89	

Table 4: Total UKRI annual water consumption (m^3) disaggregated by office and non-office estate

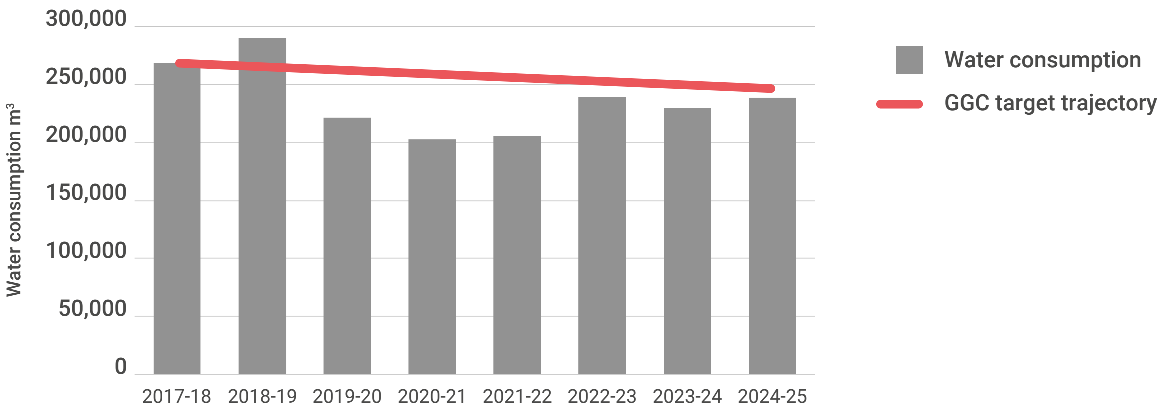


Figure 7. Annual UKRI water consumption (m^3) compared with the GGC target trajectory to reduce overall water consumption by 8% by 2024-25

Estates teams across UKRI utilise extensive building control and metering systems to monitor water use, and identify leaks and opportunities to reduce consumption wherever possible.

Case study
A project has been completed to replace some of the cooling towers for the ISIS Neutron and Muon Source based at RAL (STFC). The towers provide cooling for instrument systems. Five closed circuit cooling towers providing a total cooling capacity in the region of 3.2 MW have been replaced with eight modern, energy-efficient, adiabatic coolers, which will maintain the operational requirements whilst significantly reducing the water consumed and the electricity required. Water consumption was reduced by approximately 9,600m^3 in 2024/25 as a result of this project.

Procuring sustainable products and services

Our reported GHG emissions do not include the embodied emissions of the goods and services procured by UKRI, but we have modelled our supply chain emissions and are working on plans to further influence our suppliers to reduce these emissions. During 2024-25 we have worked with suppliers and staff to increase sustainable procurement in our supply chains and reduce environmental impacts through the implementation of our responsible procurement charter, which we externally published in May 2024. We have also continued to develop our accompanying tool which has been designed for UKRI staff to use in considering the charter when procuring goods and services. Recent tenders for food and catering have referenced the Government Buying Standards for Food & Catering and have stated suppliers must adhere to them. Our procurement charter ensures the Government Buying Standards are incorporated into contracts, where necessary, and adherence to the standards by suppliers is monitored locally by contract managers.

Case studies

- During 2024-25 sustainability specification criteria and tender questions were developed and used for the first time in MRC's soft facilities managements contracts which included catering, cleaning, waste management, and grounds maintenance.
- Through NERC, in January 2025, BAS Supply Chain Logistics in Cambridgeshire moved into a new Polar Distribution Hub, enabling changes to our operating model and ways of working to reduce our impact in terms of the packaging we use and volume of cargo we transport south to Antarctica. Trials of new technologies are ongoing and include a solution that could replace the need for single use plastic shrink wrap and pallet strapping.
- Supported by demonstrator project funding through AHRC and the Department for Culture, Media and Sport (DCMS), in January 2025 a collaboration between Business of Fashion Textiles and Technology at University of the Arts, London and the Leeds-based Future Fashion Factory has published a sector-leading report on circularity and sustainability (approaches to commercialisation).

Nature recovery and biodiversity action planning

Our strategy ambition to be 'positive for the environment' includes protection of biodiversity. Biodiversity plans have been developed and are being implemented across our office, research estates, and infrastructure where there are relevant outdoor spaces. This is in line with the requirement for Nature Recovery Plans, which have been further developed at relevant council level. Proposals for new UKRI-funded infrastructure developments continue to require consideration and plans to mitigate negative impacts on nature from construction and operations. We are currently revising how we report on biodiversity progress, including consideration of Natural Capital Approaches, in line with the coming updates to biodiversity requirements within GGC from 2025-2030.

Case studies

- Over the winter, staff volunteers from our Polaris House green group installed five bird boxes and built large insect hotels to support nature recovery and boost biodiversity at our head office site in Swindon. The green group has also continued to monitor biodiversity on the site to improve our baseline data through two follow-up bioblitz events and contributions to national citizen science programmes such as the Big Garden Birdwatch.
- During 2024-25 at the MRC Harwell site, we installed a pond and bird nest boxes. We also planted bulbs, trees and hedgerows to provide new habitats for aquatic species, birds, and pollinators.
- As part of the IUK and NERC-led programme 'Integrating biodiversity and finance for a nature positive future', £2 million has been awarded to innovation projects that use data and AI to make environmental monitoring and investment easier. Six projects will enable the development, acceleration and commercialisation of innovative ideas designed to help the private finance community confidently invest in nature positive projects.

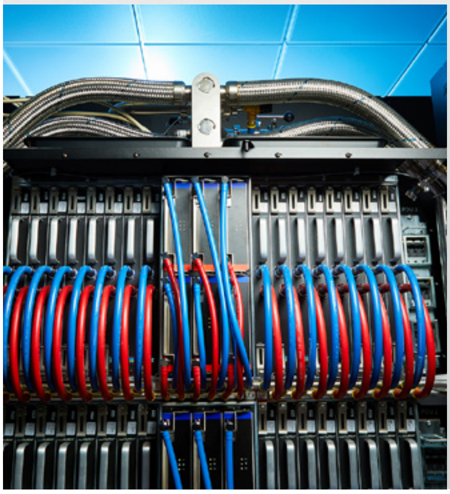
Adapting to climate change

UKRI's approach to climate change adaptation assessment and planning is mainly reflected in council level-plans. At a council level we have reviewed climate-related risk and impact assessments across our key sites by studying the risk posed to buildings' mechanical and electrical plant, building fabric and operations under a range of scenarios. This work highlights potential risks, capital costs, and sets out next steps to ensure our estates are adapted to future climate scenarios.

To support our approach to TCFD, in early 2025 we commissioned climate experts to review climate-related risks across UKRI's operations. The report from this commission will feed into climate-related risk work during 2025-26. Adaptation and climate-related risk considerations continue to be embedded in UKRI investment decision-making and business case processes to ensure that UKRI operations are resilient to future climate change. Risk and environmental sustainability leads are working with colleagues across UKRI to consider the impacts of climate in our risk management processes and to explore how climate change can be better embedded into all our decision-making and assurance processes.

Reducing environmental impacts from ICT and digital

The use of ICT and digital infrastructure is increasingly important to deliver research and innovation: this comes with an environmental impact we are actively managing. The UKRI Digital, Data, and Technology (DDaT) strategy (2023-2028) highlights our plans to achieve greener services through green procurement, data centre sustainability, optimising usage and reducing employee impact. Our PC Recycling Scheme, which ran for two years in-house, is now being managed by an external refurbishment organisation who offer whole lifecycle device management for our unusable devices. Our infrastructure across the UK is set up to allow digital meetings and video conferencing in our meeting rooms. The UKRI travel and subsistence policy highlights our virtual first approach to meetings in the context of business travel. This approach was introduced as a key policy driver to help reduce UKRI travel and the associated carbon emissions. Of the 44 tonnes of ICT waste reported in Table 2, 7.8 tonnes were sent for recycling, and 36.4 tonnes of devices were sent for reuse externally.



Practical examples of greening ICT in 2024/25 have included:

- the UKRI PC Recycling scheme supported Sunyani Infant and Senior School in Ghana, to help them build their ICT room. UKRI donated £800 to help them finish the room itself, and also donated old desktops, monitors and furniture which have helped to equip it
- during 2024-25, working in partnership with the University of Oxford and the National Centre for Atmospheric Science, through STFC we have launched a new network for sustainable Digital Research Infrastructure Vision and Expertise (NetDRIVE). The project will provide leadership in the UK and globally by creating a forum for managers, software engineers, academics and others to come together to build a common vision for a sustainable future and to incite a transition to sustainable working practices in the Digital Research Infrastructure (DRI) communities. In February 2025 the project announced its first funding call, which aims to address activities that were identified as priorities in workshops held by the project in October 2024. This includes DRI training, hardware configuration for energy savings and sharing best practice
- EPSRC's Living Labs funding call has supported researchers to enhance the environmental sustainability of existing research infrastructure supported by EPSRC. The call provided £2.7 million of funding for five projects that includes reducing the power use of cooling systems for Bede Tier2 & DiRAC high performance computing

Sustainable construction

UKRI, through its infrastructure funding, promotes sustainable construction and has adopted sustainability standards to support this. From 2022 to 2025 we have invested a total of £481 million in a portfolio of research and innovation infrastructure investments. As part of UKRI's target to reach net zero, during 2024-25 new infrastructure projects were required to provide information regarding the environmental impact of proposed infrastructures, any measures already 'designed in' to reduce environmental harm and increase environmental benefit, and estimated lifetime operational carbon forecasts.

Case study

- Through NERC, BAS has taken a holistic view on sustainability management. Sustainability Management Plans (SMP) are being implemented on all Antarctic Infrastructure Modernisation Programme (AIMP) construction projects. The use of the SMP is continued through the project into the construction period and through to handover to the Estates team so that the benefits can also be achieved in operation. In addition, the Rothera Renewables project (RENEW) is currently in RIBA Workstage 3 (Spatial Coordination), progressing into Workstage 4 (Technical Design) in early summer 2025.


Credit: BAM

Rural proofing

Rural proofing refers to understanding the impacts of our policies in rural areas of the UK and (where relevant) helping to enhance the economies of our rural communities. During 2024-25 we have funded projects and programmes that include a focus on rural economies in the UK.

Case studies

- Through ESRC's £14.8 million Resilient Coastal Communities and Seas Programme, a transdisciplinary approach is being taken to understand and boost the resilience of coastal communities in all four nations of the UK.
- Through IUK, we have invested over £1.6 million across seven projects to support research and development into the decarbonisation of transport across the UK. Up to £1 million of this funding was reserved for tackling rural transport decarbonisation challenges

To find out more about environmental sustainability activity across UKRI visit: Environmental sustainability – UKRI

Siobhan Peters
UKRI Interim Accounting Officer
8 July 2025

3

Part of the £76 million CoSTAR national research and development network delivered by AHRC, CoSTAR Live Lab is a state-of-the-art research and development facility for the UK's creative industries, revolutionising live performance experiences.

3. Accountability Report

Corporate Governance Report

The Corporate Governance Report sets out the governance arrangements of UKRI and comprises:

1. The Directors' Report
2. The Statement of Interim Accounting Officer's Responsibilities
3. The Governance Statement

1.

Directors' Report

Statutory background

Launched in April 2018, UK Research and Innovation (UKRI) is an independent non-departmental public body of the Department for Science, Innovation and Technology (DSIT).

Following the end of Professor Dame Ottoline Leyser's term as Chief Executive Officer (CEO) in June 2025, I, Siobhan Peters, UKRI's Chief Finance Officer (CFO), am serving as interim Accounting Officer (AO) for the 2024-25 Annual Report and Accounts.

As UKRI's interim AO, I am accountable to the public via Parliament. Parliament monitors and influences UKRI's work through its Select Committees and the Parliamentary and Health Services Ombudsman.

UKRI Leadership

An overview of UKRI's governance structure can be found within the Governance Statement on page 70. A list of Board and Committee members with their attendance for the period covering 1 April 2024 to 31 March 2025 can be found on page 76 of the Governance Statement.

Registers of interest for UKRI's Board and committees are published on our website.

Personal data related incidents

One personal data incident involving UKRI was assessed to have met the Information Commissioner's Office (ICO) reporting requirement in 2024-25.

Freedom of information

303 Freedom of Information Act (FOIA) and the Environmental Information Regulations requests were received in 2024-25, an increase from 295 in 2023-24. 88.9% of requests were responded to within statutory deadlines (compared to 88.8% in 2022-23 and 85.7% in 2021-22).

In March 2024, a First Tier Tribunal upheld two appeals, heard jointly, against UKRI's decisions to withhold information from FOIA requests made in 2017 and 2018. These requests pertained to the Engineering and Physical Sciences Research Council (EPSRC) Centres for Doctoral Training 2013 exercise. UKRI has since applied to appeal the tribunal's decision.

2.

Statement of Interim Accounting Officer's Responsibilities

Under the Higher Education and Research Act 2017, the Secretary of State for DSIT with the consent of HM Treasury, has directed UKRI to prepare a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of UKRI and of its income and expenditure, statement of financial position and cash flows for the financial year.

As UKRI's interim AO, in preparing the accounts, I am required to comply with the requirements of the Government Financial Reporting Manual and, in particular, to:

- observe the Accounts Direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements
- prepare the financial statements on a going concern basis
- confirm that the Annual Report and Accounts (ARA), as a whole, is fair, balanced, and understandable and I take personal responsibility for the ARA, and the judgements required for determining that all reasonable steps have been taken to ensure the ARA as a whole is fair, balanced, and understandable.

DSIT has appointed the CFO as interim AO of UKRI. The responsibilities of an AO, including responsibility for the propriety and regularity of the public finances for which the AO is answerable, for keeping proper records and for safeguarding UKRI's assets, are set out in "Managing Public Money" published by HM Treasury.

As the interim AO, I have taken all the steps that I ought to have taken, to make myself aware of any relevant audit information and to establish that UKRI's auditors are aware of that information. So, as far as I am aware, there is no relevant audit information of which the auditors are unaware.

3.

2024-25 Governance Statement

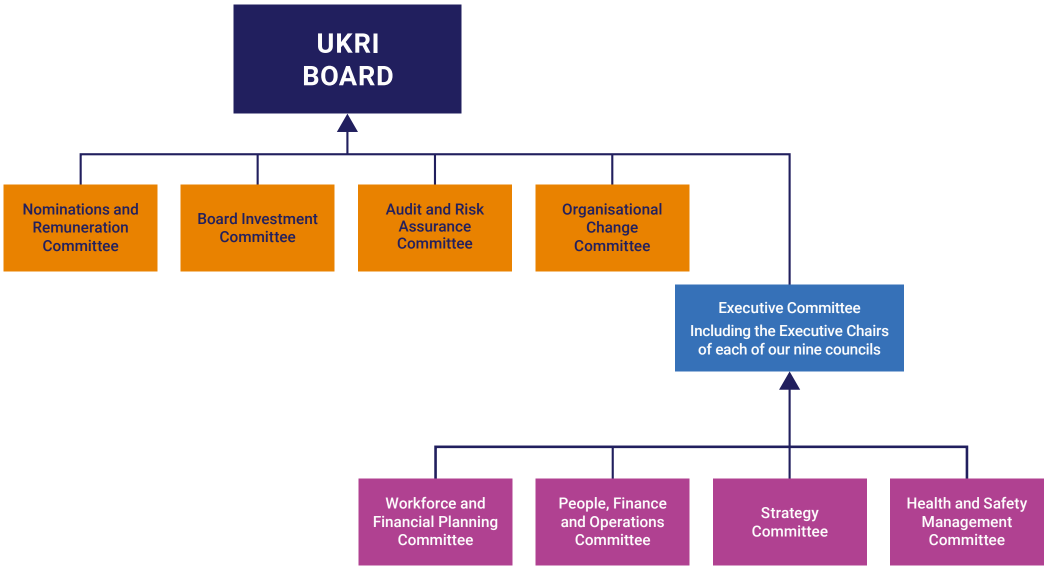
Scope of responsibility

This Governance Statement, for which I take personal responsibility, describes the dynamics of UKRI, its governance, risk and internal control arrangements, and how successfully the organisation has coped with the challenges and opportunities presented this financial year.

This statement explains how UKRI has maintained a sound system of governance and taken significant steps to enrich internal control. It is my responsibility to ensure sound governance underpins the achievement of UKRI's policies, aims, and objectives whilst safeguarding public funds and UKRI assets. I am also accountable for ensuring UKRI is administered prudently and economically and that resources are applied in accordance with HM Treasury's Managing Public Money guidance and the responsibilities assigned to me by DSIT. I am also accountable for ensuring the ARA is fair, balanced, and understandable.

Governance framework

UKRI's CEO is supported by the UKRI Board, the nine Executive Chairs of our councils, and their wider executive team, who use a range of management information to monitor performance and inform decision making. The Executive Chairs, in turn, are supported and challenged in the delivery of their specific aims and objectives by their councils, which comprise the Executive Chair and ordinary council members.



UKRI Board overview

The UKRI Board (the Board) comprises a strong team of research and business leaders who collaborate with the CEO and their executive team to ensure that UKRI continues to be world leading.

The Board is chaired by Sir Andrew Mackenzie and is comprised of the CEO, myself as the CFO and nine to 12 other non-executive members appointed by the Secretary of State for DSIT: Professor Sir Ian Boyd, The Baroness Bull CBE, Annie Callanan, Professor Sir Ian Chapman, Rita Dhut, Dr John Fingleton, Professor Sir Anthony Finkelstein, Priya Guha, Professor Nola Hewitt-Dundas, Professor Jane Norman, Russell Schofield-Bezer, Nigel Toon, and Ruwan Weerasekera. A representative of the Secretary of State for Science, Innovation and Technology also attends all Board meetings.

Professor Sir Ian Boyd, Dr John Fingleton and Professor Sir Anthony Finkelstein left the Board at the end of their tenure on 19 September 2024. The following new members were appointed during 2024: The Baroness Bull CBE and Professor Sir Ian Chapman on 1 March 2024 and Annie Callanan, Rita Dhut, Professor Jane Norman and Russell Schofield-Bezer on 28 October 2024.

The Board is our top-level decision-making body and exercises full and effective control over the activities of UKRI. The Board provides strategic leadership, takes ownership of the principal strategic risks, and makes decisions on issues of major importance including key strategic objectives and targets, corporate strategy, major decisions involving the use of financial and other resources, and substantive personnel issues including key appointments.

The Board underwent a Board Effectiveness Review during the year and will oversee delivery of the subsequent recommendations.

The Board met six times during this financial year and key areas discussed included:

- implementation of the UKRI Strategy
- financial sustainability of the UK research and innovation (R&I) system
- development of the UKRI operating model
- the UKRI Framework for Performance including development of our performance monitoring dashboard and balanced scorecard
- the 2024-2025 spending review

- cross-cutting policy areas, including research commercialisation, people culture and talent, UKRI's international outlook, and preparations for association to Horizon Europe
- UKRI's long-term direction around place
- horizon-scanning research and innovation trends
- UKRI's risk management approach
- trusted Research and Innovation

Minutes of the Board meetings are published on UKRI's website. The Board's approach to governance complies with the HM Treasury and Cabinet Office's Corporate Governance in Central Government Departments: Code of Good Practice (the Code), the Public Sector Equality Duty and the Cabinet Office Code of Good Practice for Partnerships between departments and arm's-length bodies.

The Board is supported by the Audit and Risk Assurance Committee, the Nominations and Remuneration Committee, the Organisational Change Committee and the Board Investment Committee, which strengthens the independent challenge and advice provided by the Board to help guide UKRI's strategic investment portfolio.

Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee (ARAC) is chaired by Ruwan Weerasekera, with Rita Dhut as Deputy Chair, succeeding Professor Sir Anthony Finkelstein. Professor Sir Ian Chapman joined ARAC as a non-executive Board member in September 2024. The Committee's independent non-executive members are Christina Coker, Philip Greenish, Fiona Sheridan, Karen Kröger and Alison Jarvis. Professor Sir Anthony Finkelstein and Dr John Fingleton left the Committee in September 2024. Rita Dhut and Russell Schofield-Bezer joined ARAC as non-executive Board members in November 2024.

The CEO, Chief Information Officer (CIO), Chief People Officer (CPO), senior operational leads, and I, as the CFO, attend as agreed with the Chair. The Board Chair, Sir Andrew Mackenzie, is also invited to attend and receives regular reports of ARAC activity.

The role of ARAC is to support the Board and AO. It monitors the extent to which adequate controls are in place to ensure compliance with relevant codes and regulations and focuses on the risks to our organisation's ability to achieve its objectives. It ensures that our approach to assurance meets organisational need. To do this the Committee constructively, yet firmly, reviews and challenges the reports of management as well as our internal and external auditors, with a particular focus on governance, understanding of risks, the related control environment, and the integrity of our financial statements.

Meetings are attended by the National Audit Office (NAO) and the Government Internal Audit Agency (GIAA), and the Committee meets with their representatives regularly, independently of management. In addition, a representative from DSIT attends ARAC meetings and in turn, the ARAC Chair has observed the DSIT Audit Committee. The DSIT ARAC has established a liaison arrangement with the UKRI ARAC to strengthen ties.

ARAC held four full meetings in 2024-25 and three additional meetings to provide independent challenge on the ARA. It also held deep dive sessions to explore areas of focus in greater detail.

The Committee worked closely with management in the review of the ARA for UKRI, the Medical Research Council Pension Scheme and the Research Councils' Pension Scheme, ensuring that appropriate accounting policies and judgements have been scrutinised.

Throughout the year the Committee has focused on:

- UKRI's corporate governance and corporate risk management arrangements including management assurance and risk appetite, health and safety, security and resilience, workforce and wellbeing, ethics and values, grant accruals, joint ventures, complaints, raised concerns and continuous improvement of funding assurance and counter fraud
- Board, organisational and council level approaches to identifying, mitigating and reporting risks, and bringing risks within appetite
- ongoing monitoring of the implementation of significant audit recommendations from GIAA and NAO

- the risks associated with major change programmes: Services, HR, Accounting, Reporting and Procurement (SHARP), The Funding Service and the Operating Model
- incidents and internal control failures and the organisational lessons learned

In December 2024, the ARAC held a joint meeting with the UKRI Board Organisational Change Committee (OCC). This meeting was the point of transition of responsibilities previously covered by the OCC to ARAC including review and support of the key technology change programmes, operating model implementation and other change programmes. This change in governance structure was ratified by the Board in January 2025.

Nominations and Remuneration Committee

The Nominations and Remuneration Committee (NomCo) is chaired by the Board Chair, Sir Andrew Mackenzie.

Board members include Priya Guha, Nigel Toon, Professor Nola Hewitt-Dundas and Ruwan Weerasekera (ARAC Chair). Dr John Fingleton left the Committee at the end of his tenure. I attend as CFO, with the CEO and CPO invited as attendees, without decision-making powers.

NomCo met five times during the year. It reports to and supports the Board by:

- maintaining oversight of senior leadership succession plans, appointments, and awards
- determining the performance-related pay of the executive members of the Board
- providing assurance of remuneration policy to the Board
- providing assurance of performance-related policy and pay to the Board
- providing assurance of pension schemes and their governance to the Board
- maintaining oversight of the Board and Executive Committee effectiveness reviews
- maintaining oversight of the completion of annual appraisals for non-executive board members and senior executives

UKRI Organisational Change Committee

Board member Nigel Toon chairs the Organisational Change Committee (OCC). Professor Sir Anthony Finkelstein and Ruwan Weerasekera are also members. Professor Sir Anthony Finkelstein left the Committee at the end of his tenure. I, as CFO, COO (as Senior Responsible Officer for Organisational Change), and CPO are regular attendees, the CEO also has a standing invitation to attend.

The Committee is responsible for supporting the Board by reviewing the planning, management, and implementation of all major strategic organisational change programmes, including our new operating model. OCC also considers the risk to delivery and challenges the executive team on the outcomes expected from our investment in change, particularly our progress towards the challenging efficiency targets that were set as part of our spending review settlement.

OCC met five times this year and provided Board oversight and independent challenge to the change programmes, by:

- keeping under review and providing constructive challenge to the development, planning, and implementation of UKRI's change portfolio
- keeping under review government direction regarding UKRI efficiency and effectiveness
- reviewing and assessing the management of risk associated with delivering the outcomes expected from the change portfolio in coordination with ARAC

In December 2024 a joint ARAC and OCC meeting was held. At this meeting the decision was taken to formally retire the OCC, with its remit transferring to ARAC. This change in governance structure was ratified by the Board in January 2025.

UKRI Board Investment Committee

The Board Investment Committee (BIC) is chaired by Priya Guha and its members are Nigel Toon, Professor Jane Norman and Annie Callanan, the Chair of the Infrastructure Advisory Committee (IAC), Chief of Investment Planning and Strategy, and I, as CFO. Professor Sir Ian Boyd's term ended in September 2024.

Regular attendees include the CEO, the Chairs of the Investment Advisory Working Group (IAWG), and the UKRI Infrastructure Portfolio Director.

The Committee:

- strengthens the independent challenge and advice provided by the Board to help guide UKRI's strategic investment portfolio
- promotes accountability for financial decision-making on investments by the Executive and provides additional assurance to the Board, the CEO and DSIT, on large, novel or contentious investments
- provides additional scrutiny and challenge on individual investment cases selected by the Committee, to ensure our largest investments are:
  - sustainable and in accordance with environmental, social and governance principles
  - value for money
  - deliverable
  - aligned with UKRI's strategic priorities
- reviews risks related to large-scale investment
- considers evaluations and lessons learned

BIC met four times during the year and undertook an outreach visit to the British Antarctic Survey in Cambridge. DSIT representatives attended in May to discuss the new business case process, and throughout the year the Committee provided review and challenge on topics as diverse as spending reviews, IAC and Digital Research Infrastructure priorities, value for money choice points, inflationary impacts, World Class Laboratories and Research Capital Funds, the National Infrastructure Roadmap Refresh, the Business Case pipeline, the Future of Marine Research Infrastructure Programme and environmental sustainability.

Executive Committee

The CEO chairs the Executive Committee (ExCo) which is responsible for providing strategic advice to the Board and constitutes the Executive leadership (the nine Executive Chairs of the councils), the CFO, the Chief's of Investment Planning and Strategy, the CPO, the CIO, and the Chief of External Affairs and Communication.

The Committee meets a minimum of once a month (except August) and met 11 times during the year. It receives a monthly finance report, and its areas of operational focus have included:

- delivering UKRI's five-year Strategy
- developing and implementing the operating model
- financial sustainability of the UK R&I system
- governance, risk and assurance
- preparations for spending review 2024-2025
- UKRI Framework for Performance, including the balanced scorecard
- communications
- delivering and refreshing our strategic delivery plans
- staff performance and reward, including staff capability and capacity
- staff wellbeing
- policy and delivery areas including place and regional distribution of R&I investment international strategy, Industrial Strategy, the Government's Missions, public engagement, commercialisation, Trusted R&I, environmental sustainability, support for critical technologies, major infrastructure investments, equality diversity and inclusion in the research and innovation system, and our collective talent programme.

ExCo is supported by four sub-committees: the Strategy Committee, the People, Finance and Operations Committee, the Health and Safety Management Committee, and the Workforce and Financial Planning Committee.

Strategy Committee

The Strategy Committee (StratCo) is chaired by the Chief of Investment Planning and Strategy and comprises senior strategy representatives from our councils as well as directors with cross-cutting responsibilities such as talent and infrastructure. StratCo provides expertise and advice on developing and implementing the R&I elements of our strategy. The Committee met 11 times during the year.

People, Finance and Operations Committee

The People, Finance and Operations Committee (PFO) is chaired by myself, as the CFO or my nominated deputy. PFO is an executive committee and is responsible for establishing and monitoring effective UKRI operational frameworks and policies.

The Committee's membership is comprised of the COO, CPO and the Chief Operating Officers or nominated representatives from each of the nine councils. Senior functional lead professionals from across the organisation are regular attendees.

PFO met eight times during the year and discussed topics relating to the following areas:

- people, learning, performance management and reward
- finance, legal, governance, risk, and management assurance
- technology, data and information governance
- funding, commercial, international, and operational performance
- security and resilience

Health and Safety Management Committee

The Health and Safety Management Committee (HSMC) is chaired by me, as the CFO, and comprises the Health, Safety and Environment Lead, the Head of Operations, lead health and safety advisors from across UKRI and senior operational professionals representing estates, risk, and human resources functions.

The Committee is responsible for monitoring the capability and performance of health and safety management systems with the objective of safeguarding the health and safety of employees, contractors, tenants, facility users including students, or others who may be affected by our activities, regulatory compliance and for establishing and developing continuous improvement in health and safety performance.

HSMC met four times in the year and focused on UKRI's Health and Safety:

- policy, strategy and health and safety codes
- management system components
- reporting, risk and performance
- occupational health and wellbeing
- internal health and safety audit reporting and outcomes

Workforce and Financial Planning Committee

The Workforce and Financial Planning Committee (WFP) is chaired by the CPO, with membership comprising leadership representatives from across the organisation. It plays a crucial role in ensuring that our workforce aligns with our strategic objectives within allocated headcount and budgetary constraints.

The committee meet monthly, to ensure timely discussions on workforce and financial planning concerns, influenced by internal and external pressures.

Investment Advisory Working Group

The Investment Advisory Working Group (IAWG) comprises a set of subject-matter experts who provide challenge and advice on business cases, including making recommendations to the CFO and the ExCo about whether cases should be approved.

Co-chaired by the Deputy Director of Financial Planning and Analysis and the UKRI Infrastructure Portfolio Director, IAWG met nine times during the year and reviewed 10 business cases with an approximate cumulative value of £3.4 billion.

Cases included projects within the UKRI Infrastructure Fund, those related to international partnerships, institute funding, and other investments for major projects. For 2024-25, over 45 colleagues from across UKRI and DSIT contributed to IAWG reviews.

Table of attendance for UKRI senior executive and non-executive boards and committees

The table below sets out member and senior executive attendance for our key governance bodies. Where members were unable to attend meetings in person, they have been able to share their views in advance with the Chair.

	Board	ARAC	BIC	NomCo	OCC	ExCo
Number of meetings held	**6**	**7**	**4**	**4**	**5**	**11**
Board Members						
Sir Andrew Mackenzie	5/6	1/7	-	3/4	-	-
Professor Dame Ottoline Leyser (CEO)	6/6	5/7	3/4	4/4	3/5	11/11
Siobhan Peters (CFO)	6/6	7/7	4/4	4/4	5/5	11/11
Professor Sir Ian Boyd	3/3	-	1/1	-	-	-
The Baroness Bull	5/6	-	2/2	-	-	-
Annie Callanan	3/3	-	1/1	-	-	-
Professor Sir Ian Chapman	5/6	2/3	-	-	-	-
Rita Dhut	3/3	1/2	-	-	-	-
Dr John Fingleton	3/3	5/5	-	3/4	-	-
Professor Sir Anthony Finkelstein	2/3	3/5	-	-	3/3	-
Priya Guha	6/6	-	4/4	4/4	-	-
Professor Nola Hewitt-Dundas	6/6	-	-	4/4	-	-
Professor Jane Norman	3/3	-	-	1/1	-	-
Russell Schofield-Bezer	3/3	2/2	-	-	-	-
Nigel Toon	5/6	-	0/4	-	5/5	-
Ruwan Weerasekera	6/6	7/7	-	4/4	5/5	-
ARAC Independent Members						
Christina Coker	-	7/7	-	-	-	-
Philip Greenish	-	5/7	-	-	-	-
Alison Jarvis	-	7/7	-	-	-	-
Karen Kröger	-	6/7	-	-	-	-
Fiona Sheridan	-	6/7	-	-	-	-
Executive Committee Members						
Professor Dame Ottoline Leyser (CEO)	6/6	5/7	3/4	4/4	3/5	11/11
Siobhan Peters (CFO)	6/6	7/7	4/4	4/4	5/5	11/11
Tim Bianek (COO)	-	-	-	-	1/1	1/1
Christine Ashton (CIO)	-	5/7	-	-	5/5	10/11
Emma Lindsell (Executive Director, Strategy, Performance and Engagement)	-	-	-	-	-	0/1
Isobel Stephen (Executive Director, Strategy, Performance and Engagement)	-	-	-	-	-	1/1

	Board	ARAC	BIC	NomCo	OCC	ExCo
Chris Ball (CPO)	-	-	-	3/3	5/5	8/9
Angela Paradise (Interim CPO)	1/1	-	-	0/1	-	3/3
Daniel Shah (Chief of Investment Planning and Strategy Job Share)	-	-	-	-	-	8/10
Hugh Harris (Chief of Investment Planning and Strategy Job Share)	-	-	-	-	-	1/1
Poli Stuart-Lacey (Chief of External Affairs and Communications)	-	-	-	-	2/2	8/8
Professor Christopher Smith (EC AHRC)	-	-	-	-	-	10/11
Deputy for AHRC EC	-	-	-	-	-	1/1
Professor Guy Poppy (Interim EC BBSRC)	-	-	-	-	-	2/3
Professor Anne Ferguson-Smith (BBSRC EC)	-	-	-	-	-	6/8
Stian Westlake (EC ESRC)	-	-	-	-	3/5	9/11
Deputy for ESRC EC	-	-	-	-	-	2/2
Professor Charlotte Deane (EC EPSRC)	-	-	-	-	-	7/11
Deputy for EPSRC EC	-	-	-	-	-	4/4
Indro Mukerjee (CEO Innovate UK)	-	-	-	-	-	1/5
Deputy for CEO Innovate UK	-	-	-	-	-	4/4
Dr Stella Peace (IUK Interim EC)	-	-	-	-	-	6/6
Professor Patrick Chinnery (EC MRC)	-	-	-	-	-	8/11
Deputy for MRC EC	-	-	-	-	-	3/3
Professor Louise Heathwaite (EC NERC)	-	-	-	-	-	10/11
Deputy for NERC EC	-	-	-	-	-	0/1
Professor Dame Jessica Corner (EC Research England)	-	-	-	-	-	10/11
Deputy for Research England EC	-	-	-	-	-	0/1
Professor Mark Thomson (EC STFC)	-	-	4/4	-	-	7/8
Professor Michele Dougherty (EC STFC)	-	-	-	-	-	3/3
Deputy for STFC EC	-	-	-	-	-	1/1

Notes

- Professor Sir Ian Boyd's tenure on the Board ended on 19 September 2024
- Dr John Fingleton's tenure on the Board ended on 19 September 2024
- Professor Sir Anthony Finkelstein's tenure on the Board ended on 19 September 2024
- Professor Sir Ian Chapman was appointed to the Board from 1 March 2024. On 28 February 2025 Sir Ian formally stepped down as a Board member but continued to attend the Board as an observer. Sir Ian will remain an observer of the Board and an independent Non-Executive Member of ARAC until he takes up the role of UKRI CEO on 20 August 2025
- The Baroness Bull was appointed to the Board from 1 March 2024
- Russell Schofield-Bezer was appointed to the Board from 28 October 2024
- Rita Dhut was appointed to the Board from 28 October 2024
- Annie Callanan was appointed to the Board from 28 October 2024
- Professor Jane Norman was appointed to the Board from 28 October 2024
- In line with the ExCo Terms of Reference, if members are not able to attend meetings they may authorise an appropriate colleague to represent them

- Alexandra Jones, Director General for Science, Innovation and Growth at DSIT, attended all Board meetings in year as an observer, and representative of the Secretary of State for Science, Innovation and Technology. She is not a member of the Board
- Professor Guy Poppy's term as Interim BBSRC Executive Chair ended on 30 June 2024
- Professor Anne Ferguson-Smith was appointed BBSRC's Executive Chair on 1 July 2024
- Indro Mukerjee's term as Innovate UK's Executive Chair ended on 30 September 2024
- Dr Stella Peace was appointed Interim Innovate UK's Executive Chair on 1 October 2024
- Professor Mark Thomson's term as STFC's Executive Chair ended on 31 December 2024
- Professor Michele Dougherty was appointed STFC's Executive Chair on 2 January 2025
- Poli Stuart-Lacey was appointed as Chief of External Affairs and Communications on 5 August 2024
- Daniel Shah was appointed on 13 May 2024 as Interim Chief of Investment Planning and Strategy, with an end date of 12 February 2025. Daniel was appointed as Chief of Investment Planning and Strategy Job Share on 13 February 2025
- Hugh Harris was appointed as Chief of Investment Planning and Strategy Job Share on 26 February 2025
- Chris Ball's term as Chief People Officer ended on 31 January 2025
- Angela Paradise was appointed as Interim Chief People Officer on 6 January 2025
- Emma Lindsell departed UKRI as Executive Director, Strategy, Performance & Engagement on 17 May 2024
- Isobel Stephen departed UKRI as Executive Director, Strategy, Performance & Engagement on 17 May 2024
- Tim Bianek departed UKRI as the Chief Operating Officer on 30 June 2024

Councils overview

The councils act in an advisory capacity to the Executive Chairs. Ordinary council members contribute expertise and insight to influence and provide constructive challenge and advice within their respective fields to shape the councils' strategic delivery plans and implementation, which set out the combined and collective actions to deliver our strategy. Councils work in partnership with ExCo and the Board and meet jointly, bi-annually, to address the UK's major research and innovation challenges.

Each council consists of the council's Executive Chair and between five and 12 non-executive ordinary members, one of whom is the Senior Independent Member (SIM). Each council met between four- and six-times last year. The full list of council members and councils' Terms of Reference is published on our website.

Innovate UK Loans Ltd Special Purpose Vehicle

Innovate UK Loans Ltd (IUKL) is a wholly owned subsidiary of UKRI and part of Innovate UK's delivery infrastructure. Through IUKL, Innovate UK supports the UK's best innovative businesses to undertake later stage R&D with a view to commercialisation, scale, and growth. As a wholly owned subsidiary, IUKL is subject to the central government controls framework. The IUKL ARA is subject to audit by the NAO and is consolidated with UKRI's ARA. GIAA is responsible for the provision of internal audit services to UKRI, as set out in a Memorandum of Understanding, and provides internal audit services to IUKL under this agreement. Further narrative and detail of their governance arrangements and financial results are available within the IUKL ARA filed with Companies House.

Innovate UK Knowledge Transfer Network operating as Innovate UK Business Connect

Innovate UK Business Connect (IUKBC) is the UK's innovation network. It connects innovators and innovative businesses to contacts, opportunities, and networks, and accelerates UK-based business innovation.

IUKBC strategic objectives align with those of Innovate UK, set out through the Innovate UK Annual Delivery Plan.

Governance, accountability, and operational requirements are set out in the UKRI and IUKBC Framework operating document and IUKBC own updated Articles of Association. Operational requirements set out in the Framework document cover the agreement of an annual work programme, financial and non-financial reporting regimes, and broader information sharing. Financial Statements are filed with Companies House.

STFC Innovations Ltd

STFC Innovations Limited (SIL) is a wholly owned subsidiary of UKRI and conducts activities in the field of commercialisation for STFC. Staff working at SIL are employed by UKRI and are assigned to work for the company. SIL invests in a portfolio of start-up companies based on STFC intellectual property, commercially exploits STFC's intellectual property through licence agreements and sales of services, and provides facilities for early-stage companies looking to scale up and grow. The SIL ARA is subject to audit and is consolidated within UKRI's ARA. Further narrative and detail of their governance arrangements and financial results are available within the SIL ARA filed with Companies House.

Diamond Light Source Ltd

Diamond Light Source Ltd (DLS) was first established in 2002 as a joint venture by the Science and Technology Facilities Council (which became part of UKRI in 2018) and Wellcome Trust. In 2023/24 AO responsibility for the management of Diamond Light Source Ltd (DLS) transferred from the UKRI AO to the Chief Executive Officer of DLS. UKRI remains responsible for the provision of funding to DLS and will maintain a delegated sponsorship role via DSIT.

The DLS ARA is subject to external audit and consolidated within the DSIT ARA. Further narrative and detail of DLS's governance arrangements and financial results are available within the DLS ARA filed with Companies House.

Risk management

Capacity to handle risk

As AO, I have overall responsibility for ensuring there is an effective system of risk management, internal control, and assurance in place within UKRI for meeting all relevant statutory requirements, and for ensuring adherence to guidance. Further accountability and responsibility for elements of risk management are set out in UKRI's risk management strategy and policy. An overview of the risk management framework and details of the principal risks managed this year are set out in the Performance Report from page 48.

An important element of the UKRI Risk Management Framework is the UKRI Risk Appetite Statement. The statement is reviewed at a minimum frequency of every two years. The next review is due in 2025-26, for which planning has been underway in the final months of 2024-25. UKRI is committed to ensuring that it's risk appetite types and levels are reviewed to ensure that it supports optimal risk taking in order to achieve objectives.

Risk management framework

We have a risk management framework designed to support informed decision-making concerning the risks that have the potential to impact our ability to achieve our objectives.

The framework provides a consistent approach to identifying, assessing, and mitigating enterprise risks through implementing and monitoring controls and actions to reduce risk to the levels the organisation is willing to accept in pursuit of objectives. Our risk management framework includes a risk management policy, strategy, and risk appetite statement.

Our risk management practices comply with the requirements of the five principles as set out in HM Government's Orange Book. Our practices and approaches are in turn supported by a central team of qualified risk business partners to embed effective risk management across UKRI. Our risk and assurance management system provides an integrated and dynamic view of UKRI's risks, issues, assurance framework, policies and control environment. The system continues to be developed and has delivered improved reporting enabling rich risk discussions and underpinning informed risk-based decision making.

System of internal control

In order to achieve policies, aims and objectives, our system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to achieving the policies, aims and objectives of UKRI, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently and effectively. Our system of internal control and risk management systems have been in place for the year under review and up to the date of approval of the ARA.

Regularity and propriety

We are committed to establishing and applying appropriate regularity and propriety standards, including embedding appropriate cultures and behaviours, and do not tolerate any form of fraud, bribery, or corruption. The key components in this regard are our:

- Counter Fraud and Bribery policy and arrangements
- Gifts and Hospitality policy
- Declarations of Interest policy
- Whistleblowing policy
- Complaints policy.

I confirm that for 2024-25:

Neither I, nor my staff, authorised a course of action, the financial impact of which is that transactions infringe the regulatory requirements as set out in Managing Public Money:

- any novel, contentious or repercussive transactions were only undertaken after being approved by HM Treasury
- no new UKRI employees or contractors have received remuneration more than the amount approved by DSIT and HM Treasury
- within the operations of UKRI and our shared service provider, UKSBS, no instances of fraud have been discovered with a material impact on UKRI.

Counter fraud

The Government Functional Standard GovS 013: Counter Fraud - GOV.UK sets the expectations for the management of fraud, bribery and corruption risk in government organisations. Previous NAO financial audits of UKRI have found deficiencies in our counter fraud arrangements. The controls on the individual grants audited by NAO were adequate. However, we were unable to link all the controls and assurance checks we have implemented into a clearly articulated picture of whether, across UKRI, the risks of error and fraud are under control.

We undertook an assessment against the standard in 2024-25 which identified improvement actions. A reorganisation putting counter fraud under new leadership happened September 2024. We took action to recruit new staff, implemented approaches to improve team culture and improved the breadth of our fraud risk assessments work. Our new counter-fraud strategy is in development and scheduled for Board sign off in June 2025. We expect to be able to demonstrate significant improvements and alignment to the Functional Standard by September 2025.

An ongoing programme of fraud awareness is in place in UKRI with a mandatory online fraud and bribery course for all UKRI staff. Additional bespoke training has been provided to teams in UKRI with higher risk profiles. This has been supplemented by monthly fraud awareness training and staff participation in events organised by DSIT Counter Fraud Expert Services (CFES) Team for International Fraud Awareness Week.

UKRI employ a small team trained counter fraud investigators and excess cases are contracted to third parties such as GIAA. UKRI makes Consolidated Data Returns to the Public Sector Fraud Authority that record the activity and performance of that team. The figures returned for 2024-25 covering fraud and error were:

- 82 referrals of fraud, bribery or corruption (128 2023-24)
- we launched 24 new cases and closed 17 cases
- we identified fraud and error of £5.41 million (£4.57 million 2023-24)
- we prevented fraud of £0.66 million (£13.54 million 2023-24)
- we recovered £6.58 million from grant participants (£0.08 million 2023-24)
- the counter fraud investigations team achieved a return on investment of £10.7 for every £1 spent in 2024-25 and 178% of the target set with PSFA at the start of the year

Gifts and hospitality

As a major funding organisation, we are aware that accepting or giving gifts or hospitality may affect how the organisation is perceived and may be seen to affect our decision-making and behaviour. The purpose of the UKRI Gifts and Hospitality Policy is to ensure that all staff are aware of their responsibilities and are vigilant in ensuring that we remain impartial and fair across the work we do.

The cost of gifts and hospitality offered by UKRI must be proportionate, approved beforehand and recorded on the Gifts and Hospitality Register. All offers of gifts or hospitality made to staff must be declared even if not accepted and it is not standard for staff to accept gifts and hospitality. In line with the policy, any gifts above £45 in value have either been surrendered or retained with appropriate approval.

Declaration of Interests

We recognise the importance of ensuring transparency and compliance with the Nolan Principles. Declaring interests supports transparency and demonstrates the integrity of our business and employees by providing assurance that any potential conflicts are considered and managed effectively.

Our employees and all persons engaged to represent or act on behalf of UKRI, or its affiliated organisations worldwide, are expected to comply with the highest standards of professional and ethical practice and are required to declare any interests that may conflict, or may be perceived to conflict, with our business.

Interests are recorded and assessed in line with the Declaration of Interests (DoI) Policy, using a self-service electronic portal. Controls applied to mitigate identified conflicts are subject to management approval and recorded in the portal. Declarations of the Board, ExCo and Council members are published annually on the UKRI website, and updated as required.

Whistleblowing

Whistleblowing and "Freedom to Speak Up" is viewed by UKRI as a positive act, which can make a valuable contribution to our efficiency and long-term success. The UKRI Whistleblowing – Freedom to Speak Up Policy, last reviewed in 2022-23, encourages and enables employees to speak out when they encounter or suspect malpractice. Internal avenues for raising concerns are also supported by an external advice line through Protect.

UKRI aims to ensure concerns are investigated properly, sensitively and in confidence, and individuals are protected from any detrimental impacts because of raising a concern in good faith, in line with the Public Interest Disclosure Act.

19 concerns were submitted in 2024-25, of which eight were assessed as being in scope of the UKRI Whistleblowing 'Freedom to Speak up' Policy and were investigated as a "qualifying disclosure" regarding alleged or actual malpractice. By comparison, in 2023-24, 22 concerns were submitted, of which four were assessed as being in scope of the UKRI Whistleblowing 'Freedom to Speak up' Policy. The findings from each completed investigation are acted upon and a process has been established to identify and address lessons learned.

Complaints

We recognise that complaints present an opportunity to learn and make improvements to the way we operate and for our stakeholders. As an organisation we commit to operating a responsive, transparent, and fair complaints process, and this is particularly important when things go wrong.

We have an external UKRI Complaints webpage that outlines the process for external stakeholders to submit a complaint, what we can investigate, timescales for response and how to appeal. Further details about our internal processes are outlined in the UKRI Complaints Handling Procedure.

In 2024-25 we received 60 formal complaints (of these six were appeal complaints), compared to 77 in 2023-24. The top three categories of complaints related to grant decision-making, customer service and post award issues.

Whilst the formal complaint caseload has reduced, the level of email activity to/from the UKRI Complaints team has increased with the team handling over 4,000 emails relating to a variety of different issues. Given this increase in volume, we have therefore put more emphasis on identifying cases for early resolution, 16 cases (27%) of formal complaints were resolved in this way.

During 2024-25, there were no new cases accepted by the Parliamentary and Health Service Ombudsman (PHSO) for review. Three case outcomes were received from the PHSO in 2024-25 (from cases we were notified of in 2023-24). One of these was closed at the primary investigation stage and the other two at the detailed investigation stage. None of the concerns were upheld. Of note from the outcomes received from the PHSO, they provided the following comments:

- All case outcomes stated there were no indications of maladministration or failings by UKRI
- "UKRI did demonstrate flexibility in its complaint handling… by departing from its procedure to provide a more flexible response… We were encouraged to see this flexibility in practice and, in this sense, UKRI went above what we would have expected to see in order to provide a flexible response".

As part of our Complaints Annual Review 2023-24, we have identified priorities which will enable us to continue to strengthen our approach to complaint handling and improve stakeholder experience including improving our reporting capabilities and ensuring continued alignment to complaints best practice guidance.

Raising concerns

UKRI seeks to make it easier for individuals to raise concerns across UKRI and within our community. We want to make the triage and processing of concerns more robust and consistent and to enable effective outcomes for all those involved in the process. We are currently developing a new harmonised mechanism for reporting and managing concerns which we hope to implement by Autumn 2025. This will be underpinned by revised policies, procedures and a new approach to the resourcing and delivery of investigations.

Modern slavery

We are committed to the principles of the Modern Slavery Act 2015 and the abolition of modern slavery and human trafficking. We seek to minimise the risk of modern slavery and human trafficking in our operations through a control framework which focuses on recruitment, selection and resource management, commercial supply chain arrangements, policy development for safeguarding and reporting of concerns, and employee awareness training. The latest UKRI Modern Slavery and Human Trafficking Statement published in September 2024 reported no concerns identified or reported by employees or third parties. During 2024-25 we have continued to monitor recruitment and commercial activity for modern slavery indicators.

Welsh Language Scheme

Our Welsh Language Scheme sets out how UKRI complies with the principles established by the Welsh Language Act and which services and communications are offered in Welsh. The scheme was prepared in accordance with guidelines issued by the Welsh Language Commissioner under Section 9 of the Act and was approved by the Welsh Language Commissioner on 8 April 2021.

Data and information governance

The CIO chairs the UKRI Strategic Technology and Data Governance Committee which meets quarterly, reporting to PFO, to provide strategic direction, oversight and ensure the effective management, ethical use, and maximisation of technology and data assets in support of UKRI's strategy. Data owners accountable for data management have been appointed and are working with the Chief Data Officer, alongside existing information governance policies, procedures, and controls to ensure that our data and information is valued, managed, and protected. A new principal data and information governance risk has been agreed and will be reviewed regularly and managed through appropriate mitigating actions.

Security and Resilience

Building on a strong foundation and increasing compliance to Government Functional Standard (GovS) 007: Security, the UKRI Security and Resilience (S&R) programme was reviewed in late 2024 with proposed developments rigorously endorsed by UKRI's internal governance processes. To be implemented in 2025, key developments designed to progress UKRI towards S&R best practice include: a refresh of the UKRI S&R strategy to create a clear 'golden thread' from the UKRI strategy through the formation of key principles and objectives; a revision of S&R risk management to align with the strategic objectives and ensure a clear 'line of sight' from strategic to operational risks; and development of a breadth of operational workstreams including enhancing incident management and development of supply chain S&R.

With this programme to be enacted by the core UKRI S&R Team supported by an enhanced leveraging of the wider federated organisation through the establishment of a S&R Community of Practice, further progress towards achievement of the GovS 007 standard is expected. This will, in delivery, offer a developed understanding of UKRI's S&R profile and an enhanced ability to manage identified and emerging risks.

Prompt payment

Our policy is to comply with the Prompt Payment Code for the payment of invoices for goods and services. While our standard terms and conditions specify payment within 30 days of receipt, we aim to make payments within five working days. In 2024-25, UKRI paid 97% of undisputed invoices within 30 days (2023-24: 97%) and 61% within five working days (2023-24: 66%).

Pay remit

I can confirm that UKRI is complying with Civil Service pay-setting requirements set out in guidance issued by HM Treasury.

Tax arrangements of public sector appointees

The government's 2012 review of tax arrangements for public sector appointees highlighted the possibility of artificial arrangements to enable tax avoidance. Our directly hired senior employees are all paid through the payroll and controls exist to provide assurance that appropriate tax arrangements are in place to cover other in-year appointees. We provide DSIT with tax assurance evidence on a yearly basis, which forms part of their summary of DSIT tax assurance data at gov.uk.

UKRI have been made aware of the employment tribunal case decision related to use of expert panels, panel members, and judgment based on *Nursing and Midwifery Council v Somerville* and we will be reviewing and considering our arrangements in light of that case.

Ministerial directions

There were no Ministerial directions given in 2024-25.

Projects and major change programmes

Project delivery

The UKRI Project Delivery Profession empowers over 450 professionals across UKRI to deliver complex projects more effectively. Through the provision of practical tools, training, and support, it enhances capability and consistency across the organisation. Members can attend CPD events, participate in the government project delivery accreditation scheme, and join specialist networks in areas like risk, change and AI. By raising the profile of project delivery and enabling continuous improvement, the Project Profession helps UKRI achieve its strategic goals through a confident, skilled, and future-ready project community.

The profession undertakes annual self-assessments against the Government Functional Standard GovS 002: Project Delivery (GovS) for compliance and assurance purposes. Specific Interest Groups continue to facilitate knowledge sharing and the development of best practice in key project management areas including risk management, benefits realisation and change management. The Project Profession centre holds and promotes a programme of learning and networking events, providing over 300 hours of continuing professional development to members.

A project management system is in use provides UKRI with the ability to manage and report on projects, programmes and portfolios at any level improving the efficiency of delivery, effectiveness of reporting, and consistency in practice.

The Business Case Hub provides expertise covering HM Treasury's Five Case Model, helping projects and programmes within the UKRI Major Projects Portfolio produce business cases that set projects up for successful delivery. Since its inception in 2020, the Business Case Hub has maintained its 100% success rate of first-time approval by BEIS/DSIT, with a total of over £10 billion worth of programmes approved by the department.

SHARP programme

One of the key strategic initiatives for UKRI is the implementation of Oracle Fusion, a new integrated enterprise resource planning (ERP) and human capital management (HCM) system. The SHARP programme has been a multi-year programme run collaboratively with UKRI and UKSBS and will provide the basis for increasingly harmonised data and processes.

The implementation of Oracle Fusion will enable the upgrade from legacy on-premises systems to a cloud-based, integrated Software as a Service (SaaS) solution across HR, accounting, procurement, and reporting. The platform will align UKRI processes to government standards as well as providing opportunities for increased efficiency and effectiveness through greater automation and opportunity for self-service.

The programme has made significant progress during the last year and is scheduled to launch the new platform across the organisation in Summer 2025.

Simpler and Better Funding programme

The Simpler and Better Funding (SBF) Programme was established to create a unified, flexible, and scalable funding service for UKRI. It sought to introduce a single digital front-door, replacing the outdated JeS-Siebel system, which was inflexible and provided a poor user experience for applicants, staff, reviewers, and panellists. The SBF Programme transitioned to business as usual, with a con-current Optimisation Project in March 2025.

The scale and scope of the ambition for the SBF Programme has proven greater than the budget and the timescale of the original project allowed with a range of complexities identified during the course of the programme. The programme has successfully introduced an end-to-end, new Funding Service (TFS), underpinned by a new, GDS Beta-assessed digital platform, simplified opportunity types, harmonised applicant guidance, and reduced administrative checks. However, a level of manual processing persists that incurs pressure on business teams. It should be noted that, whilst this manual processing is well understood both in terms of the business impact and the future digital capability required to automate, additional work will be required to build further enhancements needed to eliminate manual processes under the future TFS Optimisation project.

Nevertheless, TFS now operates as an end-to-end service, with the TFS digital Platform being the default for Research Council funding opportunities and awards. External user perceptions already consistently report percentage satisfaction results at least equivalent to and often higher than the Je-S/Siebel system it replaced. To ensure the long-term sustainability of the unified UKRI Grants Funding service, a Grants Service Owner, the Funding Service Delivery Authority (FSDA) has been appointed to own the issue of Funding across UKRI. Additionally, a BAU team has been established to oversee the support and maintenance of TFS and the TFS Platform, ensuring service delivery, performance monitoring, and continuous improvement.

Assurance

Review of effectiveness

As interim AO, it is my responsibility to ensure that UKRI is maintaining a sound system of governance and internal control. In 2024-25 the CEO looked to the work of the ARAC, ExCo and its supporting committees, the internal audit service provided by the GIAA, UKRI's Funding Assurance Oversight Committee, the assurance opinion provided by the AO of UKSBS, and comments made by the NAO as our external auditors in their management letter and other reports to inform my view.

Executive Accountability Assessment

We have an assurance framework that records the assurance available on the: legal, regulatory and government requirements that UKRI must adhere to good governance and best practice frameworks. The design of the assurance framework is aligned to HM Treasury guidance. This framework identifies and evaluates the different sources of assurance using a three lines model comprising: management, internal assurance, and independent assurance.

An annual Executive Accountability Exercise (EAE) was completed at the end of the year. The purpose of the exercise was to gain Executive Director level assurance on their responsibilities set out in the UKRI Delegations Framework. These assurances were subject to a second line of supporting evidence by the Management Assurance Team and a challenge meeting with the Director Risk, Assurance, Counter Fraud and Investigations. The outcomes were reported to the PFO as well as to ExCo and ARAC.

The overall level of assurance provided through the exercise was medium. Analysis of the data from the exercise assessed as having low (9 returns, 4% of total) or medium assurance (127 returns, 61% of total) there are relevant actions in place to support improvements in the coming year. The analysis and review of the outcomes of the exercise have determined that the areas in which low assurance has been provided are not significant enough to impact the medium rating.

Government Internal Audit Agency annual opinion

The GIAA Head of Internal Audit (HIA) is required by the Public Sector Internal Audit Standards to provide me with an annual internal audit opinion and report. The HIA opinion is based primarily on the outcomes of audit engagements conducted during the 2024-25 financial year but is also informed by knowledge gained from meetings with senior management, and attendance at governance forums and review of associated papers.

The HIA provided me with an overall moderate assurance opinion which reflects that, although there are areas that could be improved, UKRI's frameworks for governance, risk management and control are operating effectively to deliver strategic objectives. The HIA also provided me with moderate assurance opinions and analysis for each of the four Pillars of the Risk Control Framework (RCF) introduced in the 2023 update to the Orange Book on public sector Risk Management.

The HIA opinion takes account of the challenging environment within which UKRI continues to operate, including the need to manage operations with a reduced headcount prior to the efficiencies intended to be realised from organisational change programmes.

GIAA found governance to be working effectively, including an improved governance over the Services for HR, Accounting, Reporting and Procurement (SHARP) programme compared to previous findings. The HIA noted ambiguity in governance below principal Boards and Committees that will be addressed by our Governance Team in 2025-26.

The HIA noted that risk management is adequately overseen at a strategic level by the Board and ExCo, providing the opportunity to identify and review risks, and includes scrutiny and challenge by ARAC. Workforce capacity in the risk management and assurance team and the wider organisation has become a more evident constraining factor, and where plans for risk mitigation are slowing or may slow further.

The HIA noted that we continue to develop our approach to assurance over controls, with a particular focus on funding assurance. Our ability to provide assurance on the design and effectiveness of controls is a theme GIAA have reported since 2021-22 and continue to evidence in their work. The risk and assurance team are undertaking a project to identify and assess critical controls to address this important theme.

The HIA reviewed two areas where controls were not found to be fully effective in 2024-25. These were: The Funding Service: review of current processes, including supporting off system processes; and IUK Loans Ltd: Loans origination and arrears, default and recoveries management. Action plans have been agreed to address the findings.

Assurance on our Funding

The requirement for Funding Assurance spans the entire research and innovation funding lifecycle, from designing our schemes to post-project reporting. I have received a report from the Director Risk Assurance, Counter Fraud and Investigations that identifies the sources of assurance and provides an overall moderate assurance opinion on the effectiveness of governance, risk management and internal control in relation to our research and innovation activity and expenditure.

We are evolving our funding assurance arrangements to ensure that they enable us to evidence the design and effectiveness of our governance, risk management and internal control arrangements in relation to research and innovation activity and spend. This included creation of a new director position in September with overall responsibility for setting the framework and standards for funding assurance and improving them over time.

We are progressing actions agreed with NAO to address outstanding high priority actions identified through their audits of our financial statements. We are also ensuring optimal alignment of our funding assurance arrangements with the functional standard GovS 015 Grants, public sector rules, laws and regulations applicable to UKRI, funding policies that we set requiring legal and regulatory compliance by organisations we fund, and UKRI commitments and obligations included in the Government response to the Independent Review of Research Bureaucracy.

UKRI operates a three lines model for funding assurance. Under the model:

- 1st Line. Assurance provided by UKRI Teams directly involved in designing, delivering, and administering research and innovation funding activities.
- 2nd Line. Assurance provided by independent UKRI Teams assuring first line activity in UKRI or scrutinising compliance with grant terms and regularity of spend in funded organisations.
- 3rd Line Internal audit, and other independent reviewers commissioned by UKRI.

UKRI is also subject to NAO audit and other statutory reviews of its research and innovation activities and spend that are not directed by UKRI. Our 2024-25 funding assurance activities have been planned, documented and reported using the three lines model.

Positive first line assurance has been provided through the EAE, maintenance of assessments against the functional standard for grants, updated fraud risk assessments, and an exercise to understand and assess potential risks in our international collaborative research grant portfolio.

Second line funding assurance activities undertaken by different teams in UKRI are being coordinated the Director Risk Assurance, Counter Fraud and Investigations. Overall, these activities support a positive opinion. Key findings are as follows:

- we completed 32 organisation-based funding assignments, of which three achieved limited assurance 25 achieved moderate assurance and four achieved substantial assurance. £249k of ineligible expenditure was detected through testing of £19.1 million expenditure on research grants and fellowships and training grants (1.31% error).

- eight Research Organisations previously receiving unsatisfactory or limited assurance have continued to operate under special measures, with final expenditure statements (FES) and Annual TRAC returns subject to additional checks by UKRI's Funding Assurance team. FES checks conducted across 56 grants detected £52k of errors from a sample of transactions worth £1.3 million (4.07% error)
- Innovate UK processed over 43,000 claims totalling £2.1 billion. Review of claims identified 2,333 ineligible cost items totalling £6.8 million (0.35% error rate). Secondary review of grant claims rated as high and medium risk identified a further £4.7 million of overclaims giving an overall error rate of 0.54%
- IUK processed 9,551 Horizon Europe Guarantee (HEG) claims resulting in payments totalling £237 million. All HEG claims were subject to first line review and all ineligible costs identified were removed prior to payment
- 21 audits were completed of Research England block-grants covering a £451 million funding. No material or major issues were identified, providing positive assurance over the data and the systems and processes used to allocate funding
- we completed nine funding assurance reviews of Catapults Centres of which three achieved limited assurance four achieved moderate assurance and two were advisory. We recovered £4.3 million due to errors identified through these assignments.

Action is taken to address the specific and thematic findings from funding assurance reviews. When we identify ineligible expenditure charged to a UKRI grant it is removed from the claim before payment. Organisations subject to a research council funding assurance visit are required to receive and respond to a report. Improvement actions are followed-up. All claims made by Research Organisations in receipt of a limited opinion funding assurance visit are subject to additional scrutiny. Terms and conditions of funding are reviewed and updated to address systematic findings from funding assurance reviews.

Third line assurance has been provided from GIAA who completed nine reviews of which one provided limited assurance, five provided moderate assurance and two were advisory. I have also received a letter providing assurance on payments made by UKRI from the AO of the Office for Students (OfS). The assurance covers regularity, propriety, and value for money in higher education providers in England that are primarily regulated by the OfS. The assurances are that:

- higher education providers have appropriate arrangements for financial management and accounting to mitigate the risk that funds are not used for the purposes given
- based on the funding assurance work completed by OfS there are no reports from external auditors for the academic year 2024-25 that would indicate any concerns which would be of interest to UKRI in relation to compliance with the terms and conditions of revenue grant funding from UKRI

In addition to these assurances the OfS continued its processes to collect and validate annual Transparent Approach to Costing (TRAC) data returns, for 2024-25, and to deliver this data to UKRI. This work includes a review of institutional declarations of compliance with the TRAC requirements as set out in TRAC guidance.

Shared services assurance

UKSBS is a company wholly owned by its public sector customers and shareholders: Department for Business and Trade, Department of Energy Security and net zero, DSIT and UKRI. The company aims to provide efficient HR and payroll, finance, procurement, and IT business services.

We receive bi-annual assurance reports from UKSBS on the design and effectiveness of its internal control framework, and within the UKSBS Assurance Framework the company's overall assurance status for the second half of financial year 2024-25 remains at amber. UKSBS also receives its internal audit provision from GIAA and received three Substantial and three moderate audit opinions in the second half of 2024-25.

Quality assurance of business-critical models

Quality assurance of business-critical models is managed by the Analytical Leadership Group which identifies, reviews, and maintains a list of business-critical models. This approach utilises existing review processes and expertise within UKRI, with oversight from its Analytical Leadership Group, and aligns UKRI practice with recommendations and standards for analytical modelling as outlined in Managing Public Money, the MacPherson Review, and the Aqua Book.

National Audit Office – Value for Money study

The NAO undertook a Value for Money study entitled: 'UK Research and Innovation: providing support through grants – NAO report' during the second half of 2024-25. A draft report was being prepared at year end for factual accuracy checks ahead of a scheduled publication date of 14 May. UKRI were invited to attend a session of the Public Accounts Committee (PAC) on 5 June to discuss the report and recommendations.

The report outcomes and feedback from PAC will be disclosed in the 2025-26 Annual Report and Accounts.

Significant issues

UKRI defines significant issues as factors that may have impacted our performance or hindered our ability to fully achieve objectives within the financial year. These challenges can vary in nature and addressing them promptly is key to ensuring that UKRI can operate effectively.

Organisational change programmes

During 2024-25, significant efforts were made to improve delivery across our organisational change portfolio. Key technology programmes (SHARP and SBF) saw substantial progress. SHARP is now set for summer 2025 delivery. For SBF, while end to end operation has been delivered, core functionalities are still under development. Other advancements include strengthened governance, leadership programme development, and progress on Operating Model projects. Meeting our change programme goals within tight operational expenditure targets remains a significant challenge for 2024-25 and will continue into 2025-26.

Capacity and capability of staff

Staff capacity and capability remain areas of focus for UKRI, with retention and recruitment continuing to present challenges. These are being addressed through the implementation of our HR Strategy, which supports a high-performance culture in a safe and inclusive environment. This includes steps to build a more agile and resilient workforce, helping to reduce potential skill gaps and ease pressure on teams. We are also working to strengthen internal processes, including ongoing improvements in HR operations and the resolution of whistleblowing cases, to enhance overall effectiveness and staff confidence.

Geopolitical events

Increasing geopolitical complexity and uncertainty, including instability and conflict, continues to present challenges in the international landscape. This not only places pressures on R&I partnerships but potentially also presents supply chain and increased national security risks. International collaboration is fundamental to UKRI ensuring our researchers and innovators continue to deliver world leading R&I. We continue to develop our organisational resilience and ability to respond and remain adaptable in times of rapid change due to global challenges. We are updating and expanding our Trusted Research and Innovation programme, refining our approach to position UKRI strongly in the context of a dynamic and evolving landscape. In addition, we have been creating a positive and risk aware culture across our organisation and across the wider R&I ecosystem.

Global staff mobility

In response to the increasing complexity and risk associated with staff deployed internationally, UKRI has undertaken a thorough evaluation and analysis of its global mobility operations. This includes a detailed review of all offices and facilities where staff are based outside the UK, to ensure that appropriate control requirements are in place and that UKRI remains fully compliant with relevant international and local laws and regulations.

Over the course of the year there has been sustained attention and action at senior levels and we are reviewing and employing a robust global mobility policy for all aspects of UKRI's international activities and improving processes and functions. Throughout this process UKRI is working with global taxation experts, international employment law experts and external advisors to utilise this opportunity to improve and implement a new operating model for global mobility.

Managing programme and operational expenditure

Our ability to meet/achieve a year-end financial position in line with budget tolerances has been a significant issue over the course of the year demanding regular attention at ExCo. The risk of overspend remained high in December 2024 which resulted in an increase to the score of the UKRI Board level risk on the impact of a breakdown in financial control from medium to high. The action UKRI took brought its spend to within its financial control total in 2024-2025 with no overspend.

High priority NAO recommendations

The NAO Management Letter for 2023-24 included four high priority NAO recommendations, of which three had been carried over from previous years. Weaknesses in the UKRI Funding Assurance and Counter Fraud arrangements were first raised by NAO in 2021-22 and had not been sufficiently actioned. A new risk and assurance operating model was launched in September 2024 with specific actions to address these recommendations. The actions are intended to create enough progress by year end that NAO can reduce the rating from high to medium.

Conclusion

I have considered the accounts and evidence provided by colleagues across UKRI in the production of this Governance Statement as well as independent advice and assurance provided by our organisation's ARAC.

Based on the review outlined above, I conclude that UKRI has a sound system of governance, risk management and internal control that supports UKRI's aims and objectives for 2024-25.

Remuneration and Staff Report 2024–25

The Renumeration and Staff Report sets out the UKRI renumeration policy and shows how this policy has been implemented.

Remuneration Policy

The Chair and non-executive Board members receive a letter of appointment from our sponsoring Government department (Department for Science, Innovation and Technology, (DSIT).

They are not employees of UKRI although remuneration is made through UKRI payroll.

The sponsoring UK Government department advises UKRI of the rates they are required to pay, and these are reviewed with each new appointment. Board members may receive additional remuneration for attending advisory committees.

The Board Chair and Board members are defined as Office Holders. They are neither employees nor civil servants.

Appointments are usually made for up to four years. In exceptional cases members may be offered the possibility of re-appointment which cannot exceed ten years in total.

Appointments are non-pensionable and there are no superannuation payments relating to the fees paid to them. There is no compensation for loss of office.

Remuneration – Audited Information

Remuneration (£ per annum)	2024-25	2023-24
Board Chair	29,500	29,500
Board members	9,180	9,180
Board members with additional roles[1]	9,180	9,180
Board members (Innovate Council and ARAC Chair[2])	16,065	16,065
Board members (Board Investment Committee Chair[3])	14,688	-

Notes

1. Board members should not receive additional honoraria for roles on committees unless it takes them over their contracted 20-day per-annum commitment, in which case they should submit a claim for additional payment at the daily rate.
2. The Audit and Risk Assurance Committee (ARAC) Chair and Innovate Council member are an exception to the above rule and are entitled to an additional honorarium of £6,885 per year, with the expectation that these roles will require an additional 15 days of work.
3. The Board Investment Committee Chair is an exception to the above rule and is entitled to an additional honorarium of £5,508 per year, with the expectation that this role will require an additional 12 days of work. This role was discontinued during the year.

Board Honoraria – Audited Information

	Period of Appointment		Remuneration	Remuneration
Board Membership Name	From	To	£000s 2024-25	£000s 2023-24
Professor Julia Black	01 Apr 2018	20 Oct 2023	-	5-10
Lord David Willetts	01 Apr 2018	07 Nov 2023	-	5-10
Professor Sir Ian Boyd	20 Sep 2021	19 Sep 2024	0-5	5-10
Dr John Fingleton[1]	20 Sep 2021	19 Sep 2024	0-5	15-20
Professor Sir Anthony Finkelstein	20 Sep 2021	19 Sep 2024	0-5	5-10

Board Membership Name	Period of Appointment From	To	Remuneration £000s 2024-25	Remuneration £000s 2023-24
Priya Guha[2]	20 Sep 2021	19 Sep 2027	25-30	5-10
Ruwan Weerasekera[3]	20 Sep 2021	19 Sep 2027	30-35	5-10
Nigel Toon[4]	20 Sep 2021	19 Sep 2027	-	-
Sir Andrew Mackenzie	12 Jul 2021	12 Jul 2026	25-30	25-30
Professor Nola Hewitt-Dundas	01 Oct 2022	30 Sep 2028	5-10	5-10
Annie Callanan	28 Oct 2024	27 Oct 2027	0-5	-
Rita Dhut	28 Oct 2024	27 Oct 2028	0-5	-
The Baroness Bull CBE	01 Mar 2024	29 Feb 2028	5-10	-
Professor Jane Norman	28 Oct 2024	27 Oct 2028	0-5	-
Russell Schofield-Bezer	28 Oct 2024	27 Oct 2028	0-5	-
Professor Sir Ian Chapman[5]	01 Mar 2024	28 Feb 2025	5-10	-
Siobhan Peters[6]	29 Jun 2020		****	****
Professor Dame Ottoline Leyser[6]	29 Jun 2020	28 Jun 2025	****	****

Notes

1. Dr John Fingleton was the UKRI Innovation Champion, for which he declined to receive an honorarium. He received a separate honorarium as a member of Innovate UK Council until his tenure ended on 19 September 2024.
2. Priya Guha is Chair of BIC, for which she is entitled to an honorarium. This was back dated from 1 May 2022.
3. Ruwan Weerasekera is Chair of ARAC, for which he is entitled to an honorarium. This was back dated from 5 October 2021.
4. Nigel Toon has declined to receive honoraria during his tenure on the Board.
5. Professor Sir Ian Chapman was a member of the Board from March 2024 until February 2025 when he was announced as the incoming CEO of UKRI. He now sits as an observer until his tenure begins in summer 2025.
6. Siobhan Peters and Professor Dame Ottoline Leyser's remuneration is disclosed in the Senior Staff Remuneration Report.

Chief Executive Officer (CEO), Chief Finance Officer (CFO) and Executive Chairs

Ministerial appointments (CEO, CFO and Executive Chairs) have their initial remuneration package, both the basic pay and the performance-related pay element, agreed by the relevant DSIT minister.

The Nominations and Remuneration Committee (NomCo) provides advice and recommendations to DSIT on the performance element of the pay package, changes in basic pay for existing role-holders, and the package for new recruitment exercises. The Committee also reviews and oversees the expenses arrangements of these appointments. Inputs include scrutiny of performance, benchmarking, recruitment and retention issues, compliance with equality duties and overall efficiency and affordability.

This advice is exchanged between the Chair of UKRI and the DSIT Permanent Secretary, where the context of wider public sector pay policy and Managing Public Money rules are relevant factors in decision making. The final decision on the performance-related pay elements of these ministerial appointees is taken by the DSIT Permanent Secretary.

When setting remuneration policy, the NomCo reviews and has regard to pay and employment conditions across UKRI and the wider public sector, especially when determining annual salary increases. This includes the Senior Civil Service Pay Award practitioner guidance published annually by the Cabinet Office.

Other Senior Employees

The remuneration of other senior roles which existed before the formation of UKRI and transferred into UKRI on 1 April 2018 remained unchanged, with their previous pay arrangements protected.

The pay award dates for all senior employees and Executive Chairs were harmonised from 1 April 2020. A harmonised performance management system was also introduced from this date.

Remuneration for senior roles is linked to job weight, and a minimum salary for Deputy Director-equivalent posts has been introduced. The remuneration for new senior roles recruited into Medical Research Council (MRC) Institutes is in line with their legacy pay arrangements as agreed at the establishment of UKRI.

The role of NomCo is to ensure that remuneration arrangements support the strategic aims of UKRI and enable the recruitment, motivation and retention of senior staff, while complying with public-sector pay policy and other requirements.

Senior Staff Remuneration Table – Audited Information

	2024-25					2023-24				
	Salary	Bonus	Benefits in kind	Pension benefits	Total	Salary	Bonus	Benefits in kind	Pension benefits	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Professor Dame Ottoline Leyser – Chief Executive[1]	245-250	10-15	-	-	260-265	230-235	10-15	-	10	250-255
Siobhan Peters – Chief Finance Officer	180-185	5-10	-	113	305-310	170-175	5-10	-	105	235-240
Chris Ball – Chief People Officer[2]	200-205	-	-	-	200-205	230-235	-	-	-	230-235
Angela Paradise – Interim Chief People Officer[3]	70-75	-	-	-	70-75	-	-	-	-	-
Christine Ashton – Chief Information Officer	150-155	-	-	59	210-215	25-30	-	-	11	35-40
Emma Lindsell – Executive Director Strategy, Performance and Engagement (job share)[4]	15-20	-	-	1	15-20	85-90	-	-	24	110-115
Isobel Stephen – Executive Director Strategy, Performance and Engagement (job share)[5]	10-15	-	-	4	15-20	75-80	-	-	22	95-100
Daniel Shah – Chief of Investment Planning and Strategy (job share)[6]	115-120	5-10	-	62	185-190	-	-	-	-	-
Hugh Harris – Chief of Investment Planning and Strategy (job share)[7]	5-10	-	-	41	50-55	-	-	-	-	-
Poli Stuart-Lacey – Chief of External Affairs and Communication[8]	95-100	-	-	43	140-145	-	-	-	-	-
Tim Bianek – Chief Operating Officer[9]	110-115	-	-	167	275-280	125-130	-	-	59	165-170

	2024-25					2023-24				
	Salary	Bonus	Benefits in kind	Pension benefits	Total	Salary	Bonus	Benefits in kind	Pension benefits	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Professor Christopher Smith – AHRC Executive Chair[10]	160-165	5-10	-	22	190-195	130-135	-	-	26	155-160
Professor Melanie Welham – BBSRC Executive Chair[11]	-	-	-	-	-	45-50	10-15	-	10	70-75
Professor Guy Poppy – Interim BBSRC Executive Chair[12]	10-15	5-10	-	2	15-20	115-120	-	-	22	140-145
Professor Anne Ferguson-Smith – BBSRC Executive Chair[13]	100-105	-	-	40	140-145	-	-	-	-	-
Professor Alison Park – Interim ESRC Executive Chair[14]	-	-	-	-	-	20-25	5-10	-	40	30-35
Stian Westlake – ESRC Executive Chair	125-130	10-15	-	51	190-195	100-105	-	-	40	130-135
Professor Dame Lynn Gladden – EPSRC Executive Chair[15]	-	-	-	-	-	35-40	-	-	-	35-40
Professor Miles Padgett – Interim EPSRC Executive Chair[16]	-	-	-	-	-	60-65	-	-	13	70-75
Professor Charlotte Deane – EPSRC Executive Chair[17]	140-145	-	-	19	160-165	30-35	-	-	5	35-40
Indro Mukerjee – IUK CEO[18]	100-105	85-90	-	14	200-205	190-195	-	-	29	220-225
Dr Stella Peace – Interim IUK Executive Chair[19]	70-75	-	-	14	85-90	-	-	-	-	-
Professor John Iredale – Interim MRC Executive Chair[20]	-	-	-	-	-	65-70	-	-	-	65-70
Professor Patrick Chinnery – MRC Executive Chair[21]	165-170	-	-	24	190-195	75-80	-	-	11	90-95
Professor Sir Duncan Wingham – NERC Executive Chair[22]	-	-	-	-	-	35-40	-	-	10	35-40
Professor Peter Liss – Interim NERC Executive Chair[23]	-	-	-	-	-	100-105	-	-	-	100-105
Professor Louise Heathwaite – NERC Executive Chair[24]	140-145	-	-	20	160-165	5-10	-	-	1	5-10
Professor Dame Jessica Corner – Research England Executive Chair	160-165	20-25	-	61	240-245	155-160	15-20	-	60	220-225

	2024-25					2023-24				
	Salary	Bonus	Benefits in kind	Pension benefits	Total	Salary	Bonus	Benefits in kind	Pension benefits	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Professor Mark Thomson – STFC Executive Chair[25]	125-130	-	-	25	150-155	160-165	-	-	47	210-215
Professor Michele Dougherty – STFC Executive Chair[26]	35-40	-	-	5	40-45	-	-	-	-	-

Notes

1. Professor Dame Ottoline Leyser is an employee of the University of Cambridge and on secondment to UKRI. The values shown above are the amounts reimbursed (excluding Pension and National Insurance Contributions) to the University of Cambridge. VAT is payable on the total amount invoiced but is not included in the figures above.
2. Chris Ball was employed through an independent agency and does not belong to the available pension schemes. He is retained via a Crown Commercial Service Public Sector Resourcing framework contract. The amount shown in the table is the amount paid to the agency and is not the amount of remuneration paid to Chris Ball. His role has been assessed as being within scope of the IR35 regulations; consequently, Income Tax and National Insurance deductions are made at source by the independent agency that directly employs him in compliance with the IR35 regulations. His contract ended in January 2025.
3. Angela Paradise is employed through an independent agency and does not belong to the available pension schemes. She is retained via a Crown Commercial Service Public Sector Resourcing framework contract. The amount shown in the table is the amount paid to the agency and is not the amount of remuneration paid to Angela Paradise. Her role has been assessed as being within scope of the IR35 regulations; consequently, Income Tax and National Insurance deductions are made at source by the independent agency that directly employs her in compliance with the IR35 regulations. Her contract started in January 2025.
4. Emma Lindsell was employed in a 65% job share. Full Time Equivalent (FTE) salary banding is 130-135. Emma took a career break in June 2024.
5. Isobel Stephen was employed in a 58% job share. The FTE salary banding is 130-135. Isobel went on secondment in May 2024.
6. Daniel Shah covered the role of Executive Director for Strategy, Performance and Engagement from May 2024 to February 2025. In February 2025 he commenced the role of Chief of Investment Planning and Strategy (ChIPS) as a 80% job share with Hugh Harris. The FTE salary banding for the ChIPS role is 125-130.
7. Hugh Harris commenced the role of Chief of Investment Planning and Strategy (ChIPS) as a 80% job share with Daniel Shah in February 2025. The FTE salary banding for the ChIPS role is 125-130.
8. Poli Stuart-Lacey commenced the role of Chief of External Affairs and Communications in August 2024. The FYE salary banding is 140-145.
9. Tim Bianek stepped down as Chief Operating Officer in June 2024. The FYE salary banding was 125-130.
10. Professor Christopher Smith is an employee of the University of St Andrews and on secondment to UKRI. The values shown are the amounts reimbursed (excluding Pension and National Insurance Contributions) to the University of St Andrews. Value Added Tax (VAT) is payable on the total amount invoiced but is not included in the figures above.
11. Professor Melanie Welham stepped down as BBSRC Executive Chair in June 2023. The FYE salary banding was 150-155.
12. Professor Guy Poppy is an employee of the University of Southampton and is on secondment to UKRI. The values shown above are the amounts reimbursed (excluding Pension and National Insurance Contributions) to the University of Southampton. VAT is payable on the total amount invoiced but is not

included in the figures above. Professor Poppy covered the BBSRC Executive Chair position on an interim basis until June 2024. The FYE salary banding was 120-125.

13. Professor Anne Ferguson-Smith commenced the role of BBSRC Executive Chair in July 2024, her appointment was fixed for five years until 30 June 2029. The FYE salary banding is 130-135.
14. Professor Allison Park covered the ESRC Executive Chair position on an interim basis until June 2023. The FYE salary banding was 115-120.
15. Professor Dame Lynn Gladden is an employee of the University of Cambridge and was on secondment to UKRI. The values shown above are the amounts reimbursed (excluding Pension and National Insurance Contributions) to the University of Cambridge. VAT is payable on the total amount invoiced but is not included in the figures above. Professor Gladden left the role in June 2023. The FYE salary banding is 145-150.
16. Professor Miles Padgett is an employee of the University of Glasgow and was on secondment to UKRI. The values shown above are the amounts reimbursed (excluding Pension and National Insurance Contributions) to the University of Glasgow. VAT is payable on the total amount invoiced but is not included in the figures above. Professor Padgett covered the EPSRC Executive Chair position on an interim basis until December 2023. The FYE salary banding was 120-125.
17. Professor Charlotte Deane is an employee of the University of Oxford and is on secondment to UKRI. The values shown above are the amounts reimbursed (excluding Pension and National Insurance Contributions) to the University of Oxford. VAT is payable on the total amount invoiced but is not included in the figures above. Professor Deane commenced the role of EPSRC Executive Chair in January 2024.
18. Indro Mukerjee stepped down as IUK CEO in September 2024. The FYE banding was 190-195. Part of the bonus is a one-off Long-Term Incentive Plan set across 3 years.
19. Dr Stella Peace commenced the role of interim IUK Executive Chair in October 2024. The FYE banding is 145-150.
20. Professor John Iredale is an employee of the University of Bristol and was on secondment to UKRI. The values shown above are the amounts reimbursed (excluding Pension and National Insurance Contributions) to the University of Bristol. VAT is payable on the total amount invoiced but is not included in the figures above. Professor Iredale left the role in October 2023. The FYE salary banding was 135-140.
21. Professor Patrick Chinnery is an employee of the University of Cambridge and is on secondment to UKRI. The values shown above are the amounts reimbursed (excluding Pension and National Insurance Contributions) to the University of Cambridge. VAT is payable on the total amount invoiced but is not included in the figures above. Professor Chinnery commenced the role of MRC Executive Chair in October 2023. The FYE salary banding is 165-170.
22. Professor Sir Duncan Wingham stepped down as NERC Executive Chair in June 2023. The FYE salary banding was 160-165.
23. Professor Peter Liss covered the NERC Executive Chair position on an interim basis starting in June 2023 until March 2024. The FYE salary banding was 135-140.
24. Professor Louise Heathwaite is an employee of Lancaster University and is on secondment to UKRI. The values shown above are the amounts reimbursed (excluding Pension and National Insurance Contributions) to Lancaster University. VAT is payable on the total amount invoiced but is not included in the figures above. Professor Heathwaite commenced the role of NERC Executive Chair in March 2024.
25. Professor Mark Thomson is an employee of the University of Cambridge and was on secondment to UKRI. The values shown above are the amounts reimbursed (excluding Pension and National Insurance Contributions) to the University of Cambridge. VAT is payable on the total amount invoiced but is not included in the figures above. Professor Thomson stepped down as STFC Executive Chair in December 2024. The FYE salary banding was 160-165 .
26. Professor Michele Dougherty is an employee of Imperial College and is on secondment to UKRI. The values shown above are the amounts reimbursed (excluding Pension and National Insurance Contributions) to Imperial College. VAT is payable on the total amount invoiced but is not included in the figures above. Professor Dougherty commenced her role in January 2025. The FYE salary banding is 140-145.

In addition, please note:

- bonuses paid in the financial year 2024-25 relate to the performance year 2023-24, unless otherwise stated
- the value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decrease due to a transfer of pension rights. The pension benefit disclosure for secondees or those in a partnership pension scheme is not equivalent to the pension benefit.

Salary and Allowances, Benefits in Kind and Bonuses

Salary paid in 2024-25 includes salary and any allowances. It does not include severance payments, reimbursement of expenses, employer pension contributions or the cash equivalent transfer value of pensions.

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HMRC as a taxable emolument. There were no benefits in kind paid to any UKRI Executives in 2024-25 (Nil in 2023-24).

Decisions on whether to award non-consolidated performance awards to Directors are made by the CEO in conjunction with the NomCo. Decisions are strictly performance-based. They are made in accordance with the Cabinet Office's Guidance for the Approval of Senior Pay document, published in July 2023, and the Cabinet Office Senior Civil Service Pay Award Practitioner Guidance (Annual), as well as the annual Senior Salaries Review Board report and any guidance from HM Treasury, Cabinet Office or DSIT. Directors are awarded non-consolidated awards based on how well they achieved or exceeded the personal objectives given to them at the beginning of the appraisal period.

Awards to Directors for their 2024-25 performance will be paid in 2025-26, following the internal moderation processes, and will be included within next year's report.

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid Director in their organisation and the median remuneration of the organisation's workforce (see fair pay disclosure below).

Compensation on early retirement or loss of office for senior staff

Compensation for loss of office of £32,283 was paid during 2024-25. Individual payments are not disclosed as doing so would conflict with UKRI's legal obligation under the Data Protection Act 2018.

Senior Staff Pension Table – Audited Information

Chief Executive and Executive Chairs[1]	Accrued pension at pension age at 31 March 2025 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31 March 2025	CETV at 31 March 2024	Real increase in CETV	Employer contribution to partnership pension account	Accrued pension at pension age at 31 March 2024 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31 March 2024	CETV at 31 March 2023	Real increase in CETV	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	Nearest £100	£000	£000	£000	£000	£000	Nearest £100
Siobhan Peters – Chief Finance Officer	80-85 plus a lump sum of 40-45	5-7.5 plus a lump sum of 0-2.5	1,596	1,419	109	-	70-75 plus a lump sum of 35-40	5-7.5 plus a lump sum of 0-2.5	1,419	1,216	83	-
Christine Ashton – Chief Information Officer	0-5	2.5-5	72	11	49	-	0-5	0-2.5	11	0	9	-
Emma Lindsell – Executive Director of Strategy, Performance & Engagement (job share)	35-40 plus a lump sum of 100-105	0-2.5 plus a lump sum of 0	829	800	-1	-	35-40 plus a lump sum of 100-105	0-2.5 plus a lump sum of 0	800	720	13	-
Isobel Stephen – Executive Director of Strategy, Performance & Engagement (job share)	35-40 plus a lump sum of 95-100	0-2.5 plus a lump sum of 0	797	766	1	-	35-40 plus a lump sum of 95-100	0-2.5 plus a lump sum of 0	766	690	12	-
Daniel Shah – Chief of Investment Planning and Strategy (job share)	15-20	2.5-5	224	170	40	-	-	-	-	-	-	-
Hugh Harris – Chief of Investment Planning and Strategy (job share)	45-50	0-2.5	850	810	38	-	-	-	-	-	-	-
Poli Stuart-Lacey – Chief of External Affairs and Communication	5-10	2.5-5	117	79	30	-	-	-	-	-	-	-
Tim Bianek – Chief Operating Officer	50-55	7.5-10	1,038	862	169	-	40-45	2.5-5	862	743	45	-
Professor Melanie Welham – BBSRC Executive Chair	-	-	-	-	-		35-40	0-2.5	632	594	16	-
Professor Anne Ferguson-Smith – BBSRC Executive Chair	0-5	0-2.5	41	0	33	-	-	-	-	-	-	-
Professor Alison Park – ESRC Executive Chair	15-20	0-2.5	275	219	29	-	10-15	0-2.5	219	162	30	-
Stian Westlake – ESRC Executive Chair	5-10	2.5-5	73	31	30	-	0-5	0-2.5	31	-	23	-
Indro Mukerjee – IUK CEO[2]	-	-	-	-	-	14,800	-	-	-	-	-	28,500
Stella Peace – Interim IUK Executive Chair	-	-	-	-	-	14,200	-	-	-	-	-	-
Professor Sir Duncan Wingham – NERC Executive Chair	-	-	-	-	-	-	40-45	0-2.5	820	777	29	-
Professor Dame Jessica Corner – Research England Executive Chair	5-10	2.5-5	168	95	52	-	5-10	2.5-5	95	29	50	-

Notes

1. The above Senior Staff Pension Table shows pension data relating only to individuals paid through the UKRI payroll.
2. Member of partnership pension scheme.
3. Accrued pension benefits included in this table for any individual affected by the Public Service Pensions Remedy have been calculated based on their inclusion in the legacy scheme for the period between 1 April 2015 and 31 March 2022, following the McCloud judgment. The Public Service Pensions Remedy applies to individuals that were members, or eligible to be members, of a public service pension scheme on 31 March 2012 and were members of a public service pension scheme between 1 April 2015 and 31 March 2022. The basis for the calculation reflects the legal position that impacted members have been rolled back into the relevant legacy scheme for the remedy period, and that this will apply unless the member actively exercises their entitlement on retirement to decide instead to receive benefits calculated under the terms of the Alpha scheme for the period from 1 April 2015 to 31 March 2022.

Fair Pay Disclosure – Audited Information

Including an allowance component of £14,000 the banded remuneration of the highest-paid director in UKRI in the financial year 2024-25 was £260,000-£265,000. This is a 8.25% increase on last year's band of £240,000-£245,000. This was 5.77 times the median remuneration of the workforce. This is a slight increase from last year (2023-24 ratio of median salary was 5.68). The change to the ratio from 2023-24 to 2024-25 is a result of non-consolidated sum payment in addition to the CEO's Bonus, although the pay award was slightly smaller than the average pay award of other staff.

In 2024-25 no employees received remuneration in excess of the highest-paid Director. Remuneration ranged from £12,314 to £262,500. The salary only increase for CEO was 2% representing an increase in basic pay rates in line with the 2024-25 pay award (£236,742 in 24/25 rising from £232,100 in 23/24). The CEO only received an in-year bonus and no allowances. The bonus for this year was £14,000. representing an increase of 14.29 per cent. A non-consolidated payment of £11,837 was not included in the Hutton fair pay disclosure calculation as this was neither a bonus nor Performance related payment.

Excluding the highest paid Director, the average full time equivalent salary has increased by £2,381.78 from £47,146.19 to £49,527.97 an increase of 5.05%. This is the result of the 2024 pay award of 5%. Including the highest paid director the average full-time equivalent salary has increased by £2,406.71 from £47,146.19 to £49,552.90, an increase of 5.10%. This is the result of the 2024 pay award of 5%.

UKRI pay is awarded in line with the pay framework agreed with DSIT and consistent with Civil Service Pay Remit Guidance. Salaries are bound by grade banding and governed by policy and processes. The median pay ratio of 24/25 is therefore consistent with the pay, reward and progression policies for UKRI employees as a whole. Although the mean and all median points rose, the minimum paid salary fell due to an employee who is part of South Oxfordshire Food and Education Academy (SOFEA) and on a pre-apprentice scheme that is remunerated outside of the standard UKRI grade structure and pay scales (recorded as grade 'UKRI – N'). This workers salary will increase from 1 April 2025 when the national minimum wage for 16-year-olds increases.

The 2024 pay remit agreed with DSIT is in line with the Civil Service Pay Remit Guidance, 2024-25. We have taken the decision not to seek permission for increases beyond the guidance in 2024.

Fair Pay Disclosure – Audited Information

UKRI	2024-25 Total renumeration	2024-25 Pay Ratio	2024-25 Salary component	2024-25 Allowance component	2023-24 Total renumeration	2023-24 Pay Ratio	2023-24 Salary component	2023-24 Allowance component
Highest Paid Director*	£262,500.00	-	£235,000.00	£25,000.00	£245,000.00	-	£230,000.00	£15,000.00
Minimum	£ 12,313.60	21.32	£ 12,313.60	-	£13,470.00	18.19	£13,470.00	-
25th Percentile	£ 36,825.00	7.13	£ 36,825.00	-	£34,905.00	7.02	£34,905.00	-
Median	£ 45,487.00	5.77	£ 45,487.00	-	£43,116.00	5.68	£43,116.00	-
75th Percentile	£ 57,015.00	4.60	£ 57,015.00	-	£54,133.00	4.53	£54,133.00	-

*mid-point of banded remuneration (to nearest £5,000 banding applied to salary and allowance component).

Total Pay and Benefits	2024-25					2023-24				
	Highest Paid Director*	Minimum	Lower Quartile (25%)	Median (50%)	Upper Quartile (75%)	Highest Paid Director*	Minimum	Lower Quartile (25%)	Median (50%)	Upper Quartile (75%)
Renumeration	£262,500.00	£12,313.60	£36,825.00	£45,487.00	£57,015.00	£245,000.00	£13,470.00	£34,905.00	£43,116.00	£54,133.00
Ratio	-	21.32	7.13	5.77	4.60	-	18.19	7.02	5.68	4.53

Salary Only	2024-25					2023-24				
	Highest Paid Director*	Minimum	Lower Quartile (25%)	Median (50%)	Upper Quartile (75%)	Highest Paid Director*	Minimum	Lower Quartile (25%)	Median (50%)	Upper Quartile (75%)
Renumeration	£235,000.00	£12,313.60	£36,825.00	£45,487.00	£57,015.00	£230,000.00	£13,470.00	£34,905.00	£43,116.00	£54,133.00
Ratio	-	19.09	6.38	5.17	4.12	-	17.07	6.59	5.33	4.27

* mid-point of banded remuneration (to nearest £5,000 banding applied to salary and allowance component)

As a separate legal entity, Innovate UK Knowledge Transfer Network operating as Innovate UK Business Connect pay ratios and highest paid Directors are presented separately below:

IUKBC	Salary £	Pay Ratio	Salary component £	Allowance component
Highest Paid Director*	145,000	1.0	145,000	Nil
Minimum	24,150	6.0	24,150	Nil
25th Percentile	40,000	3.63	40,000	Nil
Median	50,364	2.88	50,364	Nil
75th Percentile	63,000	2.30	63,000	Nil

* mid-point of banded remuneration

Details of Pension Schemes

Most employees of UKRI are members of one of the three occupational pension schemes: the Research Councils Pension Scheme (RCPS), Medical Research Council Pension Scheme (MRCPS) and Civil Service Pension Scheme (CSPS).

UKRI complies with auto-enrolment legislation by enrolling eligible employees into a qualifying occupational pension scheme. Most staff employed by UKRI are entered into the CSPS arrangements.

Staff who are employed at MRC Institutes in Cambridge, London and Harwell are enrolled in the MRCPS. Staff who were previously employed by AHRC, BBSRC, EPSRC, ESRC, Innovate UK, MRC, NERC, Research England and STFC, who had their employment transferred to UKRI through a statutory staff Transfer Scheme on 1 April 2018, are entitled to remain in their pension scheme, including if they take up a new post on UKRI Terms and Conditions.

Members of Relevant Pension Schemes at 31 March 2025

RCPS	2,777
MRCP	1,112
CSPS	4,183

Research Councils Pension Scheme (RCPS)

The RCPS is a defined benefit scheme funded from employer and employee contributions and annual Grant-in-Aid from DSIT on a pay-as-you-go basis. The benefits are by analogy to the Principal Civil Service Pension Scheme (PCSPS), except that while the schemes provide retirement and related benefits based on final or average emoluments, redundancy and injury benefits are administered and funded by UKRI. The scheme is administered by the Joint Superannuation Service, with the associated Grant-in-Aid managed by UKRI. The scheme accounts are prepared by UKRI on behalf of the UKRI Chief Executive, as the Accounting Officer of the RCPS. Separate accounts are published for the pension scheme.

Employees may be in one of four defined benefit schemes: either a ‘Final Salary’ scheme (classic, classic plus or premium) or a Career Average scheme (nuvos). Pensions payable are increased annually in line with changes in the Consumer Price Index (CPI). Employees’ contributions vary between 4.6 and 8.05% depending on the employee’s earnings. The employer’s contribution is agreed by the RCPS Management Board on the recommendation of the Government Actuary’s Department (GAD) and is currently set at 26.0% of pensionable pay.

RCPS Employee Contribution Rates for 2024-25

Annualised Pensionable Earnings	Normal Member Contribution Rate (%)
Up to £34,199	4.60
£34,200 - £56,000	5.45
£56,001 - £150,000	7.35
£150,001 and above	8.05

The employer's contribution to the RCPS for 2024-25 was £35.4 million (2023-24: £39.8 million).

Contributions are set at a level that is expected to be sufficient to pay the required benefits falling due in the same period, with future benefits earned during the current period to be paid out of future contributions.

Formal actuarial valuations are used to determine employer and employee contribution rates. The RCPS Management Board commissioned the scheme actuary, the Government Actuary's Department (GAD) to undertake a new actuarial valuation as at 31 March 2022. The valuation reflects HMT 2023 Valuation Directions, including changes to the Superannuation Contributions Adjusted for Past Experience (SCAPE) discount rate announced in the Spring 2023 Budget, and demographic assumptions based on Office for National Statistics (ONS) mortality and population projections as well as scheme specific factors and assumptions proposed by GAD and approved by the RCPS Management Board. GAD completed the valuation in 2024 and the RCPS Management Board agreed that the current employer contribution rate of 26.0% shall be maintained

As an alternative to the RCPS, a Partnership Pension Account was made available to new staff from 1 October 2002, based on the portable Stakeholder Pension introduced by the Government in 2001. This is a defined contribution scheme. The employers pay the RCPS 0.8% of pensionable pay to cover death in service and ill-health benefits. The employers pay the balance to the employee's private pension provider. The employer contribution for 2024-25 was £1,164,670 (2023-24: £835,954). The employer's 0.8% death in service Partnership contribution for 2024-25 was £14,454 (2023-24: £15,048).

Further details of the RCPS can be found at http://jsspensions.nerc.ac.uk.

Medical Research Council Pension Scheme (MRCPS)

Details of the Medical Research Council Pension Scheme are disclosed in Note 11 of the Financial Statements.

Civil Service Pension Schemes

UKRI has a statutory requirement to participate in the Civil Service Pension Scheme (ref. Higher Education and Research Act 2017 Sch. 9 Para 8(6)). The Civil Service Pension arrangements comprise the PCSPS and alpha, a new scheme set up in April 2015. Generally, all new employees joining on UKRI Terms and Conditions are enrolled in the alpha pension scheme.

Alpha provides benefits on a career-average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher).

These statutory arrangements are unfunded, with the costs of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation.

Employee contributions are salary-related and range between 4.60 to 8.05%.

Civil Service Employee Contribution Rates for 2024-25

Annualised Pensionable Earnings	Normal Member Contribution Rate (%)
Up to £34,199	4.60
£34,200 - £56,000	5.45
£56,001 - £150,000	7.35
£150,001 and above	8.05

The accrued pension quoted is the pension that the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha.

The pension figures quoted for officials show pension earned in PCSPS or alpha, as appropriate. Where the employee has benefits in both the PCSPS and alpha, the figure quoted is the combined value of their benefits in the two schemes but note that part of that pension may be payable from different ages.

The scheme actuary valued the PCSPS as at 31 March 2020. Further details about the Civil Service Pension Scheme can be found at www.civilservicepensionscheme.org.uk.

During 2024-25, employer contributions of £48,490,435 (2023-24: £42,948,552) were payable to the Scheme at one of four rates up to 28.97% of pensionable earnings, based on salary bands.

Other Pension Schemes

UKRI also paid contributions during the year to five other multi-employer pension schemes for specific groups of employees. These schemes are:

- The Principal Non-Industrial Superannuation Scheme (PNISS) of the United Kingdom Atomic Energy Authority (UKAEA) (2 employees)
- The National Employment Saving Trust (NEST), the Government's workplace pension scheme (79 employees)
- RCPS Partnership Scottish Widows (27 employees)
- RCPS Partnership Standard Life (10 employees)
- CSPS Partnership Legal & General (97 employees)

Knowledge Transfer Network (KTN) Ltd, operating as Innovate UK Business Connect (IUKBC), operates a defined-contribution scheme, into which IUKBC makes employer contributions of up to 10%. The scheme is provided and administered by Scottish Widows (27 employees).

Cash Equivalent Transfer Value

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a point in time. The benefits valued are the member's accrued benefits and any contingent spouses' pension payable from the scheme.

A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

The figures shown in the senior staff pension table relate to the benefits that the individual has accrued because of their total membership of the pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service or buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008, and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real Increase in the Value of the CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, nor contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement), and it uses common market valuation factors for the start and end of the period.

Staff Report

Staff numbers – number of persons employed at 31 March 2025 – Audited information

	2024-25		2023-24	
UKRI	**Headcount**	**FTE**	**Headcount**	**FTE**
Permanent & fixed-term employees	8,542	8,244	8,361	8,063
Temporary & contract staff	412	384	407	376
Secondments	47	35	31	19
Total number of staff	**9,001**	**8,663**	**8,799**	**8,458**

Permanent staff headcount and FTE increased compared to last year. This increase was predominantly among permanent and fixed-term employees, although there were increases in other staff categories. The notable increase in secondments was driven mostly by increases in the Particle Physics and Hartree Centre areas of STFC. Continued reductions in operational staff expenditure, which closed the year at 2,580 permanent & fixed term FTE compared to 2,686 in 23/24, have been offset by rises in direct science research-facing areas.

Rises in direct science research-facing areas are an indication that a number of people initiatives such as the 'Talent Attraction Framework' and STEM Pay bands are addressing longstanding recruitment and retention challenges in direct science-facing roles. Outside of OpEx FTE, total FTE grew by 3%, (combined total of 5877 in 23/24 rising to 6082 in 24/25). reflecting increases in managed programmes delivered on behalf of government and in direct science facing institutes such as National Environment Research Council (NERC), British Antarctic Survey (BAS) and British Geological Survey (BGS), Science Technology and Facilities Council (STFC) and Medical Research Council, collectively increasing headcount in direct science research-facing areas.

As a separate employer IUKBC information is provided below:

	2024-25		2023-24	
IUKBC	**Headcount**	**FTE**	**Headcount**	**FTE**
Permanent & fixed-term employees	282	276	279	272.63
Temporary & contract staff	17	15	14	13.3
Secondments	1	1	2	2
Total number of staff	**300**	**292**	**295**	**287.93**

Headcount – permanent and fixed term employees during 2024/25 includes 10.5 FTEs delivering Programmes managed on behalf of other government departments and 1.4 FTE staff seconded to Innovate UK.

Staff related Costs – Audited Information

	2024-25			2023-24
UKRI	**Permanently employed Staff £000**	**Temporary staff £000**	**Total £000**	**Total £000**
Wages and salaries	408,134	43,286	451,420	432,074
Social security costs	49,908	0	49,908	43,854
Other pension costs	108,547	-	108,547	96,731
Sub total	566,589	43,286	609,875	572,658
Less recoveries in respect of outward secondments	(751)	-	(751)	(419)
Total	**565,838**	**43,286**	**609,124**	**572,239**

Staff related costs covers UKRI's total pay bill, which encompasses relevant expenditure for research facing and professional support staff, including staff costs at Innovate UK Business Connect added to the group in 2023–24. Our Organisation Strategic Objective includes a priority to make UKRI an efficient, effective, and agile organisation; this includes targets to reduce operating expenditure and professional support FTE. These costs are themselves a sub-set of our Staff related costs.

Sickness Absence

	2024-25		2023-24	
Sickness absence	**Days**	**Working days**	**Days**	**Working days**
Total days of absence	60,864	50,603	57,436	47,051
Frequency of absences lasting longer than 28 Days	389	389	352	352
Total days of long-term absence	23,872	-	102,702	96,731
Average days of sick absence per person in UKRI	7.3	6.0	6.7	5.4

UKRI's HR and management monitor employee sick absences continuously, with sickness absence followed up by a return-to-work interview in line with UKRI's sickness absence policy. Short-term and long-term absences are managed on a case-by-case basis, with appropriate support from an occupational health assessor based on referrals to Orchid Live. This is also supported by HR advice from the central team. At the end of March 2025, of the 236 open cases being supported by Central HR, 54 are principally related to an Occupational Health Referral. Across 2024-25, a total of 364 casework files were opened; of these 65 included an occupational health referral .

Following the end of work from home orders and the protective effect of social distancing, levels of recorded absence increased in 2021-22. Despite the increase, levels of recorded absence were still historically very low. Recorded absences continued to rise in 2023-24 and across 2024-25 they were comparable to pre-pandemic averages overall, although absence types show some variation compared to historical norms.

Although they have reduced significantly from highs in 2021-2022, COVID-19 accounts for 2% of all sickness absences across UKRI.

In 2024-25 the top three causes of sickness absence are as follows:

1. Minor Illness
2. Stress & Mental Ill-Health
3. Back Pain and Musculoskeletal injuries

Following a sustained period of lower rates in previous years, on average, staff lost 1.9 days to 'Minor Illness'. This is an increase of 0.3 average working days lost (AWDL) or 19% compared to 2023-24.

Stress & Mental ill-health is the second most common reason for sickness absence. This has also risen, but by a much smaller proportion than 'Minor Illness', from 1.1 to 1.2 AWDL (8% increase).

The rate of sickness for Back Pain and Musculoskeletal injuries is roughly equal to 2023-24 with 0.6 AWDL in both years.

UKRI recorded a number of COVID-19 instances across 24/25, but these accounted for only 2% of all UKRI sickness absences and were on a further downward trend towards the end of 2024-25.

Staff numbers by sex

UKRI Pay bands	Headcount				FTE			
	Male	Female	Unknown	Total	Male	Female	Unknown	Total
Directors (X&Y)	76	57		**133**	73	54		**127**
Senior managers (G&H)	351	247		**598**	337	238		**575**
Other employees (A-F)	4,387	3,744	139	**8,270**	4,286	3,540	135	**7,961**
Total	**4,814**	**4,048**	**139**	**9,001**	**4,696**	**3,832**	**135**	**8,663**

UKRI unknown male/female records are in relation to contingent employees who do not routinely complete this information.

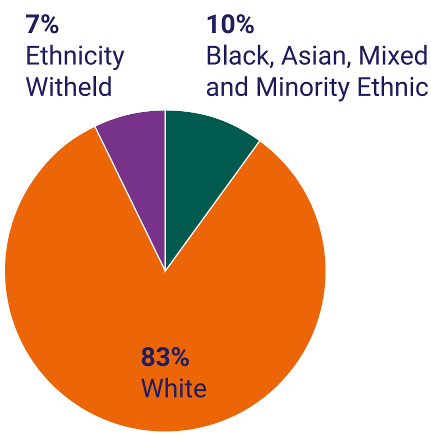
IUKBC Pay bands	Headcount				FTE			
	Male	Female	Unknown	Total	Male	Female	Unknown	Total
Directors (X&Y)	5	2	0	**7**	5	2	0	**7**
Senior managers (G&H)	13	14	2	**29**	13	13.4	2	**28.4**
Other employees (A-F)	109	138	24	**271**	106.2	136.7	21.8	**264.7**
Total	**127**	**154**	**26**	**307**	**124.2**	**152.1**	**23.8**	**300.1**

IUKBC employees are in the process of updating personal fields into their HR Information System.

Staff numbers by ethnicity

As at 31st March 2025, 5,173 (57%) staff members shared their ethnicity information (including those indicating that they wished to withhold information) on our central people and payroll systems.

Ethnic Group	Year-end number of staff	Percentage
Black, Asian, Mixed and minority ethnic	520	6%
White	4,271	47%
Ethnicity Withheld	382	4%
Ethnicity not reported	3,828	43%
Total	**9,001**	**-**



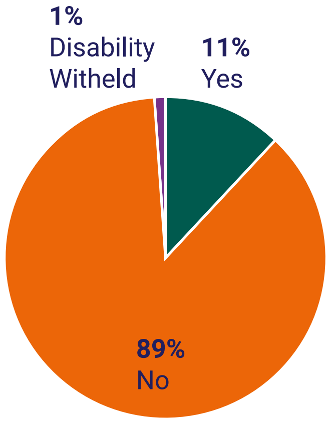
Distribution of Staff Sharing Ethnicity Details

To be consistent with the Higher Education Statistical Authority (HESA, the body responsible for the analysis of higher education in the UK and a useful comparator/benchmark for UKRI), census categories and other public bodies, UKRI uses the term, 'black, Asian, mixed and minority ethnic' when presenting summary data rather than using the specific categories of data collected.

Staff numbers by disability

As at 31 March 2025, 2,249 (25%) staff members shared their disability identity on our central people and payroll systems.

Disability	Year end staff	Percentage
Yes	279	3%
No	1,956	22%
Disability withheld	14	0%
Disability not reported	6,752	75%
Total	**9,001**	**-**



Distribution of Staff Sharing Disability Details

Staff turnover

Turnover	2024-25	2023-24
All staff turnover	13.5%	13.8%
Employee turnover	10.4%	10.4%
Resignation rate	**4.8%**	**6.8%**

Turnover in 2024-25 was very similar overall compared to 2023-24, with changes to historical patterns of exits in science-facing areas being sustained for a second year and turnover rates now consistently comparable to professional support roles. This has been attributed to the impact of people initiatives such as the STEM pay scale introduction, Talent Attraction Framework and other local retention initiatives.

UKRI has some known turnover hotspots:

Despite the significant improvements, turnover is above appetite in STEM areas. We believe that for junior staff the perceived lack of career progression and pay progression are key drivers; and for world-class senior scientists, we still cannot directly compete on pay rates. UKRI has initiated a number of interventions to address this. In partnership with DSIT, the STEM pay case has reduced compensation disparities with our competitors, particularly across specialist and niche technical areas. Further steps on pay include aims to link pay to competences and career development to ensure key talent investments are retained.

In research-facing roles, turnover is typically highest within the early career grades (Bands A-D). Turnover then declines in the junior leadership (Bands E and F). Band F has the lowest average turnover for research-facing roles.

Given the challenges in recruiting 'science' staff we would consider all turnover in these areas to be 'high', but targeted resourcing activity and initiatives such as the 'talent attraction framework' have ensured the staffing levels in these areas are mostly stable or growing.

Conversely in professional support areas, Band F has one of the highest turnover rates, but it is increasing in all bands. There are particularly elevated rates of turnover within IT & Systems, Change & Projects, Analysis and Estates functions.

Turnover is highest in 'Other' grades which are comprised of contingent labour and other temporary non-standard contracts (such as NERC Mariners). The short duration of these contracts and the points at which they are retained mean that turnover in specific areas can exceed 100% in a year. Although this means the turnover rate is high, these are largely planned exits to project timetables and no specific action is being undertaken to change these rates.

Reporting of civil service and other comprehensive schemes – exit packages

Audited Information

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total no. of exit packages by cost band	
	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24
<£10k	0	2	13	9	13	11
£10k - £25k	1	3	36	12	37	15
£25k - £50k	3	4	32	5	35	9
£50k - £100k	1	0	51	3	52	3
£100k - £150k	0	0	3	0	3	0
£150k+	0	0	1	0	1	0
Total no. by type	5	9	136	29	141	38
Total value of exit packages accounted for in year (£)	**187,835**	**205,704**	**6,381,604**	**623,862**	**6,569,439**	**829,567**

Exit costs have been paid in accordance with either the provisions of the Research Councils Compensation Scheme, which mirrors the terms of the Principal Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972, or the provisions of the Medical Research Council Redundancy Compensation Scheme.

Cabinet Office approval was granted to run a voluntary exit scheme in 2024-25 and this was launched in May 2024. The scheme was designed to support UKRI's reshape and realignment following a period of contraction in Operational Expenditure FTE across the Civil Service 2020 Spending Review period. Occupants of roles identified as in scope were contacted directly and supported to make application decisions ahead of an application closing date of 5 June. This first phase exited 50 staff from a pool of around 300 roles in Q3 & Q4 of 2024-25. Following this, a second phase was launched which approved exits for an additional 27 staff who exited on 31 March 2025. 2023-24 figures have been updated to take into account an exit package that was omitted.

Health and Safety

We work together in innovative ways to deliver an ambitious agenda, drawing on our great depth and breadth of expertise and the enormous diversity of our portfolio. We strive to maintain the highest levels of Health, Safety and Wellbeing for our employees and all who work with us.

Performance – Health & Safety

The organisation, especially for office-based staff, has seen a shift in working styles to a more agile and hybrid approach, and the H&S teams support our people to continue to work safely. In our operational research environments, we were pleased that STFC Rutherford Appleton and Daresbury Laboratories won a Patrons Award in 2024 for 25 years of high standards from the Royal Society for the Prevention of Accidents (RoSPA) in Research and Development, following previous wins and highly commended awards. Within the Natural Environment Research Council, the British Antarctic Survey and British Geological Survey have continued to be certified to the ISO 45001 standard for H&S Management Systems, an important safeguard for the work they carry out.

We continue to operate a whole UKRI H&S programme with distinct elements for our major operating environments in a federated model. Our H&S Management Committee (HSMC) and H&S Consultation Committee (HSCC) received regular performance reporting on H&S management system, carried out a review of H&S policy, and oversaw a programme of cross-organisation audits in relation to specific H&S hazards. Progress and performance were reported onwards to ExCo, ARAC and the UKRI Board.

Both injury and non-injury incident numbers increased slightly this Financial Year (FY). This translates to the average injury incident rate being 29.1 per 1,000 staff and non-injury rate of 142 per 1000 staff. Most incidents are of a minor nature. Seven injury and illness incidents were reported to the Health and Safety Executive (HSE), and one incident was reported to the Marine Accident Investigation Branch (MAIB) which is lower than FY 2023/24 and the former is below the HSE's published national figure. Whilst no enforcement action was taken during the year to 31 March 2025, a HSE Improvement Notice was received shortly after the year end in respect of exposure to metal working fluid under The Control of Substances Hazardous to Health Regulations 2002, Regulation 7 (1); an action plan is now in place to respond to the Improvement Notice.

Expenditure on consultancy

Expenditure on consultancy in 2024-25 was £105,659 (2023-24: £59,359).

Expenditure on contingent labour

Expenditure on contingent labour in 2024-25 was £43.6 million (2023-24: £49.9 million). Consultancy spend largely relates to support for the UKRI transformation agenda including Simpler Better Funding and SHARP.

Off payroll engagements (more than £245 per day and longer than six months)

All payroll workers at UKRI are on arrangements in which supplier agencies process their payments through PAYE to ensure full tax compliance. The only exception to this is in the rare cases where the HMRC tool has shown that an off-payroll workers engagement arrangements fall outside of the scope of the intermediaries legislation IR35.

Seven workers were identified as being subject to this circumstance in 2024-25 all of which were paid more than £245 per day and were still retained on 31st March 2025. All workers identified were subject to off-payroll legislation.

Table 1: Highly paid off-payroll worker engagements as at 31 March 2025, earning £245 per day or greater

	UKRI
No. of existing engagements as of 31 March 2025	231
Of which	
No. that have existed for less than one year at time of reporting.	66
No. that have existed for between one and two years at time of reporting.	53
No. that have existed for between two and three years at time of reporting.	51
No. that have existed for between three and four years at time of reporting.	27
No. that have existed for four or more years at time of reporting.	34

Table 2: All highly paid off-payroll workers engaged at any point during the year ended 31 March 2025, earning £245 per day or greater.

	UKRI – ALB
No. of temporary off-payroll workers engaged during the year ended 31 March 2025	398
Of which	
Not subject to off-payroll legislation	0
Subject to off-payroll legislation and determined as in-scope of IR35	391
Subject to off-payroll legislation and determined as out-of-scope of IR35	7
No. of engagements reassessed for compliance or assurance purposes during the year	118
Of which: no. of engagements that saw a change to IR35 status following review.	5

Table 3: Off-payroll engagements of Board members, and/or, senior officials with significant financial responsibility, between 1 April 2024 and 31 March 2025

	UKRI – ALB
No. of off-payroll engagements of Board members, and/or, senior officials with significant financial responsibility, during the financial year.	9
Total no. of individuals on payroll and off-payroll that have been deemed "board members, and/or, senior officials with significant financial responsibility", during the financial year. This figure should include both on payroll and off-payroll engagements.	25

The senior leaders with significant financial responsibility have been restricted to ExCo members (these are 15 individuals – including the ChiPS job share) and 10 Board members.

Of the 15 ExCo Members, seven are off-payroll. Professor Dame Ottoline Leyser, Professor Patrick Chinnery, and Professor Mark Thomson are seconded into UKRI from the University of Cambridge. Professor Christopher Smith is seconded from the University of St Andrews, Professor Charlotte Deane is seconded from the University of Oxford, Professor Louise Haithwaite is seconded from the University of Lancaster and Professor Michele Dougherty is seconded from Imperial College. All are on their respective employers' payrolls with costs recovered from UKRI. These secondment arrangements are necessary due to UKRI's nature of business need for specific expertise experience required, and is critical for time sensitive projects and to ensure continuity over the course of these programmes necessitating extension of such off-payroll arrangements.

In addition to Exco members seconded into UKRI, Chris Ball was appointed as Chief People Office in March 2022 following the departure of the previous post holder and was retained on an interim basis and paid on an invoice basis via PSR until end of January 2025. He was replaced by Angela Paradise who is also retained on interim basis from January 2025 and paid on an invoice basis via PSR.

Employee Engagement

People are central to the success of UKRI, and the organisation is working to establish a range of communications and engagement channels to ensure staff understand the importance of what they do and can connect their contributions to the success of UKRI's strategic objectives. We are committed to effective engagement with staff and taking forward their suggestions and ideas. We do this through:

- day to day leadership and management at every level in the organisation
- an effective partnership with recognised Trade Unions through a Joint National Consultative Committee, who represent staff on a range of matters including pay, benefits, pensions and organisational change
- regular updates to staff by senior executives which is accessible by all staff irrespective of their working location. This provides staff with updates on UKRI-wide initiatives and also provides the opportunity for employees to ask challenging questions of the executive
- 'The Source' providing a central online portal for all UKRI staff covering news, events and resources, complemented by additional material for each constituent council
- the 'Yammer' platform, facilitating networking and social interaction among UKRI staff.

People Survey

As a Non-Departmental Public Body UKRI does not participate in the Civil Service People Survey.

Through an independent market research company, DJS, UKRI ran the 2024 People Survey, and Psychological Safety pulse survey, these surveys provide an opportunity for understanding what our staff think of working at UKRI.

Participation in 2024 increased compared to 2023,. overall, the results are more positive, with significant gains in areas like pay and benefits. Of the 18 key themes within the survey 9 showed improvements over 2023. The remainder were unchanged or were changed slightly and no longer directly comparable to 2023. UKRI's Engagement Index, which measures emotional investment and commitment to UKRI, also rose. UKRI not only maintained strengths from last year but also made improvements in Leadership, My Work, and Health, Safety, and Wellbeing. Scores for Objectives and Purpose at both UKRI and council levels, as well as for Senior Leadership, have also improved.

Managing Change saw a slight increase in scores, though it remains one of the lowest-scoring areas. More people believe action was taken on last year's results and expect action on this year's results. As in previous years, there are significant variations in responses at the local council level, which will be explored further when the full data sets are available.

Local areas across UKRI developed o action plans in response to the 2024 people survey with deadlines for development of action plans being extended in August and published in November 2024 following endorsement by ExCo.

Average scores per survey theme (1)

Engagement index (UKRI)	Engagement index (council/area)	My work	Objectives and purpose	My manager
58 Difference to: UKRI 2023: +2 Civil Service: -2	**66** Difference to: UKRI 2023: n/a	**75** Difference to: UKRI 2023: +1	**62** Difference to: UKRI 2023: 0	**79** Difference to UKRI 2023: n/a
Support for managers	**My team**	**Learning and personal development**	**Pay and benefits**	**Resources and workload**
73 Difference to: UKRI 2023: +1	**80** Difference to: UKRI 2023: n/a	**57** Difference to: UKRI 2023: +2	**46** Difference to UKRI 2023: +13	**67** Difference to UKRI 2023: +1

Average scores per survey theme (2)

Inclusion and fair treatment	Senior leadership within UKRI	Senior leadership within Council	Health, safety and wellbeing*
73 Difference to: UKRI 2023: +1	**55** Difference to: UKRI 2023: +2	**60** Difference to: UKRI 2023: n/a	**67** Difference to: UKRI 2023: +1
Managing change	**Organisational culture**	**Experienced discrimination**	**Experienced bullying or harassment**
54 Difference to: UKRI 2023: n/a	**73** Difference to: UKRI 2023: n/a	**5%** Difference to: UKRI 2023: 0 Approx. 470 colleagues	**7%** Difference to UKRI 2023: 0 Approx. 610 colleagues

* What contributes to the health, safety and wellbeing score? For this score, a higher number represents a greater sense of health, safety and wellbeing among colleagues.

Staff Policies

Policies are being reviewed and updated to reflect best practice and improve clarity of language. They incorporate feedback from staff, staff networks, HR and Trade Unions.

Learning and Development

Learning and development (L&D) opportunities are available to all UKRI employees, covering core skills, compliance training, leadership and management development, vocational training, apprenticeships and specialist skills.

As part of UKRI's future workspace discussions, uncertainty from line managers, particularly around having re-entry conversations and the structuring of work in a hybrid world, was tackled through extended support from the L&D team. The team implemented a range of activities and signposted line managers to them. These activities, supported line managers as individuals, as well as providing team and self-directed support.

Leadership training programmes have been a particular focus in UKRI in 2024-25

They included follow ups to the 2023-24 launches of Leadership Through Change Phase 2 & conclusion of Emerging Leadership Programme (ELP) and Inspirational Leadership Programme (ILP) pilots, with additional schemes being run based on findings from the 2023-24 pilots. These initiatives are a suite of leadership development programmes connected with the purpose of equipping leaders throughout UKRI to drive the changes required to achieve our vision of fostering an outstanding research and innovation system in the UK.

Analysis of the 2024-25 scheme indicates that the leadership training positively affects promotion with the increase in promotion from Internal moves and Intra-area moves. Additionally, there is a high proportion of level transfer from both internal move and intra-area moves, showing a correlation between staff mobility and these programmes.

Wellbeing

The UKRI Wellbeing team has responsibility for leading wellbeing activities and initiatives across UKRI, signposting resources to support line managers in having confident conversations with their teams.

UKRI's Wellbeing Plan aims to create a healthy workplace that supports the physical, mental, social, and financial wellbeing of our people through which they can flourish and reach their potential. This will in turn create a healthier and more resilient workforce, who can deliver UKRI priorities and contribute to UKRI's strategic objective to create a world-class organisation.

UKRI has increased coverage of 'wellbeing champions' throughout 2024-25. These champions encourage a clear and consistent approach to wellbeing across UKRI, enabling activity to be aligned to the needs of both the organisation and those of our employees.

This approach enables local areas to structure their wellbeing provision, to be consistent and to measure the impact of wellbeing interventions across UKRI.

The benefits of an effective wellbeing support include a reduction in absenteeism, creating a happier workforce, boosting productivity and motivation, attracting and retaining talent, and improving employee engagement. All are essential to UKRI's Employee Experience and successful delivery of our strategy.

Equality, diversity and inclusion (EDI)

Our Workforce equality, diversity and inclusion plan sets out how we will build a more inclusive culture at UKRI, with opportunity for all, and the diversity of ideas, approaches and experience we need to be a world-class organisation. We have been able to drive this work through a series of projects understanding staff experiences and started to develop more targeted actions to make UKRI a more inclusive organisation, where everyone feels able to contribute their ideas and listen to those of others.

UK Research and Innovation (UKRI) is a Disability Confident employer, committed to supporting disabled applicants and staff. UKRI is part of the Disability Confident scheme, which encourages employers to improve how they recruit, retain, and develop disabled people. UKRI offers an interview to disabled applicants who meet the essential criteria for a role, demonstrating their commitment to inclusivity.

Trade Unions

UKRI has a recognition agreement with the following Trade Unions: the British Medical Association (BMA), the FDA, Prospect, the Public and Commercial Services Union (PCS), Unite the Union (Unite), The University and College Union (UCU), Nautilus International (Nautilus), and The Rail, Maritime and Transport Union (RMT) for the purposes of collective bargaining. UKRI also recognises the Independent Pilots' Union (IPA) for collective bargaining with the BAS pilots. UKRI engages with unions through a Joint Negotiation and Consultative Committee at an organisational level, Local Joint Consultative Committees at some sites, and Joint Council Consultative Committees at Council level.

34 UKRI employees by headcount (33 FTE) spent a portion of their working hours on facility time in 2024-25. No employees spent more than 50% of their time on facility time. Of the employees who dedicated time to facility time activities the average contribution was 4.1% and amounted to less than 0.01% of all employee activity.

As UKRI has increased in size, so have the number of TU representatives. These representatives are spending less time each on average, but more time in total is attributed to TU facility time. Among these representatives a small cohort has been undertaking consultation work on our Voluntary Exit Scheme activity and in relation to deployment of SHARP. This has resulted in an increase in facility time cost in 2024-25 when compared to 2023-24.

Table 1 Relevant Trade Union officials

No. of employees	FT equivalent
34	33

Table 2 Percentage of time spent on facility time

% time	Number of employees
0-0.9 %	14
1-50 %	20
51-99 %	0
100%	0
Total	**34**

Table 3 Facility time cost

Total cost of facility time £	£66,326
Total pay bill £	
% of total pay bill	

Table 4 Facility time as % of total time

(Total facility time hours / total hours of TU officials) x 100	4.1%

Senior civil servant* pay structure

Minimum (£)	Maximum (£)	Number of staff*	On payroll	Off payroll
£70,001	£80,000	-	-	-
£80,001	£90,000	9	9	-
£90,001	£100,000	34	33	1
£100,001	£110,000	38	36	2
£110,000	£120,000	12	11	1
£120,001	£130,000	21	21	-
£130,001	£140,000	8	8	-
£140,001	£150,000	9	8	1
£150,001	£160,000	2	1	1
£160,001	£170,000	4	3	1
£170,001	£180,000	2	-	2
£180,001	£190,000	1	1	-
£190,001	£200,000	0	-	-
£200,001	-	2	-	2

* Based on full time equivalent salary as at 31 March 2025 not pro-rata amount. SCS's are identified based on UKRI band equivalents X, Y or Contingent Labour 'Other' bands where the CL occupant has line management responsibility equivalent to a substantive senior civil servant.

Parliamentary Accountability and Audit Report

The Parliamentary Accountability and Audit Report brings together key accountability documents including:

- Parliamentary accountability disclosures
- The Certificate and Report of the Comptroller and Auditor General to the House of Commons

Regularity of expenditure

UKRI expenditure is compliant with the framework of authorities against which we are audited. This includes any relevant legislation, legal principles, such as subsidy control, procurement law or other legal requirements and HM Treasury consent where required.

Losses and Special Payments – Audited Information

The total losses and special payments incurred by UKRI in the year were £416,947 (2023-24: £556,910). This includes 10 special payments (of which two were compensation payments) made during 2024-25. There were no individual losses or special payments above £300,000.

Gifts

There were no gifts made by UKRI above £300,000.

Remote Contingent Liabilities – Audited Information

In addition to contingent liabilities reported within the meaning of IAS 37, we also report liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of contingent liability.

UKRI had one remote contingent liability at 31 March 2025.

UKRI (STFC) collaborates with international partners in the funding, management and operation of technical facilities which are not owned by UKRI. In the event of a decision to withdraw from any of these arrangements, it is likely that UKRI would assist in the search for a replacement partner to ensure that technical commitments were met. The most significant international collaborations are in respect of the European Organisation for Nuclear Research (CERN) and the European Southern Observatory (ESO). For both facilities there is the possibility that we would be obliged to contribute to decommissioning costs arising from a decision taken to discontinue operations. The decisions to decommission are not wholly within UKRI's control.

Audit Fees – Audited Information

The cost of the external audit for UKRI was £548,000 (2023-24: £528,000), the statutory audit fee for STFC Innovations Ltd (SIL) was £17,500 (2023-24: £10,400), the statutory audit fee for Innovate UK Loans Limited (IUKLL) was £147,000 of which £22,000 relates to extra audit work undertaken in 2023-24 (2023-24: £137,500) and the statutory audit fee for Innovate UK Business Connect (IUKBC) was £29,750 (2032-24 £27,250). During the year, £5,000 has been accrued for the statutory audit of one predecessor body not closed at 31 March 2025. All of the above fees exclude VAT. VAT is charged to UKRI and the predecessor bodies at 0% and IUKLL, SIL and IUKBC at 20%.

Remuneration of £3,500 (2023-24 £3,250) for IUKBC's external auditors and £6,000 (2023-24 £11,925) for SIL's external auditors for non-audit work carried out for IUKBC and SIL respectively; these figures exclude VAT charged at 20%.

Fees and Charges – Audited Information

Fees are set to comply with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information guidance.

Facilities are offered to European Union users, commercial users and external users. Users are charged a unit cost based on direct operating costs and annual quantity of access, with an allowance for overheads.

Disclosure does not include recovery from other bodies to cover direct costs of grants paid from programmes funded jointly with other organisations.

We have identified £48,681,045 material items to which disclosure requirements apply in 2024-25.

STFC – Other income

Programme delivery, scientific facilities, goods and services are offered to European Union users, other government departments, commercial users and external users.

The default position for facilities, goods and services provided is that users are charged a cost based on direct operating costs and annual quantity of access, with an allowance for overheads to achieve full economic cost recovery.

Prices for facilities, goods and services provided by STFC are calculated to differentiate between the type of service and access charged for.

Innovate UK – programme delivery recharge

Innovate UK recharged Other Government Departments to recover the costs arising from the evaluation, assessment and monitoring of grants issued to meet the common policy objectives of UKRI and relevant Other Government Departments and EU grant awarders.

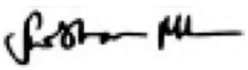
Agreements with Other Government Departments relating to revenue seek to cover incurred direct and indirect costs, either by direct recharge of costs incurred retrospectively or via a formula contribution to costs associated with the programme.

No subsidy or overcharging arose from provisions of relevant facilities, goods and services.

Income Item	£	Description
STFC – other income	£29,623,785	Charged for facilities and goods and services
Innovate UK – programme delivery recharge	£19,057,260	Recharges for grant delivery costs

Government Functional Standards

Government Functions enable excellence and consistency in the delivery of public services. Functional standards are set by each function to provide direction and advice for people working in and with the UK government. They bring together and clarify what needs to be done, and why, for different types of functional work. They are mandated for use in departments and their arm's length bodies. UKRI maintains self-assessments against each functional standard and actions are in place to better align to functional standards where our practices are not consistent with mandatory requirements.



Siobhan Peters
UKRI Interim Accounting Officer
8 July 2025

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

Opinion on financial statements

I certify that I have audited the financial statements of United Kingdom Research and Innovation and its Group for the year ended 31 March 2025 under the Higher Education and Research Act 2017.

The financial statements comprise United Kingdom Research and Innovation and its Group's:

- Consolidated Statement of Financial Position as at 31 March 2025;
- Consolidated Statement of Comprehensive Net Expenditure, Consolidated Statement of Cash Flows and Consolidated Statement of Changes in Total Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted International Accounting Standards

In my opinion, the financial statements:

- give a true and fair view of the state of United Kingdom Research and Innovation and its Group's affairs as at 31 March 2025 and their net expenditure for the year then ended; and
- have been properly prepared in accordance with the Higher Education and Research Act 2017 and Secretary of State directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2024). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2024. I am independent of United Kingdom Research and Innovation and its Group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that United Kingdom Research and Innovation and its Group's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on United Kingdom Research and Innovation and its Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for United Kingdom Research and Innovation and its Group is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

Other Information

The other information comprises information included in the Annual Report, but does not include the financial statements and my auditor's certificate thereon. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Higher Education and Research Act 2017.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with Secretary of State directions made under the Higher Education and Research Act 2017; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of United Kingdom Research and Innovation and its Group and their environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept by United Kingdom Research and Innovation and its Group or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or the parts of the Remuneration and Staff Report to be audited are not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within United Kingdom Research and Innovation and its Group from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements which give a true and fair view in accordance with Secretary of State directions issued under the Higher Education and Research Act 2017;
- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with Secretary of State directions issued under the Higher Education and Research Act 2017; and
- assessing United Kingdom Research and Innovation and its Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by United Kingdom Research and Innovation and its Group will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Higher Education and Research Act 2017.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of United Kingdom Research and Innovation and its Group's accounting policies.
- inquired of management, United Kingdom Research and Innovation's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to United Kingdom Research and Innovation and its Group's policies and procedures on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of fraud; and

  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including United Kingdom Research and Innovation and its Group's controls relating to United Kingdom Research and Innovation's compliance with the Higher Education and Research Act 2017 and Managing Public Money;
- inquired of management, United Kingdom Research and Innovation's head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations;
  - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team including relevant component audit teams regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within United Kingdom Research and Innovation and its Group for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, bias in management estimates and recognition of grant expenditure. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of United Kingdom Research and Innovation and its Group's framework of authority and other legal and regulatory frameworks in which United Kingdom Research and Innovation and its Group operate. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of United Kingdom Research and Innovation and its Group. The key laws and regulations I considered in this context included the Higher Education and Research Act 2017, Managing Public Money, employment law, pensions legislation and tax legislation.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management and the Audit Risk and Assurance Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- I reviewed the reports produced by the in-house Funding Assurance teams and made enquiries of management based on my review.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including relevant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies **Date: 11 July 2025**
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London SW1W 9SP

Researchers at Imperial College London are developing a quantum sensor to accurately pinpoint locations underground and underwater, where satellite signals are blocked. Tested on the London Underground, this project aims to create a reliable, standalone navigation tool, backed by UKRI as part of the UK National Quantum Technologies Programme.

4. Financial Statements

Consolidated Statement of Comprehensive Net Expenditure

for the year ended 31 March 2025

	Note	2024-25 UKRI £000	2024-25 Consolidated £000	2023-24 UKRI £000	2023-24 Consolidated £000
Total operating income	3	(868,770)	(925,187)	(638,838)	(693,611)
Staff costs	4	594,851	616,687	553,330	574,008
Purchase of Goods and services	5.1	750,426	765,680	736,317	751,056
Depreciation and impairment charges	5.2	225,067	236,258	253,647	263,776
Research and Innovation	5.3	9,202,306	9,208,247	8,468,390	8,470,025
Provision expense	5.4	12,858	13,027	(19,009)	(17,371)
Other operating expenditure	5.5	(36,461)	(36,397)	14,834	14,765
		10,749,047	10,803,502	10,007,509	10,056,259
Net operating expenditure		**9,880,277**	**9,878,315**	**9,368,671**	**9,362,648**
Taxation	6	9,232	9,196	225	(24)
Finance income		(1,623)	(6,423)	(686)	3,232
Finance expenditure		(29,054)	(21,836)	(28,061)	(24,538)
Net expenditure for the period		**9,858,832**	**9,859,252**	**9,340,149**	**9,341,318**
Other comprehensive expenditure					
Net (gain)/loss on revaluation of property, plant and equipment		(49,986)	(49,986)	(62,325)	(62,325)
Net loss/(gain) on revaluation of intangible assets		(84,572)	(84,572)	(9,454)	(9,454)
Net (gain)/loss on revaluation of investments		5,679	7,830	(93,156)	(93,156)
Actuarial (gain)/loss on defined benefit pension plan		(48,984)	(48,984)	(36,478)	(36,478)
Total comprehensive net expenditure for the period		**9,680,969**	**9,683,540**	**9,138,736**	**9,139,905**

The notes on pages 126 to 170 form part of these accounts

Consolidated Statement of Financial Position

for the year ended 31 March 2025

	Note	2024-25 UKRI £000	2024-25 Consolidated £000	2023-24 UKRI £000	2023-24 Consolidated £000
Non-current assets					
Property, plant and equipment	7	3,455,652	3,456,107	3,409,813	3,410,428
Intangible assets	8	168,103	168,103	88,754	88,754
Investment property		5,695	5,695	5,560	5,560
Investments in group undertakings	9	874,232	881,115	843,754	852,752
Financial assets	10	11,399	131,322	11,399	133,838
Pension asset	11	893,838	893,838	808,617	808,617
Trade and other receivables	12	127,079	-	124,943	-
		5,535,998	**5,536,180**	**5,292,840**	**5,299,949**
Current assets					
Assets held for sale		282	282	-	-
Trade and other receivables	12	1,028,039	1,034,496	937,530	948,664
Cash and cash equivalents	13	508,770	529,812	703,387	715,046
		1,537,091	**1,564,589**	**1,640,917**	**1,663,710**
Total assets		**7,073,089**	**7,100,770**	**6,933,757**	**6,963,659**
Current liabilities					
Trade and other payables	14	(1,626,247)	(1,648,109)	(1,513,900)	(1,535,590)
Derivatives		(4,858)	(4,858)	(6,879)	(6,879)
Provisions	15	(18,317)	(21,034)	(2,648)	(5,198)
		(1,649,422)	(1,674,001)	(1,523,427)	(1,547,667)
Total assets less current liabilities		**5,423,667**	**5,426,769**	**5,410,330**	**5,415,992**
Non-current liabilities					
Trade and other payables	14	(125,802)	(126,084)	(124,376)	(124,630)
Derivatives		-	-	-	-
Provisions	15	(179,361)	(179,361)	(179,365)	(179,365)
		(305,163)	(305,445)	(303,741)	(303,995)
Total assets less total liabilities		**5,118,504**	**5,121,324**	**5,106,589**	**5,111,997**
Taxpayers' equity and other reserves					
General fund		(2,549,998)	(2,550,456)	(2,676,071)	(2,676,966)
Revaluation reserve		(1,532,626)	(1,534,988)	(1,549,401)	(1,553,914)
Intellectual property reserve		(142,042)	(142,042)	(72,500)	(72,500)
Pension reserve		(893,838)	(893,838)	(808,617)	(808,617)
Total reserves		**(5,118,504)**	**(5,121,324)**	**(5,106,589)**	**(5,111,997)**

The notes on pages 126 to 170 form part of these accounts

Siobhan Peters
UKRI Interim Accounting Officer
8 July 2025

Consolidated Statement of Cash Flows

for the year ended 31 March 2025

	Note	2024-25 UKRI £000	2024-25 Consolidated £000	2023-24 UKRI £000	2023-24 Consolidated £000
Cash flows from operating activities					
Net expenditure for the period	SoCNE	(9,858,832)	(9,859,252)	(9,340,149)	(9,341,318)
Adjustments for non-cash transactions	16	177,043	196,324	250,103	272,542
Supply Payable to Consolidated Fund		-	-	123,548	123,548
Payments to Consolidated Fund		-	-	(123,548)	(123,548)
Employer contributions to Pensions		(19,288)	(19,288)	(21,093)	(21,093)
Decrease/(Increase) in trade and other receivables	12	(92,645)	(85,832)	(341,147)	(340,754)
Increase in trade and other payables	14	118,906	119,499	1,833	(7,567)
Increase in derivatives		-	-	4,603	4,603
(Decrease)/Increase in provisions	15	15,665	15,832	(17,412)	(15,773)
Net cash outflow from operating activities		**(9,659,151)**	**(9,632,717)**	**(9,463,262)**	**(9,449,360)**
Cash flows from investing activities					
Purchase of property, plant and equipment	7	(205,112)	(205,380)	(238,249)	(238,249)
Purchase of intangible assets	8	(13,604)	(13,604)	(3,374)	(3,374)
Purchase of investment property		-	-	-	-
Investment in joint ventures	9.1	-	-	-	-
Other investments	9.3	-	(100)	-	(974)
Investment in Loans	10.1	-	(16,290)	-	(14,718)
Proceeds of disposal of investments		-	-	-	-
Proceeds of disposal of assets held for sale		-	-	-	-
Proceeds of disposal of property, plant and equipment		774	774	774	774
Net cash outflow from investing activities		**(217,942)**	**(234,600)**	**(240,849)**	**(256,541)**
Net cash outflow before financing activities		**(9,877,093)**	**(9,867,317)**	**(9,704,111)**	**(9,705,901)**
Cash flows from financing activities					
Grant-in-aid received from DSIT		9,687,609	9,687,609	10,268,054	10,268,054
Lease repayments		(5,133)	(5,526)	(4,446)	(4,752)
Net cash inflows from financing activities		**9,682,476**	**9,682,083**	**10,263,608**	**10,263,302**
Net increase/(decrease) in cash and cash equivalents		**(194,617)**	**(185,234)**	**559,497**	**557,401**
Cash and cash equivalents at the beginning of the period		703,387	715,046	143,890	157,645
Cash and cash equivalents at the end of the period		**508,770**	**529,812**	**703,387**	**715,046**

The notes on pages 126 to 170 form part of these accounts

Consolidated Statement of Changes in Total Equity

for the year ended 31 March 2025

	Note	General reserve £000	Revaluation reserve £000	Pension reserve £000	Intellectual property reserve £000	Total reserves £000
Consolidated						
Balance at 1 April 2024		**(2,676,966)**	**(1,553,914)**	**(808,617)**	**(72,500)**	**(5,111,997)**
Retained surplus b/fwd from Subsidiary		17	-	-	-	**17**
Grant-in-aid from DSIT		(9,687,609)	-	-	-	**(9,687,609)**
Net expenditure for the period		9,859,252	-	-	-	**9,859,252**
Movements in reserves:						
Net gain on revaluation of property, plant and equipment	7	-	(49,986)	-	-	**(49,986)**
Net gain on revaluation of intangible assets	8	-	-	-	(84,572)	**(84,572)**
Net loss on revaluation of investments	9	-	7,830	-	-	**7,830**
Cash flow hedge		-	(2,021)	-	-	**(2,021)**
Actuarial gain in the pension scheme	11	-	-	(48,984)	-	**(48,984)**
Contributions from other employers in the pension scheme		-	-	(3,254)	-	**(3,254)**
Transfers between reserves		(45,150)	63,103	(32,983)	15,030	-
Balance at 31 March 2025		**(2,550,456)**	**(1,534,988)**	**(893,838)**	**(142,042)**	**(5,121,324)**
Parent						
Balance at 1 April 2024		**(2,676,071)**	**(1,549,401)**	**(808,617)**	**(72,500)**	**(5,106,589)**
Retained surplus b/fwd from Subsidiary		-	-	-	-	-
Grant-in-aid from DSIT		(9,687,609)	-	-	-	**(9,687,609)**
Net expenditure for the period		9,858,832	-	-	-	**9,858,832**
Movements in reserves:						
Net gain on revaluation of property, plant and equipment	7	-	(49,986)	-	-	**(49,986)**
Net gain on revaluation of intangible assets	8	-	-	-	(84,572)	**(84,572)**
Net loss on revaluation of investments	9	-	5,679	-	-	**5,679**
Cash flow hedge		-	(2,021)	-	-	**(2,021)**
Actuarial gain in the pension scheme	11	-	-	(48,984)	-	**(48,984)**
Contributions from other employers in the pension scheme		-	-	(3,254)	-	**(3,254)**
Transfers between reserves		(45,150)	63,103	(32,983)	15,030	-
Balance at 31 March 2025		**(2,549,998)**	**(1,532,626)**	**(893,838)**	**(142,042)**	**(5,118,504)**

The notes on pages 126 to 170 form part of these accounts

Consolidated Statement of Changes in Total Equity

for the year ended 31 March 2024

	Note	General reserve £000	Revaluation reserve £000	Pension reserve £000	Intellectual property reserve £000	Total reserves £000
Consolidated						
Balance at 1 April 2023		**(1,692,527)**	**(1,475,125)**	**(737,414)**	**(79,665)**	**(3,984,731)**
Retained surplus b/fwd from Subsidiary		13	-	-	-	**13**
Grant-in-aid from DSIT		(10,268,054)	-	-	-	**(10,268,054)**
Net expenditure for the period		9,341,318	-	-	-	**9,341,318**
Movements in reserves:						
Net gain on revaluation of property, plant and equipment	7	-	(62,325)	-	-	**(62,325)**
Net gain on revaluation of intangible assets	8	-	-	-	(9,454)	**(9,454)**
Net loss on revaluation of investments	9	-	(93,156)	-	-	**(93,156)**
Cash flow hedge		-	4,603	-	-	**4,603**
Actuarial gain in the pension scheme	11	-	-	(36,478)	-	**(36,478)**
Contributions from other employers in the pension scheme		-	-	(3,733)	-	**(3,733)**
Transfers between reserves		(57,716)	72,089	(30,992)	16,619	-
Balance at 31 March 2024		**(2,676,966)**	**(1,553,914)**	**(808,617)**	**(72,500)**	**(5,111,997)**
Parent						
Balance at 1 April 2023		**(1,690,450)**	**(1,470,612)**	**(737,414)**	**(79,665)**	**(3,978,141)**
Retained surplus b/fwd from Subsidiary		-	-	-	-	-
Grant-in-aid from DSIT		(10,268,054)				**(10,268,054)**
Net expenditure for the period		9,340,149	-	-	-	**9,340,149**
Movements in reserves:						
Net gain on revaluation of property, plant and equipment	7	-	(62,325)	-	-	**(62,325)**
Net gain on revaluation of intangible assets	8	-	-	-	(9,454)	**(9,454)**
Net loss on revaluation of investments	9	-	(93,156)	-	-	**(93,156)**
Cash flow hedge		-	4,603	-	-	**4,603**
Actuarial gain in the pension scheme	11	-	-	(36,478)	-	**(36,478)**
Contributions from other employers in the pension scheme		-	-	(3,733)	-	**(3,733)**
Transfers between reserves		(57,716)	72,089	(30,992)	16,619	-
Balance at 31 March 2024		**(2,676,071)**	**(1,549,401)**	**(808,617)**	**(72,500)**	**(5,106,589)**

The notes on pages 126 to 170 form part of these accounts

Notes to the Accounts

The notes on pages 126 to 170 form part of these accounts

1 Statement of Accounting policies

United Kingdom Research and Innovation (UKRI) is an executive non-departmental public body established by the United Kingdom Parliament. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been applied consistently to all the years presented unless otherwise stated.

NOTE 1.1 Basis of accounting

The consolidated Financial statements have been prepared in accordance with the Accounts Direction issued by the Secretary of State for Business, Energy and Industrial Strategy, with approval of HM Treasury, in pursuance of Section 14(2) of Schedule 9 of the Higher Education and Research Act 2017.

The consolidated Financial statements have been prepared in accordance with the 2024-25 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FReM permits a choice of accounting policy, the accounting policy judged to be most appropriate to the particular circumstances of UKRI for the purpose of giving a true and fair view has been selected. The particular policies adopted by UKRI are described below. They have been applied consistently in dealing with items that are considered material to the consolidated Financial statements.

On 7 February 2023, the prime minister announced a major machinery of government change which redistributed the activities of several existing government departments, including BEIS, and created three new departments, the Department for Business and Trade, the Department for Science, Innovation and Technology, and the Department for Energy Security and net zero. UKRI has been designated to Department for Science, Innovation and Technology (DSIT) with accounting officer responsibilities formally transferred from 1 April 2023.

Going concern

UKRI is dependent on funding from the DSIT to meet liabilities falling due within future years. UKRI has reason to believe that funding will be forthcoming beyond 2024-2025. DSIT published details of research and development allocations for 2025–2026 on 4th April 2025, including allocation plans for UKRI totalling £8.8 billion over that period. UKRI will work with DSIT during 2025-2026 as we enter a new spending review period covering 2026-2027 to 2029-2030.

It has been considered appropriate to adopt a going concern basis for the financial statements. UKRI monitors future levels of commitment to ensure they remain within anticipated budgets.

NOTE 1.2 Accounting convention

The consolidated Financial statements have been prepared under the historical cost convention modified to include the fair value of property, plant and equipment, intangible assets and financial instruments to the extent required or permitted under IFRS as set out in the relevant accounting policies.

The consolidated Financial statements are presented in pounds sterling and all values are rounded to the nearest thousand (£'000), except where indicated otherwise.

NOTE 1.3 Presentational currency

UKRI's principal place of business is Polaris House, Swindon and pounds sterling is the functional currency. Transactions denominated in a foreign currency are translated into sterling at the rate of exchange on the date of each transaction. In preparing the financial statements, monetary assets and liabilities denominated in foreign currencies are translated at the rates prevailing at the reporting date. All translation differences of monetary assets and liabilities are included in net expenditure for the year.

NOTE 1.4 Basis of consolidation

The Group comprises:

- UK Research and Innovation (UKRI)
- STFC Innovations Limited, principal place of business Rutherford Appleton Laboratory, Didcot
- Innovate UK Loans Limited, principal place of business Polaris House, Swindon
- Knowledge Transfer Network Limited operating as Innovate UK Business Connect, principal place of business Business Design Centre, Upper Street, London

UKRI prepares financial statements in accordance with the FReM. Innovate UK Loans Limited prepares financial statements in accordance with the FReM where it complies with the Companies Act. STFC Innovations Limited and Innovate UK Business Connect prepare accounts under UK-adopted International Accounting Standards. For those bodies that do not prepare financial statements in accordance with the FReM, adjustments are made at consolidation if necessary where differences would have a significant effect on the financial statements.

NOTE 1.5 Changes in accounting policy, new accounting standards adopted in the year

UKRI has made no changes in accounting policy nor adopted new accounting standards for 2024-25.

NOTE 1.6 Future accounting standards

IFRS 17: Insurance Contracts replaces IFRS 4: Insurance Contracts and is to be included in the FReM for mandatory implementation from 2025-26. It establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of this Standard. IFRS 17 requires insurance contracts, including reinsurance contracts, to be recognised on the statement of financial position as the total of the fulfilment cashflows and the contractual service margin (CSM). The fulfilment cashflows consist of the present value of future cash flows calculated using best estimate assumptions with an explicit risk adjustment for non-financial risk. The risk adjustment is released to the SoCNE as risk expires. The CSM is the unearned profit on insurance contracts and is released to the SoCNE over the insurance contract period as insurance services are provided. Where an insurance contract is onerous, it will have no CSM and the onerous element of the insurance contract will be recognised immediately in the SoCNE. The financial impact of applying IFRS 17 is not yet known but is not expected to be material for UKRI.

IFRS 18 Presentation and Disclosure in Financial Statements will replace IAS 1 Presentation of Financial Statements and is effective for annual reporting periods beginning on or after the 1 January 2027 in the private sector. The Public Sector implementation date is not yet confirmed. The impact of IFRS 18 on the Public Sector is still being assessed.

IFRS 19 Subsidiaries without Public Accountability is effective for periods beginning on or after 1 January 2027. This is not expected to be material to UKRI. No date has been issued regarding adoption by the FReM as yet.

FReM update – Non-Investment asset valuations: In December 2023 HM Treasury released an exposure draft on potential changes to make to valuing and accounting for non-investment assets (e.g. PPE, intangible assets). The following changes to the valuation and accounting of non-investment assets is to be included in the 2025-26 FReM for mandatory implementation:

References to assets being held for their 'service potential' and the terms 'specialised/non-specialised' assets are being removed from the FReM. Non-investment assets are instead described as assets held for their 'operational capacity'. This change has no impact on the valuation basis of non-investment assets, which remains Existing Use Value (EUV).

An adaptation to IAS 16 will be introduced to withdraw the requirement to revalue an asset where its fair value materially differs from its carrying value. Assets are now valued using the one of the following processes:

- a quinquennial revaluation supplemented by annual indexation
- a rolling programme of valuations over a five-year cycle, with annual indexation applied to assets during the four intervening years
- for non-property assets only, appropriate indices
- in rare circumstances where an index is not available, a quinquennial revaluation supplemented by a desktop revaluation in year three

The option to measure intangible assets using the revaluation model is withdrawn. The carrying values of intangible assets at 31 March 2025 will be considered the historical cost at 1 April 2025.

FReM update – Social Benefits: The 2025-26 FReM will include new guidance on accounting for social benefits. The 2025-26 FReM will define social benefits as 'current transfers received by households (including individuals) intended to provide for the needs that arise from certain events or circumstances, for example, sickness, unemployment, retirement, housing, education, or family circumstances.'

The 2025-26 FReM clarifies that expenditure in respect of social benefit payments should be recognised at the point at which the social benefit claimant meets the eligibility requirements to receive the benefit. Only the expenditure for the period of entitlement that falls within the accounting year should be recognised.

The UKRI capitalisation threshold is to be updated in 2025-26 to £25,000 an uplift from the current £10,000.

NOTE 1.7 Grant-in-aid

In line with the FReM, grant-in-aid for revenue purposes is recognised as a financing flow and thus credited to the General Reserve.

NOTE 1.8 Income

Revenue is recognised when goods are delivered and title has passed, and services in the accounting period in which the service is rendered.

Grant income is recognised when there is reasonable assurance that there are no conditions attached, or that any such conditions have been complied with and there is reasonable assurance the grant will be received. Grant income receivable and funding for collaborative projects are recognised as income over the period in which the related costs are recognised for which the grant or funding is intended to compensate in accordance with IAS 20.

Commercial income is recognised in line with the satisfaction of performance obligations in line with the terms of contract or license agreement, as per IFRS 15. The performance obligations are typically satisfied at a point in time (typically for the transfer of goods) or over time (typically for the transfer of services) in accordance with the contractually defined timescales. The payment terms for the invoices are typically 30 days. Commercial income includes royalties, rental of facilities for use by third parties, property rental or canteen/ restaurant revenue.

NOTE 1.9 Deferred income

UKRI receives funding for projects to support UKRI research, separate from grant-in-aid provided by DSIT. Such funding is received from the UK public sector, charities, and from the European Commission (EC). Some funding may involve payment for projects in advance of the accounting period to which it relates.

Where there is a variance between activity in the accounting period and received funding, income will be deferred when there is a condition which makes the grant repayable or returnable. Where no such condition exists income is not deferred. (DSIT grant-in-aid funding cannot be classified as deferred income).

NOTE 1.10 Staff costs

Staff costs are recognised as expenses when UKRI becomes obliged to pay them, including the cost of any unused leave entitlement.

NOTE 1.11 Grants and training awards payable

Research Grants, Fellowships and Studentships

Research grants and fellowships are paid on an instalment basis in accordance with an agreed payment profile. Grant payments made in advance or in arrears are accounted for on a prepayments or accruals basis in the financial statements, in line with the approved grant agreement. Studentship payments are paid on a quarterly instalment basis in advance or arrears directly to the research institute.

Where the profile indicates that an unclaimed and/or unpaid amount exists at the Statement of Financial Position date, such sums are accrued in the financial statements. Where the profile indicates a payment of grant that is yet to be utilised by the recipient, a prepayment is recognised.

Innovate UK Grants

Innovate UK grant expenditure only is recognised in the period in which eligible activity creates an entitlement in line with the terms and conditions of the grant.

Where activity has been undertaken but no grant claim has been received an accrual will be made. The routes for accruals to arise include, if a claim has been submitted but not yet approved on the system, if participants have forecast expenditure but a claim has not yet been submitted or if the project has a retention cap and the claim expenditure has been submitted and approved but the retention cap has been reached. The physical payment is withheld from the participant once they reach their retention cap and the amount over and above the retention cap will continue to build until they have submitted their final claim and documentation. Here the accrual represents the balance that has been claimed over the maximum payment. Accrued grants are charged to the Statement of Comprehensive Net Expenditure based on estimates (see Note 1.28) and are included in accruals in the Statement of Financial Position.

Research England Formula-based Grants

Most grants are paid on an agreed profile, as a contribution to research costs within institutions.

The profiles are periodically updated throughout the academic year, and as such no financial year end accruals are expected for these streams of expenditure.

Other Research England Grants

For Research England grants, such as the Strength in Places Fund, which fund agreed and specified eligible activity, expenditure is recognised in the period in which eligible activity creates an entitlement in line with the terms and conditions of the grant.

Future commitments at the Statement of Financial Position date are disclosed in Note 17.

NOTE 1.12 Ownership of equipment purchased with grants

Equipment purchased by an institution using UKRI grants belongs to the institution and is not included in UKRI property, plant and equipment. UKRI reserves the right through its grant conditions to determine the disposal of such equipment and how any disposal proceeds are to be used. Where there have been donations of equipment back to UKRI the values have been immaterial.

NOTE 1.13 Taxation

UKRI is subject to corporation tax on taxable profits. Taxable profits are generally generated from Commercial activities shown in Note 1.8. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to HM Revenue and Customs, based on tax rates and laws that are enacted or substantively enacted by the reporting date.

Tax expense recognised within the period includes payment on account for the current period and changes in the amount expected to be recovered from or paid to HM Revenue and Customs, relating to current and prior periods.

Where applicable, current tax assets and liabilities expected to be recovered from or paid to HM Revenue and Customs include amounts relating to Innovate UK Loans Limited (IUK LL), including relief on losses incurred by IUK LL.

UKRI recognises and discloses information in line with IAS12 regarding deferred tax assets and liabilities arising from taxable temporary differences i.e. differences between the carrying amount of an asset or liability in the statement of financial position and its tax base. The calculation is based upon an estimation of UKRI's commercial activity, previously agreed with HMRC to be 9%, and reviewed on an annual basis and the tax rate applied is 25%. Further information is disclosed in Note 6.

NOTE 1.14 Value added tax

As UKRI is partially exempt for VAT purposes, all expenditure and non-current asset purchases are shown exclusive of VAT except in the following circumstances:

- irrecoverable VAT is charged to the Statement of Comprehensive Net Expenditure and included under the relevant expenditure heading
- irrecoverable VAT on the purchase of an asset is included in additions

Residual input tax reclaimable by the application of the partial exemption formula is taken to the Statement of Comprehensive Net Expenditure as a reduction of expenditure.

The net amount due to, or from, HM Revenue and Customs in respect of VAT is included within other receivables and payables on the Statement of Financial Position.

NOTE 1.15 Intangible assets

Recognition

Expenditure on intangible assets is capitalised where the cost is £10,000 or more and is applied on a grouped basis using a threshold of £10,000 where the elements in substance form a single asset.

Subsequent acquisitions of less than £10,000 in value which are of the same nature as existing grouped assets are appended. Otherwise, expenditure on intangible assets which fall below £10,000 is charged as an expense in the Statement of Comprehensive Net Expenditure.

Measurement

Intangible assets are initially measured at cost in line with IAS 38. For separately acquired assets, cost comprises the purchase price and any directly attributable costs to prepare the asset for its intended use. The cost of internally generated assets comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management.

There are no active markets for any of UKRI's intangible non-current assets which are valued at the lower of depreciated replacement cost and value-in-use using a valuation technique (for example for income-generating assets); where there is no value in use, depreciated replacement cost is used. Assets of low value or with short useful lives are carried at cost less accumulated amortisation and impairment losses as a proxy for fair value.

Impairment

Intangible assets are monitored for any indication of impairment. At the end of each reporting period, tests for impairment are carried out for any such asset with an indefinite useful life or in the course of development.

Where indications of impairment exist, and any possible differences are estimated to be significant (x% of materiality/greater than £xm), the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised in the Statement of Comprehensive Net Expenditure.

Where an impairment loss is subsequently reversed, the reversal is credited in the Statement of Comprehensive Net Expenditure, up to the amount of the original loss, adjusted for amortisation that would have been charged if the loss had not been recognised.

Amortisation

Amortisation is provided on all intangible assets from the date at which they are available for their intended use at rates calculated to write off the cost of each asset (less any estimated residual value) on a straight-line basis over its expected useful economic life. UKRI reviews and updates the remaining useful economic lives of its assets each year. The estimated useful economic lives of the intangible assets currently in service are summarised as below:

Internally developed software	3-5 years
Software licenses	Up to 15 years (subject to the length of the license)
Internally developed websites	2-5 years
Data sets	5 -10 years
Patents	Up to 15 years (subject to the length of agreement)

Disposals

When scrapping or disposing of an intangible asset, the carrying amount is written off to the Statement of Comprehensive Net Expenditure and a loss (or gain) is recognised and reported net of any disposal proceeds.

NOTE 1.16 Property, plant and equipment

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefit, including service potential, associated with the item will flow to UKRI and the cost of the item can be measured reliably. A capitalisation threshold of £10,000 is applied to all asset classes. Expenditure below this value is charged as an expense in the Statement of Comprehensive Net Expenditure.

Property, plant and equipment usually comprises single assets. However, capitalisation is applied on a grouped basis using a threshold of £10,000 where the elements in substance form a single asset. Furthermore, where an item includes material components with significantly different useful economic lives, those components are capitalised separately and depreciated over their specific useful economic lives.

Expenditure that maintains, but does not add to, an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Any capital funding provided by UKRI to independent institutes relating to UKRI-owned assets (buildings leased to the institutes or ships operated by them) is accounted for as a non-current asset addition in the property, plant and equipment note based on the construction costs during the year up to the Statement of Financial Position date.

Measurement

Property, plant and equipment are initially measured at cost, comprising the purchase price plus any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located are recognised as a provision where an obligation to dismantle or remove the asset arises from its acquisition or usage. The related expense is recognised as a provision expense in the Statement of Comprehensive Net Expenditure.

Assets are thereafter carried in the Statement of Financial Position using the following measurement bases:

- Land, buildings, Polar research stations, ships and aircraft are professionally revalued every five years and in the intervening period relevant indices are used.
- For professional valuation, specialised assets (those for which a market value cannot be readily determined, due to the uniqueness arising from its specialised nature and design) are valued on a depreciated replacement cost basis in line with the FReM, for non-specialised assets, market value in existing use is used where this can be established.
- All other tangible assets are subject to annual indexation using relevant indices.
- Indexation is not applied to assets under construction. Any surplus on revaluation is taken to a revaluation reserve.
- For furniture, fixtures and fittings where an asset pool is maintained replacements on a one-to-one basis are charged directly to the Statement of Comprehensive Net Expenditure in the year of replacement

Impairment

Property, plant and equipment are monitored for any indication of impairment. At the end of each reporting period, tests for impairment are carried out for any assets with a remaining useful life and on assets in the course of construction.

Where an annual check is impractical given the number of assets held, a targeted risk-based approach is taken to assess all assets within 18 months of the end of their useful life plus a randomly selected check of 10% by number of the whole asset population.

Where indications of impairment exist, or trigger points are noted (such as transfer from assets under construction into property, plant and equipment) and any changes are estimated to be significant with regards to the net book value or life of the asset, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised in the Statement of Comprehensive Net Expenditure.

Where an impairment loss is subsequently reversed, the reversal is credited in the Statement of Comprehensive Net Expenditure, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised; anything over and above is recognised in the revaluation reserve.

Depreciation

Assets under construction are not depreciated until the asset is brought into use.

Depreciation is provided on all property, plant and equipment, apart from assets under construction, from the date at which they are available for their intended use at rates calculated to write off the cost of each asset (less any estimated residual value) on a straight-line basis over its expected useful economic life. Increased depreciation charges arising from revaluations are matched by transfers from the revaluation reserve to the general reserve. Assets that are under construction are not depreciated until such time as they are available for their intended use.

UKRI reviews and updates the remaining useful economic life of its assets each year. The estimated useful lives of the assets currently in service are summarised as follows:

Freehold land	Not depreciated
Leasehold land	Up to 60 years (subject to the length of the lease)
Freehold buildings	Up to 60 years
Leasehold buildings	Up to 60 years (subject to the length of the lease)
Decommissioning assets	Up to 60 years (matched to related assets
Scientific equipment	3 to 30 years
IT equipment	Up to 20 years
Other plant and machinery	3 to 30 years
Furniture, fixtures and fittings	Up to 10 years
Motor vehicles	Up to 15 years
Polar research stations	Up to 60 years
Ships	20 to 50 years
Aircraft	15 to 50 years

Disposals

When scrapping or disposing of property, plant and equipment, the carrying amount is written off to the Statement of Comprehensive Net Expenditure and a loss (or gain) is recognised and reported net of any disposal proceeds. On disposal of a revalued asset, the resulting element of the revaluation reserve that is realised is transferred directly to the general reserve.

NOTE 1.17 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, the asset is available for immediate sale in its present condition, management are committed to the sale and completion is expected within one year of the date of classification.

The asset is revalued immediately before reclassification and carried at the lower of this amount and fair value, less selling costs. Assets held for sale are not depreciated. Where there is a subsequent reduction in fair value, the loss is reported in the Statement of Comprehensive Net Expenditure, and increases are only recognised as gains in the Statement of Comprehensive Net Expenditure up to the amount of any previously reported losses.

NOTE 1.18 Investments in joint arrangements and associates

UKRI's investments in joint ventures and associates are accounted for using the equity method of accounting in both the separate UKRI financial statements and the consolidated financial statements in line with IAS 28. This is the method required by that standard and FReM.

The investment in an associate or joint venture is initially recorded at cost and is subsequently adjusted to reflect UKRI's share of the net profit or loss of the associate or joint venture. Where appropriate, UKRI adjusts information from the investee's financial records to bring it in line with the FReM. If there are indications of impairment, in line with IAS 36, an impairment review would be undertaken.

Details of UKRI's investments in Joint Ventures and Associates can be found in Note 9, including adjustments made to the investee's financial information.

NOTE 1.19 Financial instruments

UKRI recognises and measures financial instruments in accordance with IFRS 9 Financial Instruments as interpreted by the FReM.

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

UKRI derecognises a financial asset when the contractual rights to receive future cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which UKRI neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

UKRI derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Innovation Loans

Loans to borrowers issued by Innovate UK loans Limited are designed to stimulate later stage innovation and are offered on non-commercial terms including a below-market rate of interest.

Innovation Loans: Competitions 1-5 and 6-8 including Future Economy cohorts

These cohorts of loans pass the business model test (where the objective of the business model is to hold the financial assets to collect the contractual cash flows) and the cash flows characteristics test; therefore, the loans are held at amortised cost. In accordance with IFRS 9, amortised cost loans are recognised at fair value at initial recognition. A fair value adjustment is required for innovation loans because a rate of interest is charged that is below the market rate (non-commercial terms). In the previous financial year, this approach was updated from using EU risk guidelines and reference rates to setting a market-based approach for commercial interest rates following the commission of independent expert advice. The impact of this change in estimate is immaterial. Further details were disclosed in Innovation UK Loans Ltd's 2023-24 statutory accounts.

Interest income is calculated using the effective interest method and is recognised in the Statement of Comprehensive Net Expenditure.

If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, a loss allowance equal to 12-month expected credit losses (based on the probability of default within the next 12 months) is recognised.

Where credit risk has increased significantly since initial recognition, lifetime expected losses are recognised. In these circumstances, interest revenue is calculated on the gross carrying amount of the asset.

For loans which are assessed to be credit-impaired or defaulted, a lifetime expected credit loss is recognised and interest revenue is calculated on the net carrying amount net of credit allowance.

Innovation loans will be written off at the point when any further recoveries are unlikely or become uneconomical to pursue. At this point, any remaining provision held against a credit-impaired (or defaulted) loan asset will be taken to the Statement of Comprehensive Net Expenditure and the value of the loan written off in the Statement of Financial Position.

Innovation Loans: Innovation Continuity Loans and Convertible Loan Notes

Innovation Continuity Loans and Convertible Loan Notes differ from loans issued under Competitions 1-5 and 6-8 including Future Economy cohorts by including equity conversion features. The inclusion of these features mean that they do not meet the test to show that the IFRS 9 cash flow characteristics are solely payments of principal and interest; these loans have been classified as fair value through profit and loss (FVTPL). No expected credit loss is recognised for these loans consequently, nor any expected credit loss provision for loss against irrevocable commitments.

The approach used to calculate the FV at origination of innovation loans including discount rates is refreshed for the recalculation of the FVs of loans classified as FVTPL at the reporting date. The assumptions for estimating the arm's length commercial interest rate, taking account of an individual borrower's credit rating and the cashflow projections are updated to the position at the reporting date to arrive at a proxy FV at the reporting date.

These loans are outside the scope of IFRS 9 Effective Interest Rate requirements. Interest income accrued is part of the FV calculation. Other income includes the movement of FVTPL loans after the fair value adjustment on initial recognition to the fair value of reporting date, excluding contractual interest receivable.

Innovation Continuity Loans and Convertible Loan Notes will be written-off at the point when any further recoveries are unlikely or become uneconomical to pursue.

Innovation Loans Change of Accounting Estimate

During the previous financial year, this approach was updated from using EU risk finance guidelines and reference rates to setting a market-based approach to set commercial interest rates following the commissioning of independent expert advice. This change of accounting estimate under IAS 8 resulted in a one-off change to new innovation loans classified as amortised cost originated in the 2023/24 comparative financial year as a reduction of £0.58 million at initial recognition. The impact on FVTPL innovation loans at the 31 March 2024 reporting date was a £0.8 million reduction in carrying value.

NOTE 1.20 Trade and other receivables

Under IFRS 9, trade and other receivables are measured at amortised cost. In line with the FReM, the simplified approach will be adopted and any loss allowances will be recognised at an amount equal to expected lifetime credit losses.

NOTE 1.21 Trade and other payables

Trade and other payables are recognised in the period in which related money, goods or services are received or when a legally enforceable claim against UKRI is established, or when the corresponding assets or expenses are recognised.

NOTE 1.22 Cash and cash equivalents

Cash and cash equivalents comprise cash-in-hand and other short-term highly liquid investments which, being readily convertible to known amounts of cash, are subject to negligible risk of changes in value, and have an original maturity of three months or less. Any bank overdraft amounts without the right of offset are included within trade payables and other liabilities.

NOTE 1.23 Risks

Due to the non-trading nature of its activities, and the way in which UKRI is financed, UKRI is not exposed to the degree of financial risk faced by non-public sector entities. UKRI has only very limited powers to borrow or invest surplus funds. Financial assets and liabilities are generated by day-to-day operational activities and, with the exception of foreign currency hedges, are not held to change the risks facing UKRI in undertaking its activities.

UKRI is subject to foreign exchange risk through the maintenance of bank accounts in foreign currencies to deal with day-to-day overseas transactions including international subscriptions. This risk is actively managed by UKRI via foreign currency hedges.

Innovation loans are exposed to credit risk. Credit risk is the risk of a customer or a counterparty failing to meet their financial obligations. Credit risk also encompasses refinance risk and concentration risk. Refinance risk is the risk of loss arising when a repayment of loan occurs later than originally anticipated. Concentration risk is the risk of loss arising from insufficient diversification. Further details on credit risk are disclosed in Note 10 in this set of financial statements.

NOTE 1.24 Provisions

Provisions are recognised and measured in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Where the time value of money is material, provisions are discounted to present value using HM Treasury's real discount rates, except in the case of the Institut Laue-Langevin (ILL) decommissioning provision, where the underlying provision that determines UKRI's share of the provision has been calculated using a discount rate of 4.78% (2024: 4.98%), in accordance with the Fifth Protocol to the Intergovernmental Convention, as agreed by the members of ILL.

Irrevocable undrawn commitments to lend are within the scope of IFRS 9 provision requirements. This provision for irrevocable commitments is included within provisions for liabilities and charges in the Statement of Financial Position. These commitments are not recognised in the Statement of Financial Position until the loans are advanced. When the loan commitment is drawn, the provision for irrevocable commitment is released and is replaced by either a FV adjustment and/or ECL provision on the drawn loan.

NOTE 1.25 Leases

UKRI as lessee

Per IFRS 16, at the inception of a lease contract, assets and liabilities are recognised at the discounted value of the minimum lease payments (excluding VAT, which is expensed) on a straight-line basis over the term of the lease) and shown as leased assets and lease liabilities within the accounts (asset values also include any prepaid rent, lease incentives and direct costs). In instances where no interest rate is stated within the lease, the HMT discount rate in effect at the commencement of the lease is used.

UKRI has made use of the exemptions to exclude short-term leases (1 year or less), and those where the underlying asset is classified as of "low value", this is deemed to be £10,000 for the group, which is the capitalisation threshold for UKRI. Leases subject to the exemptions are recognised in the Statement of Comprehensive Net Expenditure with rental income plus initial direct costs incurred in arranging the lease, including incentives to the lessee to enter into the lease, recognised on a straight-line basis over the lease term

Lease assets will be depreciated over the life of the lease; where they relate to assets held at fair value (including land and buildings), they will be subject to the same revaluation treatments as other assets within the category.

Lease liabilities are adjusted during the year to reflect both the repayments made and the impact of interest on the balances outstanding. Buildings are recognised as leased assets only if the building itself is leased from the lessor. The value of these assets will include any capital costs incurred in their construction (including lease premiums), and any subsequent improvement works to the building that will belong to the lessor at the end of the lease. The value of such leased building additions, where material, will be disclosed within the PPE note.

In instances where the land has been leased and then constructed-on by UKRI, the land will be included under leased assets and the buildings under freehold.

Where a lease comes to an end and the lease liability has been extinguished, lease assets will also be derecognised as disposals, these normally being of zero net book value at the point (the lives being tied to the lease term). Where a lease is terminated early, the remaining liability will be released via a lease reassessment shown under PPE in the accounts with the related lease assets also being derecognised as disposals (the NBVs having been reduced via the lease reassessment). In both cases any difference between the liability and asset net book values willl be recognised under Other operating expenditure in the SoCNE.

All new leases are reviewed to ensure that any requirement to rectify dilapidations is appropriately provided for via provision covering the discounted estimated future costs.

UKRI as lessor

Assets subject to operating leases are recognised in the Consolidated Statement of Comprehensive Net Expenditure, with rental income plus initial direct costs incurred in arranging the lease, including incentives to the lessee to enter into the lease, recognised on a straight-line basis over the lease term.

NOTE 1.26 Pensions

Retirement benefits to employees of UKRI are generally provided by:

- the Research Councils' Pension Scheme (RCPS);
- the Civil Service Pension Scheme (CSPS);
- the Medical Research Council Pension Scheme (MRCPS);
- United Kingdom Atomic Energy Authority (UKAEA); and
- National Employment Savings Trust (NEST).

RCPS and CSPS members can transfer to the Partnership Pension scheme. Partnership is a Defined Contribution arrangement provided for RCPS by Scottish Widows and Standard Life and by Legal and General for the CSPS.

The RCPS, CSPS and UKAEA are unfunded Defined Benefit pension schemes and the MRCPS is a funded Defined Benefit pension scheme. The treatment of the different pension schemes is explained below.

NEST is a Defined Contribution workplace pension scheme.

Unfunded Defined Benefit pension schemes

The RCPS, CSPS and UKAEA pension schemes are public sector pension schemes and, as required by the Government Financial Reporting Manual, it is the scheme (rather than the employer) that reports the expected value of future pension payments. Employers whose employees are members of these pension schemes account for the scheme as a defined contribution plan, with employer contributions charged to the Statement of Comprehensive Net Expenditure in the period to which they relate.

Funded Defined Benefit pension schemes

Employer superannuation costs are based on an actuarially-derived calculation under IAS 19: see Note 11. The defined benefit plan requires contributions to be made to separately administered funds. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method.

Actuarial gains and losses are recognised in full as income or expense in the Statement of Comprehensive Net Expenditure.

The past service cost is recognised as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits are already vested immediately following the introduction of, or changes to, a pension plan, past service cost is recognised immediately.

The defined benefit asset (or liability) is the aggregate of the present value of the defined benefit obligation and actuarial gains and losses not recognised (reduced by past service cost not yet recognised) and the fair value of plan assets, out of which the obligations are to be settled directly. If such an aggregate shows a surplus, the asset is measured at the lower of this aggregate, or the aggregate of cumulative unrecognised net actuarial losses and past service cost and the present value of any economic benefits, available in the form of refunds, from the plan or reductions in the future contributions to the plan. The net asset is recognised as UKRI derives benefits from the reduced contributions to the scheme. The critical judgements and assumptions are explained in Note 1.28.

Defined Contribution pension schemes

Contributions are charged to the Statement of Comprehensive Net Expenditure when they become payable. UKRI has no further liabilities in respect of benefits to be paid to members. UKRI pays a nominal contribution to the main schemes for provision of Death in Service benefits for Partnership scheme members (0.5% of pensionable pay for CSPS and 0.8% for RCPS).

NOTE 1.27 Contingent assets and liabilities

Contingent assets and liabilities are disclosed in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Where an outflow of economic benefits from a past event is possible but not probable, UKRI discloses a contingent liability. No disclosure is made for those contingencies where crystallisation is considered to be remote or the amounts involved are immaterial.

Where an inflow of economic benefits from a past event is probable, UKRI discloses a contingent asset. No disclosure is made where realisation is considered to be possible, but not probable, or the amounts involved are immaterial.

NOTE 1.28 Judgements, estimates and assumptions

Funded Pension Scheme

The determination of the pension cost and defined benefit obligation (liabilities) of the Medical Research Council Pension Scheme depends on the selection of certain assumptions, which include the discount rate, inflation rate, salary growth, mortality rates and expected rate of return. The pension assets include £360 million of property investments and £351 million of unquoted equities, which are estimates and are based on fund manager's estimates, and valued by the expert valuation reports as at 31 March 2025. See Note 11 for further details.

Property, Plant and Equipment

A number of judgements have been made around valuation of PPE, useful economic lives, depreciation rates and indices used. These have been more fully explained in Note 1.16 above.

Patents and Royalties

Where patents and royalties are recognised as intangible assets, these are revalued annually by specialists on the basis of future royalty income streams. Management applies the discount rate. Estimates are subject to business uncertainty in terms of sales and the fluctuation of exchange rates. Judgement has been required in assessing the impact of these variables. The policy has been judged to be compliant with IAS 38.

Innovation Loans

The measurement of the expected credit loss under IFRS 9 for the innovation loans made to UK small or medium-sized enterprises is an accounting estimate.

In assessing the expected credit loss provision which management believes is required, the most critical accounting judgements are:

- the approach to applying the staging requirements – identifying significant increases in credit risk and identifying credit impaired loans and the definition of default
- the basis of forward-looking information and multiple economic scenarios and the application of weightings of expected credit loss models for the sensitivity of systemic risk factors

In assessing the fair values of innovation loans, management believes to require the most critical accounting judgements are:

- the approach of calculating a fair value at origination of an innovation loan including discount rate
- the approach to calculating a fair value at the reporting date for loans classified as FVTPL.

Grant Accruals and Prepayments

Financial statements include a grant accrual for each project (including fellowships, studentships and grants) where it has been determined that there is an unclaimed amount at the year-end that is due to participants.

Given the nature of this estimate and the history of recipients not spending, and therefore not being reimbursed for, their full entitlement, an expected future underspend percentage is calculated based on historic data of underspend against payment profile and applied to the year-end balance.

A No Cost Extension (NCE) arises when a grant recipient moves the end-date of a research or fellowship grant into the future without changing the value of the grant. In prior years NCEs were modelled off system and a prepayment journal was applied to the year-end balances ensuring grant spend was reflective of the current financial year. The process was updated in 2023-24 and NCEs are managed locally with payment profiles being adjusted as required within the system. As part of this process update prior year NCSs have been unwound (£55 million in 2024-25) and are offset by the NCEs that have been processed within the system.

Research and Fellowship grants with cash limits above £0.2 million have their payment profile reprofiled via the grant system. Where grants have a cash limit of more than £3 million, an Interim Expenditure Statement will be requested and will inform the new profile.

Recognition of Research Grants and Fellowships Expenditure, and payment profiles

UKRI judges that there is an alignment between the payment profile, the underlying activity it supports, and costs incurred by grant recipients, as referenced in Note 1.11. UKRI makes this judgement because the majority of costs incurred by grant recipients are similarly linear (for example, direct costs of employing researchers and overheads associated with a grant), and therefore sufficiently aligned with the payment profile of the grant, such that it is the most reasonable and appropriate basis for recognising expenditure.

Based on detailed analysis of the full UKRI Research and Fellowship Grants portfolio, it has been established that any non-standard profiled grants following a more variable profile during the life of a project, e.g. due to specified milestones within the approved grant agreement, are limited to less than 4.5% of total UKRI grant expenditure. It remains in line with historic sampling results which consistently show this average for these research council grant types within the overall portfolio year-on-year.

The current grant profiling policy output represents a true and fair reflection of the economic activity being undertaken, as supported by the update of grant activities through ongoing submissions from research organisations, in line with UKRI terms and conditions. This results in the reprofiling of grants on system, ensuring that expenditure is captured as incurred and recognised in the appropriate accounting period.

Innovate UK Grant Accrual

The grant accrual is based on participants' forecast of expenditure submitted with their latest claim. For a number of large non-core projects, the Innovate UK Business Connect (IUKBC) and Catapult Centres, Innovate UK contacts the participants directly to obtain further information and assurances on claims due at the year-end date. For those grants that are based on procurements, Innovate UK confirms the accruals based on purchase orders raised for the period. The grant accrual as at 31 March 2025 was £779.1 million (31 March 2024: £701.7 million).

The major sources of uncertainty in the estimate relate to the profiling of incurring and defraying the project costs that create the entitlement to the grant, and the amount of the grant not utilised at the end of the project. The projects funded by Innovate UK are typically collaborations between private businesses and academia; this aspect introduces a degree of interdependency between project partners that may impact on the timing of individual work packages. In addition, projects are typically two to five years long, which permits a degree of flexibility for grant recipients in the scheduling of their project activity. These projects seek to develop new technology-based products and services for future markets and, as such, are inherently uncertain in terms of their success and, related to this, the project duration and activity costs ultimately incurred.

Decommissioning Provisions

Calculation of the decommissioning provision for scientific facilities uses assumptions and estimates to forecast the cost of the work to be undertaken, based on the latest decommissioning plans, technology and any legal requirements. Internal experts provide a profiled estimate of the current cost of the work to be undertaken which is then translated into a provision using discount and inflation rates provided by HMT. The estimates and assumptions are reviewed annually, any future changes could significantly change the provision.

UKRI has recognised a decommissioning provision of £29.3 million for the ISIS facility at RAL. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove the plant from the site, radioactive waste disposal and clean-up costs and the expected timing of those costs. ISIS is forecast to be decommissioned over 45 years commencing in 2040-41. The decommissioning costs are estimated to total £169 million at current prices. The decommissioning provision for ISIS is sensitive to changes in inflation/discount rates that are provided by HMT. This year the long-term discount rate (11-40 years) increased from 4.72% to 4.81%, and the very-long-term rate (> 40 years) increased from 4.4% to 4.55%, the inflation rate staying the same at 2%. The ISIS decommissioning provision decreased by £0.6 million due to the change in discount rates (last year the movement due to discount rate changes was a decrease of £13.5 million).

UKRI has recognised a provision of £108.8 million for its share of the decommissioning costs of the ILL; this has been taken to be its share of the ILL decommissioning provision recognised in the ILL latest accounts. The calculation by the ILL assumes that the ILL will shut down in 2030 and decommissioning will be completed in 2057. The main sources of uncertainty are associated with future developments in waste processing and site rehabilitation technology, and with nuclear and conventional safety constraints and environmental requirements. The value of UKRI provision will also be affected by the EUR:GBP exchange rate.

2 Statement of Operating Expenditure by Operating Segment

Analysis of UKRI information by business segment

2024-25	AHRC £000	BBSRC £000	EPSRC/ UKRI £000	ESRC £000	IUK £000	MRC £000	NERC £000	RE £000	STFC £000	Total £000
Total operating income	(1,329)	(6,248)	(17,693)	(7,691)	(661,334)	(102,203)	(43,584)	(1,313)	(83,793)	(925,187)
Staff costs	7,291	10,765	109,378	13,041	91,446	89,234	91,018	6,710	197,805	616,687
Purchase of Goods and services	2,194	2,032	96,131	1,893	60,205	81,844	59,861	1,709	459,811	765,680
Depreciation and impairment charges	34	13,603	12,804	33	13,683	37,209	53,724	46	105,123	236,258
Research and Innovation	162,559	525,143	1,575,928	275,198	2,026,709	890,169	335,282	2,889,976	527,283	9,208,247
Provision expense	0	270	10,286	0	169	100	1,033	0	1,169	13,027
Other operating expenditure	0	(758)	0	0	(135)	(1,197)	(253)	0	(34,053)	(36,397)
Net expenditure	**170,748**	**544,807**	**1,786,835**	**282,474**	**1,530,742**	**995,155**	**497,081**	**2,897,128**	**1,173,345**	**9,878,315**

2023-24	AHRC £000	BBSRC £000	EPSRC/ UKRI £000	ESRC £000	IUK £000	MRC £000	NERC £000	RE £000	STFC £000	Total £000
Total operating income	(1,728)	(3,371)	(13,347)	(6,198)	(480,068)	(88,938)	(35,062)	(990)	(63,909)	(693,611)
Staff costs	6,769	9,742	114,928	11,538	84,088	84,131	81,990	5,430	175,392	574,008
Purchase of Goods and services	1,442	3,799	105,269	1,852	60,056	73,923	58,160	1,854	444,701	751,056
Depreciation and impairment charges	(10)	13,070	12,888	(182)	13,847	60,060	60,305	35	103,763	263,776
Research and Innovation	139,752	479,691	1,413,912	266,517	1,726,529	879,894	330,087	2,837,854	395,789	8,470,025
Provision expense	-	-	(5)	-	1,638	129	(6,366)	-	(12,767)	(17,371)
Other operating expenditure	-	(94)	-	-	-	1,744	63	-	13,052	14,765
Net expenditure	**146,225**	**502,837**	**1,633,645**	**273,527**	**1,406,090**	**1,010,943**	**489,177**	**2,844,183**	**1,056,021**	**9,362,648**

UKRI reports its expenditure by operating segments in accordance with IFRS 8 Operating Segments.

Operating segments are funding segments about which separate financial information is available that is regularly reviewed by the chief operating decision maker, the UKRI Executive Committee.

3. Total operating income

	2024-25 UKRI £000	2024-25 Consolidated £000	2023-24 UKRI £000	2023-24 Consolidated £000
Current grants from Central Government	(49,388)	(85,138)	(27,877)	(57,448)
Current grants from European Commission	(4,476)	(4,483)	(9,788)	(9,817)
Capital Grants	-	-	(6,925)	(6,925)
Current grants from private sector	(69,131)	(69,131)	(58,116)	(58,116)
Income from other government departments and public sector	(645,786)	(645,924)	(467,366)	(467,704)
Rental income	(14,252)	(14,252)	(10,047)	(10,047)
Sales of goods and services	(34,395)	(34,675)	(33,045)	(33,240)
Other income	(51,342)	(71,584)	(25,674)	(50,314)
	(868,770)	**(925,187)**	**(638,838)**	**(693,611)**

Overall operating income rose by £231 million from £693 million in 2023-24 to £925 million in 2024-25. The main drivers for this increase were an increase of £27 million in current grants from central government, an increase in income from other government departments of £178 million and an increase in other income of £21 million.

The main reasons for the increase in government grants were a number of new programmes commencing in 2024-25, notably funding for UK Dementia Research Institute of £5 million, funding for Cancer Immunotherapy Research Platform of £4 million, Jet Zero – aviation's non-CO_2 impacts on the climate of £4 million, funding for Centres of Excellence for Regulatory Science and Innovation (CERSI) of £3 million, maximising UK adaptation to climate change of £2 million and funding for the MND Accelerator of £2 million.

The increase in income from other government departments of £178 million is predominantly due to the Machinery of Government (MoG) changes which reorganised the former sponsoring Department into DSIT, Department for Business and Trade (DBT) and Department for Energy Security and Net Zero (DESNZ) in February 2023. This has resulted in Innovate UK now having a larger portfolio of managed programmes with other government departments.

The increase in other income largely comes from £7 million more effective cost recovery from IUK managed programmes and £10 million from additional ISIS and NQCC funding.

4 Staff costs

	2024-25 UKRI £000	2024-25 Consolidated £000	2023-24 UKRI £000	2023-24 Consolidated £000
Wages and salaries	433,177	451,420	416,202	432,725
Social security costs	48,102	49,908	42,098	43,854
Other pension costs	106,760	108,547	94,332	96,731
	588,039	609,875	552,632	573,310
Staff severance costs	6,812	6,812	698	698
	594,851	**616,687**	**553,330**	**574,008**

Staff costs increased in the year by £42 million from £574 million in 2023-24 to £617 million in 2024-25.

The wages and salaries increase of £19 million of this was broadly in line with an increased pay offer of approximately 5% on average across all pay bands. Other pension costs include an accrual of £468k to cover outstanding employer pensions contributions on a small subsection of payroll allowances.

The increase of £6 million across staff severance costs was due to UKRI undertaking a voluntary redundancy exercise that resulted in a number of additional staff leaving the organisation.

5.1 Purchase of goods and services

	2024-25 UKRI £000	2024-25 Consolidated £000	2023-24 UKRI £000	2023-24 Consolidated £000
Rentals under operating leases	8,467	8,549	5,247	5,469
Finance, HR, IT and support costs	29,349	29,604	29,549	29,681
Accommodation and office equipment costs	192,854	198,081	181,964	186,344
Consultancy and legal expenditure	106	106	567	567
Training and other staff costs	7,311	7,466	6,869	7,098
Travel and subsistence costs	21,977	23,703	22,907	24,467
Advertising and publicity	4,525	4,308	5,495	5,851
Professional services	96,435	99,452	107,422	111,114
Auditors' remuneration	553	747	533	717
Programme management and administration of grants and awards	6,314	10,895	4,961	8,764
Professional and international subscriptions	320,011	320,011	309,576	309,576
Recharges	14,047	14,128	17,123	17,168
Other purchase of goods and services cost	48,477	48,630	44,104	44,240
	750,426	**765,680**	**736,317**	**751,056**

Purchases of goods and services increased by £15 million from £751 million in 2023-24 to £766 million in 2024-25.

Accommodation and equipment costs increased by £12 million driven by a £7 million increase in the cost of gas and electricity. There was also £1.6 million incurred for rates on two new properties in 2024-25, and £1.2 million incurred for asbestos removal in Gambia.

Professional services decreased by £12 million driven primarily by an £8 million decrease due to reduced activity on the Simpler and Better Funding programme.

Professional and international subscriptions increased driven by an increase in funding to the Square Kilometre Array Observatory.

5.2 Depreciation and impairment charges

	2024-25 UKRI £000	2024-25 Consolidated £000	2023-24 UKRI £000	2023-24 Consolidated £000
Depreciation	201,270	201,697	205,969	206,311
Amortisation of intangible assets	21,429	21,429	23,054	23,054
Impairment of PPE	11	11	21,347	21,347
Impairment of financial assets	-	-	-	588
Impairment of investment properties	-	-	476	476
Expected Credit Loss	2,357	13,121	2,801	12,000
	225,067	**236,258**	**253,647**	**263,776**

Overall depreciation decreased by £4.6 million and is made up of:

Depreciation of land and buildings has decreased by £1.1 million following the significant downward revaluation of the MRC and STFC (excluding RAL) estate in March 2024.

Depreciation of plant, equipment, fixtures and fittings (PEFF) has increased by £4.3 million, and of IT equipment by £1.8 million, in line with the significant transfers into this category as major projects have come online in the last two years (£53.4 million in 2023-24 and £71.2 million in 2024-25 for PEFF, and £17.0 million in 2023-24 and £18.5 million in 2024-25 for IT).

Transport depreciation has decreased by £9.6 million in 2024-25 compared to 2023-24. Prior year transport depreciation included one-off upward adjustments following the professional revaluation of NERC research vessels.

Amortisation of patents has decreased by £1.6 million following additions and revaluations during the last two years £9.4 million in 2023-24 and £84.6 million in 2024-25.

Impairment of PPE has decreased by £21.3 million as the 2023-24 accounts included impairments following the professional valuation of the MRC & STFC Land and buildings (excluding STFC's Rutherford Appleton Laboratory).

See Note 7 Property, plant & equipment for more details of the various valuation exercises.

5.3 Research and Innovation

	2024-25 UKRI £000	2024-25 Consolidated £000	2023-24 UKRI £000	2023-24 Consolidated £000
Core Funding	1,336,235	1,341,500	1,314,087	1,315,722
Research England funding	2,500,727	2,500,727	2,461,217	2,461,217
Institutes, Catapults, Centres & Networks	557,747	558,423	579,356	579,356
Knowledge Exchange, Translation and Commercialisation	221,631	221,631	216,712	216,712
COVID-19 Research	(1,005)	(1,005)	4,272	4,272
International	35,808	35,808	20,990	20,990
Talent	682,592	682,592	623,486	623,486
Other costs – Core Research	57,988	57,988	101,395	101,395
Core Research	**5,391,724**	**5,397,665**	**5,321,515**	**5,323,150**
Infrastructure	387,081	387,081	215,054	215,054
World Class Labs	490,613	490,613	466,064	466,064
Cross-cutting Funds	94,107	94,107	150,149	150,149
Strategic Themes	74,330	74,330	23,299	23,299
Strength in places fund	55,446	55,446	66,578	66,578
Other costs – Non Core Research	1,473	1,473	28,078	28,078
Non Core Research	**1,103,050**	**1,103,050**	**949,222**	**949,222**
Cross-cutting Funds	225,024	225,024	404,519	404,519
Technologies Missions Programme	214,552	214,552	55,071	55,071
Other costs – R&D Other	62,913	62,913	55,731	55,731
R&D Other	**502,489**	**502,489**	**515,321**	**515,321**
Institutes, Catapults, Centres & Networks	350,877	350,877	347,789	347,789
Innovation Policy & Other	453,725	453,725	228,838	228,838
International	88,659	88,659	66,211	66,211
SMART	55,282	55,282	91,171	91,171
Biomedical Catalyst	49,290	49,290	52,833	52,833
Fast Start	609	609	3,209	3,209
DfT Zero emission HGV technologies	107,366	107,366	15,147	15,147
Innovation	**1,105,808**	**1,105,808**	**805,198**	**805,198**
ODA	57,049	57,049	60,145	60,145
DSIT Managed Programmes	597,215	597,215	472,030	472,030
EU Programmes	444,971	444,971	344,959	344,959
Ringfenced Capital	**1,099,235**	**1,099,235**	**877,134**	**877,134**
	9,202,306	**9,208,247**	**8,468,390**	**8,470,025**

Research and innovation spend increased in 2024-25 by £738 million from £8,470 million to £9,208 million. The main drivers of this increase in expenditure were:

- infrastructure in non-core research of £172 million. Of the infrastructure expenditure increase, £60 million was an increase in UK Research Partnership Investment Fund (RPIF), £10 million was new spend on the Nuclear Magnetic Resonance (NMR) spectrometer, £17 million expenditure on the John Innes Centre for the Sainsbury Laboratory, £10 million on the airborne laboratory infrastructure and £50 million on the Diamond Light Source capital funding.
- in R & D other, whilst cross cutting funds decreased by £179 million, the technologies mission programme increased by £159 million. There was a £133 million reduction as the ISCF wave 2 & 3 programmes wound down along with a £45 million reduction in the faraday batteries challenge also wound down in the cross cutting funds. Across the technology mission programme there was an increase of £47 million in future telecoms, £45 million in artificial intelligence and £50 million across UKRI technologies missions.
- in the innovation section, innovation policy and other expenditure increased by £225 million and Dft zero emissions spend went up by £92 million. In relation to innovation policy expenditure, there were increases to the manufacturing, materials and mobility programme of £97 million, net zero programme of £47 million, health and life science programme of £39 million, and digital and technology programme of £18 million. Whilst the zero-emission programme increased by £92 million as planned in the SR period.
- in the ring-fenced capital section, DSIT managed programmes increased by £125 million and the Horizon Europe guarantee increased by £100 million. Of the DSIT managed programmes, £66 million was increased expenditure on the artificial intelligence research resource (AIRR) in line with government policy, £27 million increased spending on ISPF, and £14 million increased spending on ISPF ODA.

5.4 Provision expense

	2024-25 UKRI £000	2024-25 Consolidated £000	2023-24 UKRI £000	2023-24 Consolidated £000
Provision expense – Early retirement	86	86	125	125
Provision expense – Other provisions	10,570	10,570	(1,949)	(1,949)
Provision expense – Loan commitments	-	169	-	1,638
Provision expense – Decommissioning	2,202	2,202	(17,185)	(17,185)
	12,858	**13,027**	**(19,009)**	**(17,371)**

The Public Expenditure System paper produced by HM Treasury lays down the discount rates to be used. The very long-term discount rate increased from 4.4% to 4.55%, the long-term rate increased from 4.72% to 4.81%, medium-term rate increased from 4.03% to 4.07% and the short-term rate decreased from 4.26% to 4.03%.

The largest element of the provision movement relates to decommissioning. £15.8 million of the provision credit was due to the increase in the discount rates, of which £13.5 million related to the ISIS decommissioning provision.

5.5 Other operating expenditure

	2024-25 UKRI £000	2024-25 Consolidated £000	2023-24 UKRI £000	2023-24 Consolidated £000
Revaluation – investment property	(135)	(135)	-	-
Loss on disposal – assets held for sale	-	-	-	-
Profit on disposal – PPE	(238)	(238)	(146)	(146)
Loss on disposal – PPE	69	69	-	-
Loss/(Profit) on disposal of other investments	-	64	-	(69)
Share of (profit)/loss on joint venture and associates	(36,157)	(36,157)	14,980	14,980
	(36,461)	**(36,397)**	**14,834**	**14,765**

Most of the movement in other operating expenditure is explained by the profit or loss on Diamond Light Source (DLS), £44 million of the movement of £51 million. In 2024-25 the share of the profit was £34 million as opposed to a loss for 2023-24 of £10 million.

6 Taxation and Deferred Taxation

	2024-25 UKRI £000	2024-25 Consolidated £000	2023-24 UKRI £000	2023-24 Consolidated £000
Corporation tax				
Taxable profit for the year	19,080	18,936	54,371	53,378
Corporation tax @ 25%	4,770	4,734	13,593	13,344
Prior year corporation tax	-	-	-	-
Total corporation tax	**4,770**	**4,734**	**13,593**	**13,344**
Deferred Tax				
Origination and reversal of temporary differences	4,462	4,462	(13,368)	(13,368)
Adjustments in respect of earlier years	-	-	-	-
Impact of change in UK corporation tax rate to 25% (FY21: 19%)	-	-	-	-
Remeasurement of temporary differences	-	-	-	-
Total deferred tax	4,462	4,462	**(13,368)**	**(13,368)**
Taxation	**9,232**	**9,196**	**225**	**(24)**

Corporation Tax – current and prior years

Tax charges for current year relate only to corporation tax incurred by UKRI and Innovate UK Loans Limited in the normal course of business. UKRI has recognised an accrual of £4.7 million for 2024-25 based on an initial calculation of the tax liability. This may be subject to change prior to final submission of the UKRI 2024-25 Corporation tax return during 2025-26.

A taxation rate of 25% is defined for the 2024-25 period (2023-24: 25%).

Deferred Taxation

Factors that may affect future tax changes.

All deferred tax assets and liabilities have been calculated using a tax rate of 25%. A corporation tax rate of 25% for profits over £0.25 million has been set with effect from 1 April 2023. UKRI has assumed that taxable profits will be above £0.25 million in future periods.

Detail of Deferred Tax Assets & Liabilities

Parent	Deferred Tax (Asset)/ Liability recognised in the Statement of Financial Position	Deferred Tax (Asset)/ Liability recognised in the Statement of Comprehensive Expenditure
Asset Category	**2024-25 £000**	**2024-25 £000**
Tangible fixed assets	54,231	54,231
Intangible assets	-	-
Investment Property	364	364
Investments in Joint Ventures	-	-
Investment in Associates	-	-
Other Investments	-	-
Pension Reserve	20,111	20,111
Provisions	(22)	(22)
Capital losses	-	-
	74,684	**74,684**

7. Property Plant and equipment

Consolidated	Land £000	Buildings £000	Plant, equipment, fixtures and fittings £000	IT equipment £000	Transport £000	Assets under construction £000	Total £000
Cost or Valuation							
At 1 April 2024	400,106	2,623,853	1,670,271	186,750	498,945	520,308	5,900,233
Additions	15	20,303	41,667	8,558	4,998	129,839	205,380
Disposals	(151)	(4,026)	(69,249)	(19,947)	(619)	31	(93,961)
Transfers	(107)	141,834	71,234	18,484	1,062	(235,426)	(2,919)
Revaluation	8,275	51,671	4,781	2,725	4,396	-	71,848
Lease Remeasurement	-	(4,490)	-	-	-	-	(4,490)
Impairment	-	-	(11)	-	-	-	(11)
At 31 March 2025	**408,138**	**2,829,145**	**1,718,693**	**196,570**	**508,782**	**414,752**	**6,076,080**
Depreciation							
At 1 April 2024	(34,346)	(1,065,035)	(1,075,820)	(117,407)	(197,197)	-	(2,489,805)
Charged in period	(1,531)	(65,882)	(79,349)	(31,170)	(23,765)	-	(201,697)
Disposals	-	3,756	69,059	19,947	594	-	93,356
Transfers	-	507	(503)	-	31	-	35
Revaluation	(875)	(14,163)	(2,746)	(1,670)	(2,408)	-	(21,862)
Impairment	-	-	-	-	-	-	-
At 31 March 2025	**(36,752)**	**(1,140,817)**	**(1,089,359)**	**(130,300)**	**(222,745)**	**-**	**(2,619,973)**
Net book value							
At 31 March 2025	**371,386**	**1,688,328**	**629,334**	**66,270**	**286,037**	**414,752**	**3,456,107**
At 31 March 2024	365,760	1,558,818	594,451	69,343	301,748	520,308	3,410,428

Consolidated	Land £000	Buildings £000	Plant, equipment, fixtures and fittings £000	IT equipment £000	Transport £000	Assets under construction £000	Total £000
Asset financing							
Owned	239,735	1,603,861	629,334	66,270	285,993	414,752	3,239,945
Leased	131,651	84,467	-	-	44	-	216,162
At 31 March 2025	**371,386**	**1,688,328**	**629,334**	**66,270**	**286,037**	**414,752**	**3,456,107**
Cost or Valuation							
At 1 April 2023	**294,690**	**2,577,062**	**1,576,155**	**186,786**	**450,767**	**509,950**	**5,595,410**
Additions	1,527	14,323	34,806	4,749	6,717	176,127	238,249
Disposals	(196)	(588)	(58,439)	(21,382)	(1,336)	(31)	(81,972)
Transfers	(9)	94,579	53,356	17,033	1	(165,738)	(778)
Revaluation	98,406	(36,491)	65,042	(436)	42,796	-	169,317
Lease Remeasurement	-	1,354	-	-	-	-	1,354
Impairment	5,688	(26,386)	(649)	-	-	-	(21,347)
At 31 March 2024	**400,106**	**2,623,853**	**1,670,271**	**186,750**	**498,945**	**520,308**	**5,900,233**
Depreciation							
At 1 April 2023	**(31,333)**	**(947,021)**	**(1,019,612)**	**(109,834)**	**(150,339)**	**-**	**(2,258,139)**
Charged in period	(1,048)	(67,491)	(75,003)	(29,419)	(33,350)	-	(206,311)
Disposals	-	434	58,295	21,380	1,335	-	81,444
Transfers	-	290	(296)	203	(4)	-	193
Revaluation	(1,965)	(51,247)	(39,204)	263	(14,839)	-	(106,992)
Impairment	-	-	-	-	-	-	-
At 31 March 2024	**(34,346)**	**(1,065,035)**	**(1,075,820)**	**(117,407)**	**(197,197)**	**-**	**(2,489,805)**
Net book value							
At 31 March 2024	**365,760**	**1,558,818**	**594,451**	**69,343**	**301,748**	**520,308**	**3,410,428**
At 31 March 2023	263,357	1,630,041	556,543	76,952	300,428	509,950	3,337,271
Asset financing							
Owned	235,556	1,474,176	594,451	69,343	301,708	520,308	3,195,542
Leased	130,204	84,642	-	-	40	-	214,886
At 31 March 2024	**365,760**	**1,558,818**	**594,451**	**69,343**	**301,748**	**520,308**	**3,410,428**

Land additions are for a new Right of Use lease asset relating to a new lease.

Building additions include £5.589 million for Right of Use lease assets relating to new leases (including £3.381million for the new Biosecurity Warehouse at NERC's British Antarctic Survey, £1.905 million for the conversion to a lease of the occupation agreement for UKRI's London office, and £0.251 million for IUKBC's Edinburgh site). Additionally, £0.424 million of Building additions relate to leasehold improvements.

Transport additions include £0.018 million for Right of Use lease assets relating to new leases.

Depreciation of Buildings charged during the year includes £5.881 million for leasehold assets.

Building disposals include £2.181 million of cost and accumulated depreciation relating to lease surrenders at MRC's London Laboratory of Medical Sciences.

Disposals included £19.492 million under Plant, equipment, fixtures and fittings, £10.438 million under IT, £0.301 million under transport, and £0.305 million under Software Intangibles, for 2,653 zero net book asset with an original cost of less than £25,000 retired as part of data cleansing ahead of migration to the new UKRI Finance system implemented under the SHARP project. £25,000 was chosen, as from 2025-26 this will be the new capitalisation threshold for UKRI.

Included under transfers are:

- £86.375 million for the Brooksby High-Biological Containment Science Building at BBSRC's strategically supported Pirbright Institute (all under buildings)
- £15.880 million for STFC's ISIS Neutron and Muon Source, £11.288 million under Buildings, and £4.592 million under Plant, equipment, fixtures and fittings
- £51.421 million for STFC's National Quantum Computing Centre (NQCC), £36.470 million under Buildings, £0.562 million under IT, £14.261 million under Plant, equipment, fixtures and fittings, and £0.128 million under Intangibles
- £13.436 million for STFC's National Satellite Test Facility (NSTF) (all under Plant, equipment, fixtures and fittings)
- £18.152 million for NERC institute, the British Geological Survey's UK Geoenergy Observatory site in Cheshire (all under Plant, equipment, fixtures and fittings)

Assets under construction additions include:

- £15.910 million (2023-24 nil) for STFC's Hartree National Centre for Digital Innovation
- £8.690 million (2023-24 £12.050 million) for STFC's ISIS Neutron and Muon Source
- £8.514 million (2023-24 £22.680 million) for STFC's National Quantum Computing Centre (NQCC)
- £6.188 million (2023-24 £23.200 million) for STFC's Supercomputing Centre at Daresbury
- £1.841million (2023-24 £15.810 million) for the new aircraft for NERC's British Antarctic Survey
- £26.738 million (2023-24 £24.380 million) for NERC's Antarctic Infrastructure Modernisation Programme and other Antarctic projects

Included in Assets under construction are:

- £19.773 million (2023-24 £28.920 million) for STFC's ISIS Neutron and Muon Source
- £10.498 million (2023-24 £57.890 million) for STFC's National Quantum Computing Centre (NQCC)
- £36.717 million (2023-24 £30.860 million) for STFC's Supercomputing Centre at Daresbury
- £55.685 million (2023-24 £53.830 million) for the new aircraft for NERC's British Antarctic Survey
- £131.693 million (2023-24 £105.050 million) for NERC's Antarctic Infrastructure Modernisation Programme and other Antarctic projects

MRC & STFC Land and buildings (excluding STFC's Rutherford Appleton Laboratory) were professionally revalued during 2023-24, as at 31 December 2023 by Carter Jonas LLP, Chartered Surveyors, an independent valuer. Land and buildings were valued in accordance with the appropriate sections of the current RICS Professional Standards (PS) and the valuation report was prepared in accordance with the appropriate sections of the current RICS Valuation – Global Standards (incorporating the IVSC, International Valuation Standards) and the UK national supplement (the 'Red Book').

STFC Land and buildings at the Rutherford Appleton Laboratory were professionally valued during 2022-23 as at 31 March 2023 by Avison Young Limited, Chartered Surveyors, an independent valuer. Land and buildings were valued in accordance with the relevant HM Treasury guidance, cross-referencing to IFRS 13 subject to variations to meet the specific reporting standards adopted by Government bodies. This effectively provides that assets should be assessed to Fair Value, with non-specialised operational assets valued on the basis of Market Value for Existing Use (the equivalent of Existing Use value) and specialist operational assets assessed according to a Depreciated Replacement Cost approach. Non-operational, surplus and investment assets are valued to their underlying Market Value.

NERC and EPSRC UK land and buildings were professionally revalued during 2021-22 as at 31 December 2021 by Carter Jonas LLP, Chartered Surveyors, an independent valuer. Land and buildings were valued in accordance with appropriate sections of the current RICS Professional Standards (PS), and in accordance with the appropriate sections of the current RICS Valuation – Global Standards (incorporating the IVSC, International Valuation Standards) and the UK national supplement (the 'Red Book'), and are prepared either on a Market Evidence or a Depreciated Replacement Cost basis. NERC's Antarctic buildings were professionally revalued during 2021-22, as at 31 March 2021 by Powis Hughes Ltd, Chartered Surveyors, an independent valuer. Buildings were valued at Fair Value as defined by the International Accounting Standards Committee (IASC) under IFRS 13 as the basis of value in accordance with the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020 (effective from 31 January 2020) and the UK Supplement (together with the Red Book) on a Depreciated Replacement Cost basis.

The former BBSRC land and buildings were professionally revalued during 2020-21, as at 31 January 2021, by Avison Young Limited, Chartered Surveyors, an independent valuer. Land and buildings were valued in accordance with the Royal Institute of Chartered Surveyors Valuation Standards (8th Edition), the Red Book, and are prepared either on a Market Evidence or a Depreciated Replacement Cost basis.

NERC's research ships (RRS *Sir David Attenborough*, RRS *Discovery*, and RRS *James Cook*) were valued by Clarksons Valuations Limited during 2023-24, as at 31st October 2023. All NERC aircraft were revalued by the International Bureau of Aviation Group Limited in 2023-24 as at 2nd November 2023.

Lease Remeasurement costs include -£5.009 million reflecting UKRI's reduced occupation of its headquarters at Polaris House, Swindon, alongside a number of other smaller amounts relating to rent reviews (including £0.016 million for IUKBC's London and Harwell offices).

Impairments of plant & equipment relate to the final elements of the premature decommissioning of an aquarium at NERC's British Antarctic Survey Cambridge site due to faults during the building process resulting in it no longer being deemed fit for purpose (£0.649 million being recognised in 2023-24), the costs for which cannot be recovered from the contractors due to their insolvency.

The consolidated PPE note includes £1.483 million of cost and £1.028 million of accumulated depreciation under Buildings that relate to Right of Use lease assets and leasehold improvements for the Innovate UK Business Connect; these are excluded from the UKRI PPE number within the Statement of Financial Position.

8. Intangible assets

	Patents and Licences £000	Software Intangibles £000	Assets under development £000	Total £000
Cost or Valuation				
At 1 April 2024	**400,865**	**74,974**	**2,185**	**478,024**
Additions	73,418	10,750	2,854	87,022
Disposals	-	(488)	-	(488)
Transfers	-	3,444	(842)	2,602
Revaluation	11,154	-	-	11,154
Impairment	-	-	-	-
At 31 March 2025	**485,437**	**88,680**	**4,197**	**578,314**
Amortisation				
At 1 April 2024	**(328,384)**	**(60,886)**	**-**	**(389,270)**
Charged in period	(15,030)	(6,399)	-	(21,429)
Disposals	-	488	-	488
Transfers	-	-	-	-
Revaluation	-	-	-	-
Impairment	-	-	-	-
At 31 March 2025	**(343,414)**	**(66,797)**	**-**	**(410,211)**

	Patents and Licences £000	Software Intangibles £000	Assets under development £000	Total £000
Net book value				
At 31 March 2025	**142,023**	**21,883**	**4,197**	**168,103**
At 1 April 2024	72,481	14,088	2,185	88,754
Cost or Valuation				
At 1 April 2023	**391,411**	**141,472**	**1,761**	**534,644**
Additions	-	1,772	1,602	3,374
Disposals	-	(70,226)	-	(70,226)
Transfers	-	1,956	(1,178)	778
Revaluation	9,454	-	-	9,454
Impairment	-	-	-	-
At 31 March 2024	**400,865**	**74,974**	**2,185**	**478,024**
Amortisation				
At 1 April 2023	**(311,766)**	**(124,483)**	**-**	**(436,249)**
Charged in period	(16,618)	(6,436)	-	(23,054)
Disposals	-	70,226	-	70,226
Transfers	-	(193)	-	(193)
Revaluation	-	-	-	-
Impairment	-	-	-	-
At 31 March 2024	**(328,384)**	**(60,886)**	**-**	**(389,270)**
Net book value				
At 31 March 2024	**72,481**	**14,088**	**2,185**	**88,754**
At 31 March 2023	79,645	16,988	1,761	98,395

Patent additions relate to the granting to MRC of a patent for a drug used in the treatment of eczema.

9. Investments in group undertakings

	Notes	2025 UKRI £000	2025 Consolidated £000	2024 UKRI £000	2024 Consolidated £000
Investments in joint ventures	9.1	862,486	862,486	832,297	832,297
Investments in associates	9.2	10,064	10,064	9,306	9,306
Other investments	9.3	1,682	8,565	2,151	11,149
		874,232	**881,115**	**843,754**	**852,752**

9.1 Investments in joint ventures

	FCI £000	DLSL £000	ILL £000	HSIC £000	Other £000	Total Joint Ventures £000
At 1 April 2024	**456,219**	**263,835**	**46,752**	**64,088**	**1,403**	**832,297**
Additions	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Revaluation	5,129	(8,900)	(1,439)	-	-	(5,210)
Impairments	-	-	-	-	-	-
Share of joint venture profit/(loss)	1,266	34,133	-	-	-	35,399
At 31 March 2025	**462,614**	**289,068**	**45,313**	**64,088**	**1,403**	**862,486**
At 1 April 2023	**316,361**	**319,891**	**48,686**	**67,013**	**1,456**	**753,407**
Additions	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Revaluation	141,602	(45,704)	(1,934)	-	-	93,964
Impairments	-	-	-	-	-	-
Share of joint venture profit/(loss)	(1,744)	(10,352)	-	(2,925)	(53)	(15,074)
At 31 March 2024	**456,219**	**263,835**	**46,752**	**64,088**	**1,403**	**832,297**

HSIC shows no movement for 2024-25 due to over accounting of the surplus from prior years.

The revaluation of investment in ILL relates to the movement in UKRI share of the ILL capital investment reserve. The adjustment is taken to the revaluation reserve.

The revaluation of investment in Diamond Light Source Limited (DLSL) relates to the adjustment required to account for differences in accounting policy between UKRI and DLSL. The adjustment is taken to the revaluation reserve.

The revaluation of investment in the Francis Crick Institute (FCI) relates to the adjustment required to account for differences in accounting policy between UKRI and FCI. The adjustment is taken to the revaluation reserve.

The Francis Crick Institute Limited (FCI)

The FCI is a UK registered charity and limited company formed in partnership with Cancer Research UK, University College London, Kings College London, Imperial College of Science, Technology and Medicine and the Wellcome Trust. The Institute became operational on 1 April 2015. The entity is designed to allow the delivery of the scientific aims of the joint venture.

The FCI's objectives as set out in its Articles of Association are "the advancement of human health and education for the benefit of the public by the promotion and carrying out, directly and indirectly, of all aspects of biomedical research and innovation".

The funding of the project was via capital contributions leading to shares. The UKRI investment in the FCI is represented by issued shares. The investment is therefore valued under the equity method in accordance with the arrangements of IFRS 11 Joint Arrangements as a Joint Venture and additional disclosures regarding the investment are made under IFRS 12 Disclosure of Interests in Other Entities. The principal place of business is Midland Road, London. The proportion of share capital of the Francis Crick Institute that the UKRI holds is 41.9%.

Summarised financial information relating to the FCI is presented below:

Summarised financial information	2024-2025 £000	2023-2024 £000
Current assets	191,258	163,555
Non-current assets	455,175	468,340
Current liabilities	(90,805)	(79,289)
	555,628	**552,606**
Revenue	230,712	216,649
Profit/(loss) from continuing activities	(10,243)	(4,363)

Other financial information	2024-2025 £000	2023-2024 £000
Cash and cash equivalents	26,785	11,084
Depreciation and amortisation	(41,827)	(38,465)

Other information	2024-2025 £000	2023-2024 £000
Capital commitments	6,803	5,029
Grant commitments	-	-

A lease dated 7 June 2012 between the original founders and the FCI grants land at Brill Place, Camden, London (site of the FCI) to the FCI. The lease term is for a period of 55 years at peppercorn rent. The land had been revalued by Carter Jonas, Chartered Surveyors, as at 31 December 2023. The valuation was carried out in accordance with RICS Valuation Manual, as amended in April 2010, known as the revised "Red Book", at Market Value. The MRC's interest in the land is recorded at £9.2 million (2020 £6 million) and reflected in the financial statements accordingly.

Diamond Light Source Limited (DLSL)

UKRI has an 86% interest in DLSL, a company incorporated and operating in the UK. DLSL is a synchrotron science facility. Its purpose is to produce intense beams of light to be used in scientific research, and the principal activities are research and experimental development in natural sciences and engineering. The principal place of business is Diamond House, Harwell Science and Innovation Campus, Didcot.

DLSL is a separate structured vehicle under the joint control of UKRI and the Wellcome Trust. UKRI has a residual interest in its net assets. Under IFRS 11, this joint arrangement is classified as a joint venture and has been included in the consolidated accounts using the equity method.

UKRI holds 86% of the ordinary share capital and 100% of the non-voting redeemable shares in DLSL. The purpose of the redeemable shares is to provide for the funding of irrecoverable VAT incurred during the construction and operation of the synchrotron facility.

DLSL is consolidated using the equity method based on UKRI's net share of the ordinary shares and after adjusting DLSL financial statements for differences in accounting policy.

Summarised financial information relating to the DLSL is presented below:

Summarised financial information	2024-2025 £000	2023-2024 £000
Current assets	46,394	36,949
Non-current assets	329,859	291,438
Current liabilities	(37,776)	(27,906)
Non-current liabilities	(48,026)	(49,721)

Summarised financial information	2024-2025 £000	2023-2024 £000
	290,451	**250,760**
Revenue	164,292	120,457
Profit/(loss) from continuing activities	69,690	(12,036)

Other financial information	2024-2025 £000	2023-2024 £000
Cash and cash equivalents	24,319	22,762
Depreciation and amortisation	(36,320)	(35,383)

Other information	2024-2025 £000	2023-2024 £000
Capital commitments	63,611	41,309
Grant commitments	-	-

Institut Laue-Langevin (ILL)

UKRI has a 33% shareholding and 27.5% net interest (31 March 2024: 27.5% net interest) in the ILL; an international research centre for neutron science, incorporated and operating in France. UKRI is the UK representative and, along with the French and German Foreign Ministries, jointly controls the ILL. The ILL is a separate structured vehicle and UKRI has a residual interest in its net assets. Under IFRS 11 this joint arrangement is classified as a joint venture and has been included in the consolidated accounts using the equity method. ILL prepares accounts to 31 December (in euros); they are produced in accordance with French accounting rules and principles. The principal place of business is Paul Langevin Societe Civile 71, Avenue des Martyrs, 38000 Grenoble.

Summarised financial information relating to the ILL is presented below:

Summarised financial information	2024-2025 £000	2023-2024 £000
Current assets	104,655	100,044
Non-current assets	549,668	539,435
Current liabilities	(65,584)	(59,280)
Non-current liabilities	(418,584)	(403,189)
	170,155	**177,010**
Revenue	115,144	128,360
Profit/(loss) from continuing activities	-	-

Other financial information	2024-2025 £000	2023-2024 £000
Cash and cash equivalents	61,862	52,261
Depreciation and amortisation	(15,114)	(15,102)

Other information	2024-2025 £000	2023-2024 £000
Capital commitments	-	-
Grant commitments	-	-

Harwell Science and Innovation Campus Public Sector Limited Partnership (HSIC PubSP)

UKRI has a 29% (31 March 2024: 29%) interest in HSIC PubSP, a company incorporated and operating in the UK. Management and control of PubSP is jointly shared by UKRI and the UKAEA, with financial interests reflecting the relative contributions of the partners; under IFRS 11 the joint arrangement is classified as a joint venture and is equity accounted. The principal activity of HSIC PubSP is to manage and develop the Harwell Campus as a partner in the Harwell Science and Innovation Campus LP alongside the private sector partner, Harwell Oxford Developments Limited. The principal place of business is Royal Observatory Edinburgh, Blackford Hill, Edinburgh.

Summarised financial information relating to HSIC is presented below:

Summarised financial information	2024-2025 £000	2023-2024 £000
Current assets	26,231	24,950
Non-current assets	171,590	121,425
Current liabilities	(25)	(19)
Non-current liabilities	-	-
	197,796	**146,356**
Revenue	-	-
Profit/(loss) from continuing activities	51,440	(10,048)

Other financial information	2024-2025 £000	2023-2024 £000
Cash and cash equivalents	26,230	10,647
Depreciation and amortisation	-	-

Other information	2024-2025 £000	2023-2024 £000
Capital commitments	-	-
Grant commitments	-	-

UK Shared Business Services Ltd (Registered in England)

UKRI holds one Non-Government Department (NGD) £1 share in UK Shared Business Services Ltd. DSIT holds one Government department (GD) £1 share carrying 51% of the votes. All other stakeholders, including UKRI, each hold 1 NGD share with a combined vote of 49%.

Alan Turing Institute (ATI)

The Alan Turing Institute, headquartered in the British Library, London, was created as the national institute for data science in 2015. In 2017, there was a government recommendation that UKRI added artificial intelligence to its remit. ATI was established as a charity by joint venturers UKRI and five founding universities – Cambridge, Edinburgh, Oxford, UCL and Warwick. The charity is registered and is a company limited by guarantee governed by its Articles of Association and a joint venture agreement with the founder members.

9.2 Investments in associates

	2025 UKRI £000	2025 Consolidated £000	2024 UKRI £000	2024 Consolidated £000
Opening balance	9,306	9,306	9,212	9,212
Impairment	-	-	-	-
Transfers	-	-	-	-
Profit/loss	758	758	94	94
	10,064	**10,064**	**9,306**	**9,306**

The UK Innovation & Science Seed Fund LP (UKI2SF)

The UKI2S is an independently managed capital venture fund, which is backed by government, was established to invest in technologies developed from publicly funded research. UKRI is a limited partner in the fund and has invested £37 million. UKI2S was previously known as the Rainbow Seed Fund and changed its name on 8 February 2018 www.ukinnovationscienceseedfund.co.uk.

Anglia Innovation Partnership (AIP) LLP (formerly Norwich Research Park (NRP) LLP)

BBSRC's investment of £833,000 in AIP LLP is an equal share of a £2.5 million capital investment made by three landowners of the NRP in 2011-12, (BBSRC, John Innes Foundation, and the University of East Anglia). The NRP LLP was formed between the NRP Partners – which consist of the three landowners, the Norfolk and Norwich University Hospital, the John Innes Centre, The Sainsbury Laboratory, and the Earlham Institute – with the aim of transforming the NRP into a world-leading centre for research and innovation in life and environmental science, as well as delivering significant economic benefits and growth in jobs, as a result of the government's £26 million capital investment in the facilities and infrastructure on the NRP www.norwichresearchpark.com. Its registered address is Cetrum, Norwich Research Park, Norwich, Norfolk NR4 7UG.

Babraham Research Campus Ltd (BRCL) (formerly Babraham Bioscience Technologies Ltd (BBT))

UKRI currently holds 25% of shares in BRCL, with a nominal value of £6.6 million, with the Babraham Institute holding the remaining 75%. This equity stake in BRCL will ensure that £50 million of government investment to date in the Babraham Research Campus facilities and infrastructure, and in any future developments, will deliver economic growth and job creation. This will be achieved through the creation of an environment where life science businesses can focus on developing their science and building their business in a supportive and highly networked community, helping to create new medicines, jobs and growth, and maximising the impact of UK science. BRCL is incorporated in England and Wales. www.babraham.com. Its registered address is Babraham Hall, Babraham, Cambridge, Cambridgeshire CB22 3AT.

Plant Bioscience Ltd (PBL)

110 ordinary shares at 10p each, representing one third of the issued share capital of PBL, a company incorporated in England and Wales. www.pbltechnology.com UKRI holds 110 ordinary shares at 10p each, representing one third of the issued share capital of PBL, with the John Innes Centre and the Sainsbury Laboratory also holding a third each of the shares with the same nominal value. All of the shareholders have therefore equal voting rights. PBL offers an extensive range of technologies for licensing in Life Sciences including those in Agriculture, Food & Nutrition, Microbiology, Biotechnology and related Life Science industries. These technologies have been sourced by PBL from research institutes and universities worldwide. Its registered address is John Innes Centre, Norwich Research Park, Colney Lane, Norwich, NR4 7UH.

Rothamsted Enterprises Ltd (REL) (formerly Rothamsted Centre for Research and Enterprise (ROCRE))

UKRI holds one ordinary share at 100p, representing 20% of the issued share capital of REL. Lawes Agricultural Trust and Rothamsted Research each hold two ordinary shares, or 40% of the remaining issued share capital. Government has invested £10.9 million in REL facilities and infrastructure alongside investments from the other shareholders. REL's primary aim is to promote collaboration and innovation through providing the facilities and expertise for start and scale up agricultural technology and food businesses to prosper and establish the Rothamsted Campus as a world class centre for research and innovation in food security, green energy, and climate change. REL is incorporated in England and Wales. www.rothamstedenterprises.com. Its registered address is Rothampstead Research, West Common, Harpenden, Hertfordshire, AL5 2JQ.

Leaf Systems International Ltd

30 ordinary shares at 100p each, representing 30 per cent of the issued share capital (with voting rights) of Leaf Systems International Ltd. Leaf Systems International Ltd is incorporated in England and Wales and was launched in January 2017, following construction of the government-funded £5 million transitional facility at Norwich for producing high-value protein in plants. www.leafexpressionsystems.co.uk. Its registered address is Norwich Research Park, c/o PBL, Colney Lane, Colney, Norwich, Norfolk NR4 7UH.

Aberystwyth Innovation and Enterprise Campus Ltd (AIEC)

UKRI holds 25 ordinary shares in AIEC, valued at £25, representing 25% of the issued share capital. Aberystwyth University holds the remaining 75% of issued share capital. Government has invested £12 million, out of a total investment of £40.5 million, to provide world-leading facilities managed by AIEC at Aberystwyth University's Goggerdan campus. AIEC's primary aims are to support innovation and promote industrial and academic collaboration, within the biotechnology, agri-tech, and food and drink sectors, whilst facilitating the development of spin-out companies and inward investment so as to drive economic growth through the creation of high value-add jobs and thriving knowledge-based companies. AIEC is incorporated in England and Wales. www.aberinnovation.com. Its registered address is Aiec Office Block, Gogerddan, Penrhyncoch, Aberystwyth, Ceredigion, SY23 3EE.

9.3 Other Investments

	2025 UKRI £000	2025 Consolidated £000	2024 UKRI £000	2024 Consolidated £000
Opening balance	2,151	11,149	2,959	11,571
Additions	-	100	-	974
Revaluation	(469)	(2,620)	(808)	(808)
Impairments	-	-	-	(588)
Disposals	-	(64)	-	-
	1,682	**8,565**	**2,151**	**11,149**

9.4 Subsidiary Undertakings

STFC Innovations Limited (SIL)

STFC Innovations Limited (SIL), a company registered and operating in the UK, is a wholly owned subsidiary of UKRI. SIL was established to manage and commercially exploit intellectual property owned by UKRI for the benefit of the UK economy in accordance with HM Government policy. It's registered address is R71 Rutherford Appleton Laboratory, Harwell Science and Innovation Campus, Didcot OX11 0QX.

SIL is consolidated in UKRI's financial statements in accordance with IFRS 10. In 2024-25 SIL recorded a loss of £0.5 million. Its net surplus of capital and reserves at 31 March 2025 was £5.7 million.

Innovate UK Loans Limited (IUKLL)

Innovate UK Loans Limited (IUKLL), a company registered and operating in the UK, is a wholly owned subsidiary of UKRI. IUKLL was incorporated on 22 February 2018 to implement a programme of innovation loans for the benefit of the UK economy in accordance with HM Government policy. It's registered office is Polaris House, North Star Avenue, Swindon, Wiltshire SN2 1FL.

IUKLL is consolidated in UKRI's financial statements in accordance with IFRS10. In 2024-25 IUKLL recorded a post tax loss of £0.2 million. Its total reported retained losses at 31 March 2025 was £2.2million.

Knowledge Transfer Network (KTN) operating as Innovate UK Business Connect

Knowledge Transfer Network (KTN) operating as Innovate UK Business Connect (IUKBC), a company limited by guarantee, registered and operating in the UK, is a wholly controlled subsidiary of UKRI. It's registered address is Suite 218, Business Design Centre, 52 Upper Street, Islington, London N1 0QH.

Innovate UK Business Connect exists to connect innovators with new partners and new opportunities, helping to accelerate ambitious ideas into real-world solutions. Businesses make up the core of its network, but its diverse connections span government, funders, research and the third sector. This overview and connectivity enable it to take partners, clients and communities through the complex landscape of research, development and innovation.

IUKBC is consolidated in UKRI's financial statements in accordance with IFRS10. In 2024-25 IUKBC recorded a surplus of £0.3 million. Its total reserves at 31 March 2025 was £3.4 million.

10 Financial Assets

10.1 Loans

	2025 UKRI £000	2025 Consolidated £000	2024 UKRI £000	2024 Consolidated £000
Opening balance	11,399	133,838	11,399	141,090
Additions	-	30,625	-	22,667
Loans repaid	-	(14,335)	-	(7,949)
Expected credit loss	-	(10,744)	-	(9,200)
Amortisation	-	3,841	-	4,762
Fair value movement – Day 1	-	(5,157)	-	(3,012)
Fair value movement – FVTPL	-	(6,746)	-	(12,120)
Loans written off	-	-	-	(2,400)
	11,399	**131,322**	**11,399**	**133,838**

10.1.1 Loans analysis

The loans are further spilt between Innovate UK Loans Limited (IUKLL) and a loan to Daresbury SIC LLP (DSIC), which is a joint venture between UKRI and Halton Borough Council. The IUKLL loans receive contractual interest in a range from 3.7% to 7.4%, whilst the DSIC loan's contractual interest rate is 3%.

	UKRI			Consolidated			
	DSIC £000	IUKLL £000	Total £000	DSIC Amt cost £000	IUKLL Amt cost £000	IUKLL FVTPL	Total
At 1 April 2024	**11,399**	**-**	**11,399**	**11,399**	**74,747**	**47,692**	**133,838**
Additions	-	-	-	-	30,625	-	30,625
Loans repaid	-	-	-	-	(8,261)	(6,074)	(14,335)
Expected credit loss	-	-	-	-	(10,744)	-	(10,744)
Amortisation	-	-	-	-	3,841	-	3,841
Fair value movement – Day 1	-	-	-	-	(5,157)	-	(5,157)
Fair value movement – FVTPL	-	-	-	-	-	(6,746)	(6,746)
At 31 March 2025	**11,399**	**-**	**11,399**	**11,399**	**85,051**	**34,872**	**131,322**
At 1 April 2023	**11,399**	**-**	**11,399**	**11,399**	**66,973**	**62,718**	**141,090**
Additions	-	-	-	-	22,667	-	22,667
Loans repaid	-	-	-	-	(5,295)	(2,654)	(7,949)
Expected credit loss	-	-	-	-	(9,200)	-	(9,200)
Amortisation	-	-	-	-	2,614	2,148	4,762
Fair value movement – Day 1	-	-	-	-	(3,012)	-	(3,012)
Fair value movement – FVTPL	-	-	-	-	-	(12,120)	(12,120)
Loans written off	-	-	-	-	-	(2,400)	(2,400)
At 31 March 2024	**11,399**	**-**	**11,399**	**11,399**	**74,747**	**47,692**	**133,838**

Innovation continuit loans (ICLs) are classified as FVTPL following a detailed assessment of an equity conversion clause on the cash flow characteristics of these loans. ICLs were made available to support the continuation of innovation by Innovate UK award recipients who are SMEs or third sector organisations that found themselves facing a sudden shortage or unavailability of funds resulting directly from the COVID-19 pandemic. The intention of the equity conversion feature is defensive, to support the recovery of any outstanding capital and interest.

Maximum credit risk exposure

The maximum credit risk exposure is calculated by adding the balance sheet carrying value of loans advanced (net of expected credit loss provisions) to the irrevocable loan commitments that are not yet advanced (and so are not recognised on the balance sheet), less provisions on these commitments. The maximum credit risk exposure totalled £145.6 million at 31 March 2025 (2024: £149.4 million).

Staging & credit quality (amortised cost loans only)

UKRI's most substantial exposure to credit risk relates to the lending by Its subsidiary Innovate UK Loans Limited (IUKL). More detailed disclosure is available in the published statutory accounts of this subsidiary, which will be approved by the IUKL directors and will be made available on the Companies House website later this year.

The nature of innovation loans is such that this type of lending is expected to have a relatively higher credit risk profile compared to lower-risk commercial lending secured on a range of tangible and intangible assets at the market interest rates that private sector financial institutions typically offer. IUKL adopts robust credit risk management policies designed to recognise and manage the risks arising from the portfolio. At 31 March 2025 there were 40 innovation loans classified as amortised cost with a significant increase of credit risk and 29 loans that were credit impaired (defaults) (at 31 March 2024 there were 26 loans with a significant increase of credit risk and 17 loans with credit impairment (defaults)), as defined by the IUKL's staging transfer criteria, at the end of the financial year.

A consequence of the classification of innovation continuity loans as FVTPL is that these loans are outside the scope of ECL provisions and the provisions for irrevocable commitments, and so provisions cannot be made for these loans, to avoid double counting, as such loans already have fair value adjustments which reflect an assessment of recoverability.

The table below shows the loan balances and provisions for DSIC and amortised cost IUKL innovation loans, by risk grade.

Loan balance and provisions by risk grade

31 March 2025

Amortised cost loans only	Loan balance				Provisions			
Risk grade	Stage 1 £000	Stage 2 £000	Stage 3 £000	Total £000	Stage 1 £000	Stage 2 £000	Stage 3 £000	Total £000
DSIC non-graded	11,399	-	-	11,399	-	-	-	-
Strong (AAA to A-)	-	-	-	-	-	-	-	-
Good (BBB+ to BBB-)	3,958	-	-	3,958	24	-	-	24
Satisfactory (BB+ to BB-)	24,880	-	-	24,880	539	-	-	539
Weak (B+ to B-)	29,918	15,803	-	45,721	1,650	2,391	-	4,041
Bad/financial difficulties (CCC+ and below)	2,055	20,858	-	22,913	414	7,403	-	7,817
Default/credit-=impaired (D)	-	-	15,428	15,428	-	-	15,428	15,428
Total	**72,210**	**36,661**	**15,428**	**124,299**	**2,627**	**9,794**	**15,428**	**27,849**

Although ICLs are outside the scope of ECL provisions, IUKL manages the credit risks of ICLs on exactly the same basis as other innovation loans and is exposed to the same risks of default.

Innovation Loans: Level 3 unobservable inputs

Level 3 inputs for fair value measurement are those derived from valuation techniques that include inputs for financial assets and liabilities that are not based on observable market data (unobservable inputs). The only Level 3 unobservable inputs into financial assets that are recorded in the Statement of Financial Position are for fair values at origination for amortised cost innovation loans and FVTPL loans measured at fair value at reporting date as per the loan analysis 10.1.1 table above. The market-based unobservable approach used is described in the accounting estimate section above. Further details are published in IUKL's annual accounts.

11 Funded Pension Scheme

The MRC operates a funded pension scheme (MRCPS) providing benefits based on service and final pensionable pay at the normal retirement age of 65. The scheme is a defined benefit scheme that prepares its own scheme statements. Benefits accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. Members pay contributions of 6.5% pensionable earnings to the Scheme.

Following the transfer of MRC research units and employees to universities, a University section was set up to account for the obligations to individuals that remain in the MRCPS. During the period, obligations of £2.1 million were recognised under Section 75 (S.75) of the 1995 Pensions Act in respect of liabilities of transferred employees; the University section, has been set up within MRCPS to manage S.75 liabilities. These costs are reflected in the valuation of the pension scheme.

Under section 222 of the Pensions Act 2004, every scheme (or section of a scheme) is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its Technical Provisions, which represent the present value of benefits to which members are entitled based on pensionable service to the valuation date. This is assessed at least every 3 years using assumptions agreed between the Trustee and the Employer, and the actuarial review will inform the required MRCPS contribution rate. The Scheme actuary is Aon UK Ltd.

The results of the 2022 valuation were agreed by the Trustee and the Employer in December 2023 and showed that the Principal Section had a surplus of assets over liabilities of £582.6 million, and the Universities Section had a surplus of £24.4 million. A combined surplus of £607 million. These surpluses corresponded to funding levels of 148% and 124% for the Principal and Universities Sections respectively.

The present MRCPS employers' contribution rate remained at 16% in 2024-25 (2023-24: 16%).

The contributions due to the scheme are set out in the schedule of contributions for each section. The most recent schedules of contributions were signed on 21 December 2023 and are due to be reviewed following the next actuarial valuation of the scheme, which is due to be carried out as at 31 December 2025.

The following payments are due in 2025-26:

MRC Section

By the members:	6.5% of pensionable pay
By MRC:	16.0% of pensionable pay
By other employers:	16.9% of pensionable pay

The total contribution expected to be paid into the MRC section in 2024-25 is £13 million.

University Section

By the members:	6.5% of pensionable pay
By the universities:	16.9% of pensionable pay
By MRC:	13.3% of pensionable pay

The total contribution expected to be paid into the University section in 2024-25 is £6 million.

On the technical provisions bases, we estimate that the duration on each section's Technical Provisions basis at 31 March 2025 is 14.5 years for the scheme as a whole.

The valuation used for IAS 19 disclosures has been based on the data for the most recent actuarial valuations as at 31 December 2022, and updated to take account of the requirements of IAS 19 in order to assess the liabilities of the scheme at 31 March 2023. The mortality assumptions included within the figures are that male and female members who retire at typical ages will live to approximately age 87 and 89 respectively.

The Scheme continues to consider the potential impact of the High Court & Court of Appeal judgements in the Virgin Media (VM) litigation. The VM litigation relates to amendments made to private sector and not public sector schemes and as a result it does not expressly deal with whether s 37 confirmations are required for relevant amendments made to public sector schemes.

Public Service Scheme amendments during the relevant period would have been made by legislation (i.e. by primary legislation or regulations). The general position in public law is that legislation remains valid law until it is revoked or repealed by subsequent legislation or in the case of regulations specifically declared void by a court. The Scheme therefore continues to administer benefits and recognise liabilities in accordance with the relevant scheme regulations currently in force.

a. Financial assumptions used to calculate scheme liabilities

	2024-2025 %	2023-2024 %
Rate of increase on pensionable salaries	3.70	3.75
Rate of increase on pension payments	2.70	2.75
Discount rate	5.65	4.75
Inflation rate	2.70	2.75
Expected return on equities	5.65	4.75
Expected return on overall fund	5.65	4.75

The results of any actuarial calculation are inherently uncertain because of the assumptions which must be made. The table below indicates the approximate effects on the actuarial liability as at 31 March 2025 of changes to the main actuarial assumptions.

Change in assumption		Approximate effect on total liability %	Approximate effect on total liability (£m)
Discount rate	-0.5% a year	+7.0%	77
Rate of increase in earnings	-0.5% a year	-0.7%	-8
Rate of increase in pensions	-0.5% a year	-5.2%	-57
Member's experience mortality one year younger		3.4	37

b. Analysis of Actuarial gain

	2024-2025 £000	2023-2024 £000
Actual return less expected return on pension scheme assets	(101,939)	36,469
Experience gains arising on the scheme liabilities	(7,548)	(4,289)
Changes in demographic assumptions	3,406	7,904
Changes in financial assumptions	155,065	(3,606)
Actuarial gain (note 11e)	**48,984**	**36,478**

c. Analysis of actuarial gain expressed as a percentage of the scheme's assets and liabilities at the statement of financial position date

	2024-2025 %	2023-2024 %
Actual return less expected return on pension scheme assets	(5.12)	1.79
Experience (loss)/gain arising on the scheme liabilities	(0.69)	(0.35)
Actuarial gain	4.46	2.96

d. The assets and liabilities in the scheme

Assets	2024-2025 £000	2023-2024 £000
Equities	551,668	1,060,182
Property	360,159	351,223
Bonds	816,484	466,117
Cash	263,854	164,037
	1,992,165	**2,041,559**
Actuarial value of liability	(1,098,327)	(1,232,942)
	893,838	**808,617**

Bonds contain assets that have a quoted market price in an active market. As at March 2025, the value of those assets are £786 million.

An investment strategy is in place which has been developed by the pension trustee, in consultation with the Employer to mitigate the volatility of liabilities, to diversify investment risk and to manage cash. To this end the majority of assets are invested in growth assets, which in the long term are expected to yield a greater return than would be available for fixed income assets such as bonds and gilts.

e. The movements in the scheme surplus

	2024-2025 £000	2023-2024 £000
Surplus at the start of the period	808,617	737,414
Current service costs net of employee contributions	(18,278)	(18,252)
Employer contributions	19,288	21,093
Past service costs	-	-
Administrative expenses paid from scheme assets	(3,132)	(2,416)
Other finance income (note 11f)	38,359	34,300
Actuarial gain (note 11b)	48,984	36,478
Surplus at end of period	**893,838**	**808,617**

f. Other finance income

	2024-2025 £000	2023-2024 £000
Expected return on pension scheme assets	95,955	89,967
Interest on pension scheme liabilities	(57,596)	(55,667)
Net return – other finance income (note 11e)	**38,359**	**34,300**

12 Trade and other receivables

	2025 UKRI £000	2025 Consolidated £000	2024 UKRI £000	2024 Consolidated £000
Due within one year				
Trade receivables	271,616	273,645	286,883	292,159
Other receivables	26,346	26,360	35,470	35,486
Prepayments	212,782	213,865	270,415	271,423

	2025 UKRI £000	2025 Consolidated £000	2024 UKRI £000	2024 Consolidated £000
Accrued income	506,044	509,375	335,119	339,953
Contract assets	11,251	11,251	9,643	9,643
Total receivables	**1,028,039**	**1,034,496**	**937,530**	**948,664**
Due after more than one year				
Other receivables	127,079	-	124,943	-
Prepayments	-	-	-	-
	127,079	**-**	**124,943**	**-**

Trade and other receivables due within one year have increased by £86 million from £948 million to £1,034 million. The majority of the increase lies within accrued income which has an increase of £169 million and this is reduced by a decrease of £58 million in prepayments and a decrease of £18 million in trade receivables.

The increase in accrued income relates to IUK programmes with other government bodies to deliver the zero emissions demonstration programme, zero emissions vessels and infrastructure, automative technology, clean maritime demonstration programme and farming innovation programmes. Since the Machinery of Government changes in February 2023, IUK invoices during the year or accrues income at year end from other government bodies for the funded programmes.

The decrease in prepayments relates to accounting for no-cost extensions, whereby changes to profile are directly changed on the grants system rather than through journals and the release of previous years rewinds is £55 million.

13 Cash and cash equivalents

	2025 UKRI £000	2025 Consolidated £000	2024 UKRI £000	2024 Consolidated £000
Balance at 1 April	**703,387**	**715,046**	**143,890**	**157,645**
Net change in cash and cash equivalent balances	(194,617)	(185,234)	559,497	557,401
Balance at 31 March	**508,770**	**529,812**	**703,387**	**715,046**
The following balances at 31 March were held at:				
Government Banking Service	455,492	471,052	667,567	676,148
Commercial banks and cash in hand	53,278	58,761	35,820	38,898
Total	**508,770**	**529,812**	**703,387**	**715,046**

14 Trade and other payables

	2025 UKRI £000	2025 Consolidated £000	2024 UKRI £000	2024 Consolidated £000
Amounts falling due within one year:				
VAT	(4,959)	(4,969)	1,069	1,038
Other taxation and social security	(11,485)	(11,485)	(10,213)	(10,213)
Trade and other payables	(142,446)	(157,731)	(166,810)	(180,319)
Accruals	(199,504)	(202,089)	(214,526)	(216,334)
Grant accruals	(1,203,839)	(1,203,839)	(1,057,658)	(1,057,658)
Deferred income	(56,497)	(60,295)	(48,568)	(54,599)

	2025 UKRI £000	2025 Consolidated £000	2024 UKRI £000	2024 Consolidated £000
Lease liability	(3,207)	(3,391)	(2,844)	(3,155)
Contract liabilities	(4,310)	(4,310)	(14,350)	(14,350)
	(1,626,247)	**(1,648,109)**	**(1,513,900)**	**(1,535,590)**
Amounts falling due after more than one year:				
Deferred tax	(74,684)	(74,684)	(70,222)	(70,222)
Grant Accrual	-	-	-	-
Lease liability	(51,118)	(51,400)	(54,154)	(54,408)
	(125,802)	**(126,084)**	**(124,376)**	**(124,630)**
Analysis of lease liability movements				
Lease Repayments	5,133	5,526	4,446	4,752
Lease Interest	(1,600)	(1,627)	(1,537)	(1,554)
Lease Remeasurements	4,506	4,490	(1,300)	(1,356)
New Leases	(5,367)	(5,617)	(5,467)	(5,840)
	2,673	**2,772**	**(3,858)**	**(3,998)**
Analysis of expected timing of lease liability cash flows				
Not later than one year	(3,207)	(3,391)	(2,844)	(3,155)
Later than one year and not later than five years	(10,199)	(10,542)	(9,732)	(9,987)
Later than five years	(40,919)	(40,858)	(44,422)	(44,421)
Balance at 31 March	**(54,325)**	**(54,791)**	**(56,998)**	**(57,563)**

Overall, trade and other payables due in one year have increased by £113 million from £1,536 million to £1,649 million. The majority of this lies within grant accruals which has had an increase of £129 million.

This increase is due a new grant accrual creditor of £60 million in relation to investment in new AI Research Resource (AIRR) to deliver dedicated AIRR following the announcement of £300 million investment into first phase in November 2023. There is also an increase in spend in IUK programmes relating to zero emissions transport in line with an increase in budget allocation (£14.7 million 23-24 compared to £80 million 24-25) for DfT zero emission HGV technologies of £33 million. There was also an increase in the system generated grant accrual calculation of
£79 million.

15 Provisions for liabilities and charges

Consolidated	2024-2025 £000	2023-2024 £000
Balance at 1 April	**184,563**	**200,336**
Provided in the period	14,860	5,833
Provisions not required written back	(2,809)	(7,441)
Provisions utilised in the period	(590)	(1,537)
Reclassification of ICLs irrevocable commitment reversals	-	-
Change in the discount rate	975	(15,762)
Unwinding of discount	3,396	3,134

Consolidated	2024-2025 £000	2023-2024 £000
Balance at 31 March	**200,395**	**184,563**
Analysis of expected timing of cash flows		
Not later than one year	21,034	5,198
Later than one year and not later than five years	12,645	19,710
Later than five years	166,716	159,655
Balance at 31 March	**200,395**	**184,563**
Analysis of provisions		
Decommissioning		
ISIS	42,421	43,148
ILL	108,763	105,141
Other	34,863	32,547
Early retirement	995	1,112
Other provisions	13,353	2,615
	200,395	**184,563**

The ILL decommissioning provision of £108.8 million (2023–24: £105.1 million) is UKRI's share of the ILL's decommissioning provision disclosed in its Financial Statements for the year ended 31 December 2024, produced in accordance with French accounting rules and principles and compatible with IFRS. ILL calculated its provision using a discount rate of 4.78% (2023–24: 4.98%). The main sources of uncertainty are around future developments in waste processing and site rehabilitation technology, changes in nuclear and conventional safety constraints and environmental requirements, future inflation and the EUR:GBP exchange rate.

End of Life (EoL) – no decision has yet been made on the EoL of the ILL facility; the current plan assumes that the reactor will be shut down in 2030 and decommissioning completed in 2057. The timing of the EoL will determine the start date of the decommissioning plan, which will impact the future costs of decommissioning and the discounting of the provision.

Discount rate – if the HM Treasury PES (2024) discount rate of 4.81% for general provisions had been used, the provision would increase by £2 million. Exchange rate – a change of 10% in the EUR:GBP exchange rate would result in a movement of £10 million in the provision.

UKRI places reliance on the detailed Decommissioning Feasibility Study that was produced by the ILL in conjunction with the CEA (French Atomic Energy Commission) in 2019 and the subsequent review by the Decommissioning Costs Working Group (DCWG) as to its reasonableness concerning the decommissioning costs and timescale. The DCWG concluded that it was content with the current estimate of the ILL decommissioning costs and the key assumptions used are a reasonable base case.

The membership of the DCWG comprised representatives from the UK, Germany and France with experience in the nuclear industry and nuclear decommissioning.

ISIS decommissioning includes:

- £29.3 million (2023–24: £29.3 million) for the decommissioning (and radioactive waste disposal) of the ISIS Spallation Neutron Source facility; decommissioning is expected to begin in 2040 and be completed in 2095.
- £13.2 million (2023–24 £13.8 million) for construction of a Waste Separation Facility (WSF) to handle the higher activity waste (HAW) produced by the ISIS facility. A significant proportion of ISIS waste is HAW, which is the most expensive and difficult to prepare for disposal. The WSF will handle and segregate the waste to minimise the cost for transportation and disposal. Construction is forecast to be completed in 2028–29.

Decommissioning provisions have been discounted to present value using discount (and inflation) rates provided by HM Treasury.

16 Adjustments for non-cash transactions

	2025 UKRI £000	2025 Consolidated £000	2024 UKRI £000	2024 Consolidated £000
Depreciation and impairment charges	222,710	223,137	250,846	263,776
Other operating expenditure	(36,462)	(36,399)	9,156	18,665
Non-cash movements in Loans	-	18,806	-	-
Non-cash movements in Right of Use assets	4,490	4,490	-	-
Non-cash movements in Subsidiary Gen Fund	-	(15)	-	-
IAS19 Pension costs	(32,983)	(32,983)	(30,992)	(30,992)
Employer contributions to Pensions	19,288	19,288	21,093	21,093
	177,043	**196,324**	**250,103**	**272,542**

17 Commitments

Consolidated

17.1 Capital commitments

	2024-2025 £000	2023-2024 £000
Contracted capital commitments at 31 March 2023 not otherwise included in these accounts		
Property, plant and equipment	549,975	283,344
Intangible assets	-	86
	549,975	**283,430**

Capital commitments by year

As represented by UKRI Entity	Not later than one year £000	Later than one year but not later than five years £000	Later than five years £000	Total £000
BBSRC	133,543	359,125	-	492,668
MRC	-	-	-	-
NERC	16,700	12,033	-	28,734
STFC	24,052	4,522	-	28,574
	174,296	**375,680**	**-**	**549,975**

The commitments comprise the following material items:

- a Capital commitment of £274 million over a 5 year period to the Infrastructure Fund: Wave 1-Full project-John Innes Centre/The Sainsbury Laboratory (JIC/TSL)
- a Capital commitment of £68 million over a 5 year period to the Infrastructure Fund: Wave 2-Full project-EMBL-EBI: Data Resources for the Life Sciences P2 Programme
- a Capital commitment of £45 million over a 3 year period to the Institute Maintenance Development (World Class Labs) Programme

17.2 Grant commitments

	2024-2025 £000	2023-2024 £000
Not later than one year	4,956,030	5,300,148
Later than one year but not later than five years	6,731,552	7,075,410
Later than five years	399,277	149,105
	12,086,859	**12,524,663**

UKRI have multi-year contractual obligations for grants. These are legal contracts that are not captured in the comprehensive statement of financial position but will become an expense at a future date.

UKRI Group Grant commitments include:

- a commitment of £449 million over a three year period to the High Value Manufacturing Catapult Core Delivery Programme
- a commitments of £236 million over a four year period to the Francis Crick Institute (FCI). See note 9 for further details of the FCI
- a commitment of £105 million over a five year period to the University of Bristol, to the Artificial Intelligence Research Resource (AIRR) Programme

17.3 International subscriptions

UKRI had the following commitments in respect of membership of international collaborations:

2024-25	Within one year £000	Between one year and five years £000	After five years £000	Total £000
Organisation				
European Organization for Nuclear Research (CERN)	170,708	99,236	-	269,944
Institut Laue-Langevin (ILL)	19,481	81,147	81,701	182,329
European Synchrotron Radiation Facility (ESRF)	8,901	25,130	-	34,031
European Molecular Biology Laboratory (EMBL)	23,845	24,586	-	48,431
European Organisation for Astronomical Research in the Southern Hemisphere (ESO)	30,887	15,554	-	46,441
European X-Ray Free-Electron Laser Facility GMBH (XFEL)	6,708	28,200	13,043	47,951
Square Kilometre Array (SKA)	18,895	48,882	6,487	74,264
Other	702	41,468	-	42,170
	280,127	**364,203**	**101,231**	**745,561**

2023-24	Within one year £000	Between one year and five years £000	After five years £000	Total £000
Organisation				
European Organization for Nuclear Research (CERN)	170,732	99,866	-	270,598
Institut Laue-Langevin (ILL)	20,355	84,094	38,896	143,345
European Synchrotron Radiation Facility (ESRF)	9,024	35,692	-	44,716
European Molecular Biology Laboratory (EMBL)	21,708	23,845	-	45,553
European Organisation for Astronomical Research in the Southern Hemisphere (ESO)	30,600	15,298	-	45,898
European X-Ray Free-Electron Laser Facility GMBH (XFEL)	7,407	46,617	34,236	88,260
Square Kilometre Array (SKA)	28,512	56,668	19,433	104,613
Other	2,923	1,725	-	4,648
	291,261	**363,805**	**92,565**	**747,631**

18 Contingent liabilities

UKRI recognises a contingent liability for its share of Institut Laue-Langevin (ILL) staff related commitments that will arise on the closure of the facility. The contingent liability will become a provision when a detailed closure plan has been documented and communicated to all those affected.

UKRI recognises a contingent liability against operations linked to global fiscal obligations. We are continuing to investigate historic activity and to ensure future compliance across all operational sites

19 Related party transactions

UKRI is a non-departmental public body sponsored by DSIT. For the purposes of International Accounting Standard 24, DSIT is regarded as a related party. During the year, UKRI had various material transactions with DSIT and DESNZ, including the UK Space Agency and UK Atomic Energy Authority. In addition, UKRI also had a number of related transactions with UK SBS Limited.

The accounts provide disclosure of all material transactions with those who are recognised as key management personnel as per IAS 24 'Related Parties'. This is taken to be those members of staff who are included under Executive Directors' remuneration in the Remuneration Report and all UKRI Board members.

During the year, UKRI had transactions with other government departments and with other central government bodies, such as: Department for Business and Trade; Intellectual Property Office; the Foreign, Commonwealth and Development Office; the Department for Environment, Food and Rural Affairs; the Department of Health and Social Care; the Department for Transport and the Ministry of Defence. UKRI also had transactions with devolved administrations, such as the Scottish Government and the Welsh Government.

During the year, UKRI entered into no new awards or contracts funded by UKRI where UKRI Board members or Executive Directors are the principal investigator.

The following aggregated payments were made by UKRI in respect of funded awards or contracts to Institutions where Executive Directors, Board members or their close family members were employed during the year:

Organisation	'Board Member or Director* (Relationship where involvement is not direct)'	Position	Amount awarded (£)
CERN (European Organization For Nuclear Research)	Professor Mark Thomson	Director General Elect	175,127,699
City, University of London	Professor Sir Anthony Finkelstein	President	24,139,249
Data for Policy	Professor Sir Anthony Finkelstein	Trustee	2,500
DEFRA	Professor Louise Heathwaite	Chair	2,602,812
	Professor Sir Anthony Finkelstein (Sibling)	Permanent Secretary	
Digilab Solutions Ltd	Nigel Toon	Board Member	299,957
Digital Catapult Services Ltd	Priya Guha	Senior Independent Director	27,415,284
Ebsco International Inc	Annie Callanan	President	10,349
Fera Science Ltd (FERA)	Professor Sir Ian Boyd	Non-Executive Director	447,843
Foundation for Science & Technology	Daniel Shah	Trustee	6,000
Gonville & Caius College, Cambridge	Professor Patrick Chinnery	Director	18,969
LabGenius	Professor Charlotte Deane	Board Member	133,548
Lancaster University	Professor Louise Heathwaite	Pro Vice-Chancellor	53,495,253
Muscular Dystrophy UK	Professor Patrick Chinnery	Vice President	4,026
National Foundation for Education Research	Karen Kroger	Non-Executive Board Member	213,559

Organisation	'Board Member or Director* (Relationship where involvement is not direct)'	Position	Amount awarded (£)
National Oceanography Centre	Professor Sir Ian Boyd	Trustee	69,802,796
Priya Guha Ltd	Priya Guha	Director	2,400
Queen Mary University of London	Karen Kroger	CFO	100,844,406
Queen's University Belfast	Professor Nola Hewitt-Dundas	Pro Vice-Chancellor	12,666,223
Seagate Technology Ltd	Professor Nola Hewitt-Dundas	Co-Investigator	7,107,945
Shell UK Limited	Sir Andrew Mackenzie	Chair	783,387
The Royal Society of Biology	Professor Sir Ian Boyd	President	49,078
UK Atomic Energy Authority	Professor Sir Ian Chapman	CEO	9,311,728
UK Research Integrity Office	Professor Sir Ian Boyd	Chair	41,625
University of Cambridge	Professor Anne Ferguson-Smith	Arthur Balfour Professor	386,194,653
	Professor Dame Ottoline Leyser	Regius Professor	
University of Lincoln	Russel Schofield Bezer	Chair and Board Member	22,321,464
University of Nottingham	Professor Jane Norman	President and Vice Chancellor	176,763,900
University of Oxford	Professor Charlotte Deane	Co-Director	358,434,021
University of Plymouth	Alison Jarvis	CFO	23,878,974
University of Southampton	Alison Jarvis	Executive Director	165,010,050
	Philip Greenish	Pro Chancellor	

UKRI also has related party transactions with its joint ventures; the Crick, DLSL, Daresbury SIC LLP, HSIC PubSP and HSIC LP. These are disclosed in the table below:

Joint Venture	Type of transaction	Transaction amount Expense/(Income) £000	Balance Debtor/ (Creditor £000
Crick	Operations funding	67,931	7,139
	Sale of goods and services	(10)	2
DLS	Sale of goods and services	(1,322)	441
	Purchase of goods and services	532	(92)
	Operations funding	134,086	(10,505)
Institute Laue-Langevin	Operations funding	20,060	-
	Purchase of goods and services	14	(7)
Daresbury SIC LLP	Purchase of goods and services	616	(20)
	Loan note interest	343	-
	Sale of goods and services	(97)	-
HSIC PubSP	Purchase of goods and services	1,782	-
	Sale of goods and services	(447)	6
Alan Turing Institute	Operations funding	28,315/(51)	(6,056)
	Sale of goods and services	(28)	-

UKRI sponsors nine research institutes, which conduct long-term, mission-orientated research using specialist facilities that are in line with UKRI's priorities. UKRI provides Strategic Programme Grants to the institutes to fund specific research programmes. The sponsored institutes have separate charitable status, and an independent governing body oversees the institutes' activities.

Transactions with UKRI-sponsored Institutes	Type of transaction	Transaction amount Expense/(Income) £000	Balance Debtor/ (Creditor £000
Babraham Institute	Operations funding	18,906	627
The Pirbright Institute	Operations funding	32,425	(540)
Quadram Institute Bioscience	Operations funding	15,562/(43)	(533)
John Innes Centre	Operations funding	62,383/(149)	(5,121)
Rothamstead Research	Operations funding	17,328	1,248
The Earlham Institute	Operations funding	9,702	883
UK Biobank Limited	Sale and Purchase of goods and services	(1)	-
	Operations funding	27,277	297
UK Dementia Research Institute	Sale and Purchase of goods and services	(88)	-
	Operations funding	29,088	254
Health Data Research UK	Operations funding	28,061	2,893
Transactions with other related parties			
Babraham Research Campus Ltd	Operations funding	1,259/(1,188)	(116)
Anglia Innovation Partners LLP	Operations funding	2,284	(1,918)
Aberystwyth Innovation and Enterprise Campus Ltd	Operations funding	222	40
Rothamsted Enterprises Ltd	Operations funding	208	-
Leaf Systems International Ltd	Operations funding	6	-

20 Financial instruments and derivatives

IFRS 7, Financial Instruments: Disclosures, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks that UKRI faces in undertaking its activities. Specifically: (a) the significance of financial instruments affecting financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which it is exposed. As a result of the largely non-trading nature of its activities and the way it is financed, UKRI is not exposed to the degree of financial risk faced by businesses. Moreover, financial instruments play a limited role in creating or changing risk around its operational activities.

Liquidity risk

UKRI's net revenue resource requirements are largely funded by the grant-in-aid from its sponsor department. The capital expenditure is also financed through the grant-in-aid. UKRI is therefore, not exposed to significant liquidity risks.

Market risk

The assets most exposed to market risk are the funded pension. An investment strategy is in place which has been developed by the pension trustee, in consultation with the Employer to mitigate the volatility of assets, to diversify investment risk and to manage cash. To this end the majority of assets are invested in growth assets, which in the long term are expected to yield a greater return than would be available for fixed income assets such as bonds and gilts.

Interest rate risk

UKRI has a low level of exposure to interest rate fluctuations; it does not actively seek to invest cash in money markets. Any excess funds held outside of the Government Banking Systems banking framework, which could attract interest, are maintained in low-level current accounting arrangements, as part of its banking arrangements with Lloyds Banking Group.

Foreign currency risk

UKRI maintains US Dollar, Euro and Swiss Francs bank accounts in order to deal with day-to-day transactions.

Foreign currency risk arises when UKRI enters into transactions denominated in a foreign currency. UKRI makes payments in Euros and Swiss Francs for the UK's membership to the international collaborations of CERN, ESO, ESRF and ILL. To minimise the currency risk, UKRI policy is to take out forward contracts arranged by the Bank of England to cover up to 90% of its annual international subscriptions due over the course of the current spending review period.

Execution of this policy is subject to DSIT approval. DSIT may consider other aspects beyond UKRI's immediate financial considerations in evaluating the business case for hedging, e.g. sector reform and related budgetary uncertainty, and potential to manage risks across the department.

Receivables and creditor risk

Financial assets and liabilities are held at fair value and changes in values are recognised in the Statement of Comprehensive Net Expenditure. The fair value of UKRI's financial assets and liabilities are equivalent to the carrying amount unless stated above. UKRI has limited powers to borrow or invest funds; financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the council in undertaking its activities. Of current outstanding trade debt, 32% is more than 30 days old.

Credit risk

Innovation loans are exposed to credit risk, which is the risk of a customer or a counterparty failing to meet their financial obligations. Credit risk also encompasses refinance risk and concentration risk. Refinance risk is the risk of loss arising when a repayment of a loan occurs later than originally anticipated. Concentration risk is the risk of loss arising from insufficient diversification. Further details on credit risk are disclosed in Note 10 in this set of financial statements.

21 Events after the reporting period

In accordance with the requirements of IAS 10 Events after the Reporting Period, events after the Statement of Financial Position are considered up to the date on which the Accounts are authorised for issue. This is interpreted as the same date as the date of the Certificate and Report of the Comptroller and Auditor General.

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