Department for Science, Innovation & Technology

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Chi Onwurah MP
Chair of the Commons Science, Innovation
and Technology Committee
House of Commons
London, SW1A 0AA

Dear Chi,

The Government sees research and innovation as central to the future of this country. It is for this reason that Government has allocated a record £86 billion budget for research and innovation across the next spending review period, which includes a significant increase in UKRI's budget in a tight spending review period.

In response to sensible past calls from your and other committees for more focus, more transparency, and better decision-making, UKRI is implementing a significant change to the way it funds research. UKRI's budget is being distributed through the three buckets of (i) curiosity-driven fundamental research, (ii) applied research to address societal priorities, and (iii) support for companies to start, scale and stay in the UK. UKRI is making funding decisions more transparent than ever before, by showing directly how each budget line is attributable to UKRI's mission and objectives. UKRI wrote to you on 24th February mapping the previous UKRI budget approach to the new approach.

In your letter, and in committee sessions, you identify four aspects of the current situation that are of concern: (i) Members of the particle physics, astrophysics and nuclear physics (PPAN) community are worried that there is a reduction in their budget; (ii) they are concerned that the number of post-doc positions in particle physics theory has decreased in 2026 compared to previous years; (iii) that the project to deliver a specific upgrade to the LHCb+ at CERN was not allocated funding in the latest UKRI infrastructure funding round; and (iv) that cost pressures have arisen within STFC's portfolio which mean that our forecast costs will exceed budget unless action is taken and therefore that portfolio revisions are required within the spending review period to address these cost pressures.

We address these issues in turn.

Concerning the first, we have been clear that the STFC budget is flat across the spending review period, at £835m this year and ending on £842m in 2029/30. No decisions have been made yet about how that budget will be utilised for grant funded PPAN projects over that period. UKRI wrote to the project grant holders within STFC in January to solicit input on the implications of possible future grant reductions so that decisions on how to allocate the STFC budget can be informed by stakeholders and experts. We recognise that this is never an easy process for principal investigators, though the notion of modelling different fiscal scenarios is very standard practice in allocation of funding for research, as well as in industry and indeed

across government. To be explicit, no decisions have yet been taken on the funding committed to PPAN projects.

On the second issue, we agree that it is unfortunate that UKRI did not issue grants in time for the 2026 particle physics theory post-doctoral researchers, for which there is an international convention that offers are made by the end of January each year. UKRI's budget was agreed in mid-December 2025 and STFC did not meet the timeline for appropriate peer review, governance and quality assurance, resulting in the awards not being issued in time. UKRI accepts responsibility that we should have addressed this faster to avoid a gap in recruitment and regrets that this did not happen. UKRI has now committed the grant awards to universities and has been clear that flexibility will be maximised, such that they can recruit out of cycle if they wish, and, that if they cannot use them within 2026, they will be able to take more post-docs in 2027. UKRI and STFC will continue to engage with the community and advisory panels to implement these changes.

For context, there are typically ~20 particle physics theory post-doctoral researchers funded by UKRI each year. Across PPAN, UKRI typically funds a few hundred post-docs and we can reassure you that the current level of post-docs will be maintained across the SR. The STFC budget for training and skills that supports such positions is increasing over the spending review period, meaning we will continue to be able to support early-career researchers as much as, or even better than, we have always done. We are both clear that there will be no reduction in in PPAN post-doc numbers and that developing the next generation of talented researchers and innovators is one of the most important things that UKRI does.

Concerning the third issue, it is correct that UKRI has not been able to fund the full project to deliver the LHCb 2030+ upgrade project during the fourth round of its Infrastructure funding. This project was awarded separate scoping funding in an earlier round of the Infrastructure Fund to derisk future potential work. Not all projects funded at the scoping stage get taken through to full project stage. The full project was subject to affordability and approval of the full business case before funding could be formally confirmed. Approval subject to business case is a standard process for large projects such as those supported from the Infrastructure Fund and in addition these proposals were also subject to affordability in the Spending Review settlement.

This is made clear to all projects and the recent NAO report acknowledged improvements in UKRI processes for managing large projects. During the process to determine which projects would be supported in the latest round of infrastructure funding the full project proposal for LHCb+ was unsuccessful. Four projects in total were deprioritised, some of which also had received scoping funding, but were not continued in this latest round, so the LHCb+ project is not exceptional in this respect. It is a feature of competitive grant funding that we always receive many more good ideas than we can afford to fund. The decisions on which projects to pursue were taken following independent advice from UKRI's expert Infrastructure Advisory Committee. We have discussed the LHCb+ project with Professor Mark Thomson the CERN Director-General and will continue to work directly with him on this matter in future funding rounds. The UK remains, and will continue to be, the second largest overall contributor to CERN.

Finally, on the fourth issue, it is correct that UKRI's forecasts for the costs within STFC's portfolio exceed the budget available. Some forecast cost pressure of this type is not atypical within research funding. Indeed, it is UKRI's responsibility, as the guardians of UK research and innovation, to have ambition for the sector and encourage bold interventions. However, UKRI must also deliver a sustainable portfolio which meets the budget, and when costs are forecast to exceed budget, it is the responsible management

action to deal with this issue, and not to allow those forecasts to materialise. That is precisely what UKRI is doing, in intensive engagement with the STFC community, to ensure that decisions lead to the highest impact research and innovation for the UK public.
In summary, (a) no decisions on PPAN project budget for 26/27 have been made (since no budgets have yet been finally agreed within STFC's overall flat budget); (b) due governance processes around funding have been followed including seeking independent expert advice when awarding infrastructure funding; and (c) the portfolio is being managed to deliver within the public spending budget. We fail to see that any of these issues can be seen as "a failure" as described in your letter. We do acknowledge that UKRI could and should have made prompt awards for post-doctoral students in particle physics. We address your specific questions:

Whether the 2009 'Drayson partitions', intended to protect scientific researchers from cost pressures generated by facilities, infrastructure and international subscription costs, remain Government and UKRI policy?

The thesis of the Drayson partitions policy was to avoid tensioning parts of the STFC portfolio in an inappropriate way, whilst acknowledging that tensioning different portfolio elements is a very necessary part of research and innovation investment. For instance, it would be inappropriate to tension PPAN science against the Diamond Light Source, a large multi-disciplinary facility that supports many areas of research, or against our international subscriptions for ESRF, another large international multi-disciplinary facility. However, in contrast, it is appropriate to tension the PPAN grants portfolio against large facilities, such as CERN or ESO, which are wholly devoted to the research within that programme. Indeed, it would be inappropriate to do the opposite and tension CERN against the wider UKRI budget spanning every discipline within research. To exemplify, we would consider it inappropriate to reduce the medical research budget because CERN costs increased, for instance.

The Drayson partitions are not and have never been formal ring-fences of money, and do not provide recourse to additional funds when cost pressures arise. They are one of many budgetary tools that relies on overall costs remaining within the envelope set by the spending review. UKRI's principle is that cost pressures should be tensioned in an appropriate way – when cost pressures arise in one Council, they should be dealt with by appropriate revisions in scope or temporal profile within that Council in the first instance. These decisions should be made by the experts within the specialist councils.

What financial audit and scrutiny processes were in place at the time these cost pressures arose, and why they apparently failed to flag these pressures in a timely fashion? and *Whether the future obligations were factored into STFC and UKRI accounts at the time, and if not, why not? a*nd *What specific examples there are of, to quote Professor Dougherty's evidence to the committee, "overambitious projects with high science value undertaken" by STFC without "the understanding that they could be afforded" through agreed allocations?*

STFC's portfolio of activities has grown significantly over the past four years. Examples include the National Quantum Computing Centre, new laser capabilities (EPAC and Vulcan 2020), and upgrades to the UK National Synchrotron, alongside global collaborative projects such as UK contributions to Square Kilometer Array Organisation, LBNF-DUNE and CERN experiments. To be clear, this list of projects is not given as examples of over-ambitious projects; rather it is intended to illustrate the diversity and ambition of large-scale projects that STFC has undertaken in recent years.

In the case of every new project, UKRI went through usual Government assurance processes, with full business cases and approval to spend. As is routine within public programmes, there

are separate processes for the approval of business cases compared to allocation of budget. UKRI is able to proceed with new ventures ahead of the spending review allocation of budget by making a commitment that these new ventures are top priorities within our portfolio. The STFC core budget has increased by ~20% across this period, but nonetheless UKRI predicts that it would need to increase further to meet the forecast costs of STFC's wider portfolio. Now that the UKRI budget is set and there is multi-year visibility across the spending review period, UKRI has an accurate forecast for the cost pressure that must be addressed. Across the National Laboratories and Facilities, STFC will prioritise activities and operations to realise efficiency savings. The additional costs mean that some pre-existing programmes will need to be reduced in scope and budget in order to deliver within budget. This is precisely the exercise that is now underway, and one which could not have been undertaken any earlier since the STFC budget was not known before the SR. In terms of timely action, you will note that the UKRI budget was agreed and published on 17 December, and the initial community engagement process began on 28 January.

Some further examples help illustrate the consideration of how to reduce costs in existing cost bases in order to afford the operational costs of important new scientific ventures. Recently STFC has funded the Extreme Photonics Application Centre and the VULCAN 20-20 laser, two new facilities within the Central Laser Facility (CLF). Presently, four other older systems within CLF continue to be operated (namely Artemis, Gemini, OCTOPUS and ULTRA). Over the course of the next three months during the budget setting process, based on the expert advice of the STFC Science Board for Facilities and Laboratories (a parallel process to that being carried out for PPAN), the plans for these existing legacy systems will be determined, including whether they will need to be tapered or stopped in order to meet a sustainable budget. Such decisions are needed if we are to fund new the facilities and activities.

What discussions are taking place between DSIT, HM Treasury and UKRI in relation to the STFC funding pressures, and when these will conclude?

No discussions are happening between UKRI and DSIT or HM Treasury to alleviate cost pressures. The Government has awarded a record budget for research and innovation, and it is now UKRI's role to set budgets for different programmes to deliver maximum impact within that funding envelope. This is the expert function of UKRI and its research councils. As sponsors of UKRI, DSIT talk to UKRI on a daily basis.

Whether these discussions include the possibility of reclassifying the subscriptions STFC is responsible for, thereby separating them from the wider funding envelope?

We are of the view that subscriptions should be tensioned in an appropriate way. It is, in our view proper that the subscriptions to CERN and ESO are tensioned against the PPAN portfolio since those subscriptions are part of the cost of doing research in particle physics and astrophysics. Conversely, the other multi-disciplinary facilities and subscriptions within STFC should not be tensioned directly against any one area of science precisely because they are multi-disciplinary. It is for this reason that UKRI and DSIT have both said that UKRI will absorb most of the cost pressure against its own activities, reshaping its portfolio and delivering efficiency savings, in order to live within budget.

Whether any consideration has been given to moving PPAN funding from STFC to another research council?

The only sensible alternative to oversee the PPAN portfolio other than STFC would be the Engineering and Physical Science Research Council (EPSRC). At the time of STFC's creation there was significant opposition from the PPAN community to this, due to (according to the

Explanatory Memorandum of the legislation establishing STFC) 'concerns about the adverse impact of the separation of strategic facilities planning from the grant giving responsibilities' - the point raised above about the intrinsic link between certain facilities and the projects in PPAN. There are undoubtedly both advantages and disadvantages for either STFC or EPSRC to be accountable for PPAN, and this is something that will be revisited with the community during the next three months.

The detailed timetable and terms of reference for STFC's consultation with the PPAN community.

STFC's Science Board PPAN will be reviewing engagement responses in March/April and will involve inputs from its advisory panels (which cover specific discipline areas and represent their communities). The prioritisation principles include scientific excellence, demonstratable UK leadership, value for money and balancing impacts/long term health on communities. Science Board PPAN will be presenting scenarios to STFC Council and Executive Board in June, including impact assessments. This will then enable STFC to engage with UKRI and DSIT on options from June onwards. International expert review will be part of the process. In parallel, a prioritisation exercise will be undertaken for the broader STFC facilities and labs. STFC grant awards commencing in 2026 have been peer reviewed and either announced or are due to be announced in the next few weeks.

What transition support will be put in place to support early career researchers impacted by cuts or pauses to funding programmes, or the reorganisation of research funding around the three 'buckets', and how you intend to prevent more of these researchers from leaving the UK?

We are committed to supporting ECRs going forward, and UKRI will continue to engage with this community directly to hear how best we can do so. PhD studentships are being protected, and the numbers of PhD studentships will be maintained at the current level across the spending review period. The Landscape Award (DTP) intake is also maintained at 220 new studentships per year. STFC has continued to promote opportunities for early careers. Currently STFC has over 200 apprentices and over 100 graduate placements. STFC also supports industrial and summer placement students (c70 per annum). More broadly, early career researchers will have the opportunity to apply to funding calls across UKRI's portfolio, including new priority programmes aligned with the Government's top priorities for R&D. Opportunities like these are either already open (for instance the £40m EPSRC Prosperity Partnerships, launched 12th March) or will be announced over the coming months. We will keep post doc numbers protected over the course of this SR.

Whether the decision to not fund the LHCb upgrade is final and what steps you are taking to mitigate the consequential damage to the UK's international reputation ahead of CERN Council and resource review board meetings on March 26th and April 27th?

The recent decision not to fund the next phase of the project now relates to the 2025 prioritisation of UKRI Infrastructure Fund investment. This does not preclude the project applying for and being considered for funding in the future.

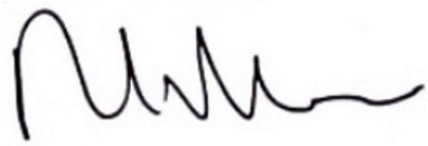
As a founding member and the second-largest contributor to CERN, the UK remains deeply committed to our membership and supportive of its continued success. That does not mean funding every project at the organisation. We have a strong and constructive relationship with CERN. UKRI and DSIT are continuing dialogue on this and other matters, both directly with the Director-General and through CERN Council.

*What new financial and governance mitigations have been put in place at STFC and across the research councils and UKRI to prevent similar pressures unexpectedly arising in the future? a*nd *Whether you will commission a full, independent audit of the circumstances and decision-making process that led to this episode, that identifies lessons learned and proposes reforms to avoid similar failings in future.*

UKRI's financial and governance measures are already scrutinised fully, regularly and intensively by the National Audit Office. We refer you to the recent NAO report on research infrastructures that details recent strengthening of contingency planning around cost inflation.

As with any area of public investment, ambition and opportunity in the R&D sector always exceeds the available budgetary allocation. As a responsible steward of public money, UKRI has a duty and responsibility to take the hard financial management decisions required to ensure we maximise outcomes for the UK public. This includes identifying areas where costs are escalating, taking decisive action where required, and learning for the future. This is what we are doing with STFC.

Yours sincerely,



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Minister of State for Science, Innovation, Research, and Nuclear

Professor Sir Ian Chapman

CEO, UKRI