Circular letter

Research England Research and Knowledge Exchange Funding from 2027-2028

To: Heads of English higher education providers

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Enquiries to: general queries to researchpolicy@re.ukri.org (research) or kepolicy@re.ukri.org (knowledge exchange)

Dear Vice-Chancellor or Principal,

In response to the 2025 Spending Review and the UK Government commitments to investment in research and development, UKRI has introduced a new outcome-focused investment through its formula funding (Quality-related Research (QR)) funding and Higher Education Innovation Funding (HEIF) remains strong. Core QR funding and HEIF remain protected and prioritised, with a rise with inflation giving higher education providers (HEPs) maximum flexibility and dynamic budget management model to help deliver our mission to advance knowledge, improve lives and drive growth.

As set out in the UKRI budget allocations explainer, the new model is underpinned by the key principles of greater transparency in decision-making, clearer capital allocation, a stronger focus on growth, and a sharper alignment with societal and government priorities.

Research England continue to protect and prioritise core funding. Core Quality-related Research (QR) funding and Higher Education Innovation Funding (HEIF) will rise with inflation giving institutions maximum flexibility to deliver and respond to priorities.

In this letter, Research England are confirming what was outlined in the UKRI budget allocations explainer in December 2025, making changes to some strategic institutional research funding streams, as well as outlining a future opportunity. This letter provides detail on:

- Confirmed changes to the Research Capital Investment Fund (RCIF) allocation methodology that will apply throughout the Spending Review period from 2026-2027 to 2029-2030.

- Confirmed end of non-recurrent ring-fenced funding streams from academic year 2027-2028;
    - Enhancing Research Culture Fund (ERC),
    - Policy Support Fund (PSF),
    - and Participatory Research Fund (PRF).
- Future investments in networks and supporting frameworks needed to foster collaboration and collective action across institutions to embed research culture.
- The consultation launch on changes to the Higher Education Innovation Funding (HEIF) allocation formula.

Research Capital Investment Fund (RCIF)

As the circular letter in March 2026 set out (Research Capital Investment Fund (RCIF) allocations – UKRI), from financial year (FY) 2026-2027, RCIF is being tapered to reflect a change in purpose to support the maintenance, renewal and upkeep of existing infrastructure, including buildings, estate and equipment.

UKRI continue to make important changes to its infrastructure portfolio over the funding period. As part of the changes, UKRI has published an Equipment Sharing Statement communicating UKRI's expectations for the sharing of research equipment and infrastructure. To reflect the alignment of the infrastructure portfolio across UKRI, supporting equipment sharing is an eligible area of expenditure under RCIF.

Investment in research infrastructure and equipment will continue to be made available through UKRI's competitive funding opportunities, which are open to eligible individuals and institutions across the UK (UKRI eligibility and RE eligibility). A UK-wide competitive approach will support collaborative infrastructure bids involving institutions from different Devolved Governments, maximising value for money and delivering local impact.

Allocation methodology

The core allocation formula will remain largely unchanged for RCIF, supporting its important role in underpinning the dual support system, and preserving the balance between research volume and research quality that has historically informed allocations.

The RCIF budget (as set out Research Capital Investment Fund (RCIF) allocations – UKRI) shows an overall reduction in RCIF allocation from FY 2026-2027 to FY 2029-2030. Within this context, Research England is ensuring that allocations remain sufficiently meaningful to deliver tangible benefits to institutions. Research England is introducing two targeted adjustments to the allocation methodology from FY 2027-2028.

Increasing the Minimum Allocation Threshold

Research England will increase the minimum funding threshold from £10,000 to a benchmark equivalent to 5 per cent of the sector mean allocation. (This is currently estimated to be approximately £50,000 based on current allocations.)

This approach provides a more dynamic methodology that can adapt over time and aligns with approaches in other formula-based funding streams, including HEIF.

Introduction of a Maximum Allocation Cap

Research England is also introducing a cap on the maximum allocation any individual institution can receive. Allocations will be capped at 8 per cent of the total RCIF budget. (This is currently estimated to be approximately £8 million based on current allocations). Applying the cap in this way provides a more flexible and responsive mechanism in a constrained funding environment. It allows the maximum allocation to adjust automatically as the overall budget changes from year to year, ensuring that the approach remains proportionate and sustainable over the Spending Review period from FY 2026-2027 to FY 2029-2030.

Redistribution of Funding

The introduction of a maximum cap alongside the increase to the minimum threshold will redistribute funding to institutions that meet the minimum threshold. This approach will maintain a strong focus on research excellence recognising funding to deliver benefits across a broad range of institutions. Importantly, the intention is not to reduce support for excellence, but to achieve a more balanced distribution of funding that reflects the revised purpose of RCIF and recognises the importance of sustaining research infrastructure across the sector.

Research England will continue to work closely with the sector as these changes are implemented and will provide further guidance where necessary.

Confirming end of ring-fenced funding allocations

As referenced in the UKRI budget allocations explainer, from AY 2027-2028, the three non-recurrent ring-fenced funding streams will no longer be available. These changes are part of a wider move across UKRI towards more streamlined, consolidated and sustainable approaches to supporting the research and knowledge exchange system.

Supporting, embedding and coordinating activity across the sector

Research England recognises the significant contribution made by institutions through these investments and the progress achieved across the sector. Since 2021, £390 million has been invested across these ring-fenced funds to enable institutions to build

capability and awareness and develop innovative approaches to research culture, policy engagement, and participatory research.

As these activities have matured and become increasingly embedded within institutional strategies and practices, Research England is shifting its approach to supporting the shaping and aligning of incentives and towards investing in shared capability that benefits the whole system.

Research England is developing future investments in the networks and supporting frameworks needed to foster collaboration and collective action across institutions, disciplines, sectors, and regions. It will invest up to £9 million over FY 2027-2028 to FY 2029-2030, in a suite of transition activities. These will include:

- A regional-level collaboration network with central coordination, with dedicated resource for small and specialist institutions that reflects their context;
- A shared repository of learning and resources capturing and collating learning across research culture, policy support and participatory research areas of practice so that effective approaches can be shared;
- Support for senior leaders and governing bodies to embed research culture considerations at institutional level.

A key objective will be to maximise the benefits of the time-limited ring-fenced funds and sustain momentum by building upon progress already achieved and ensuring that effective practice, evidence and insight are shared across the sector.

Research England intends to launch an open call for sector networks, with the scope and priorities of the activity developed in partnership with the sector to ensure it reflects shared needs and opportunities. Further details on these initiatives and opportunities to engage will be provided in early 2027.

Alongside this investment, Research England in future consultation with the sector will strengthen its terms and conditions related to research culture and environment. It will work with other funders to align expectations, without increasing reporting burden to bring them closer in line with wider UKRI grant requirements for AY 2027-2028

Recognising the coordinated and system-wide approach of UKRI, it will be launching a Good Practice Exchange (GPEx) to strengthen the evidence base for effective research culture practice. GPEx will support organisations to evaluate their research culture initiatives more systematically and share learning across the sector. GPEx and Research England's investment in collaboration and coordination will bring together evidence, insight and practical experience to be translated into action, enabling institutions to adopt, adapt and scale approaches that strengthen research culture.

Review of Higher Education Innovation Funding (HEIF)

In October 2025, Research England launched a comprehensive review of HEIF to ensure it most effectively supports knowledge exchange between higher education providers (HEPs) and external partners, while reflecting the evolving needs of the higher education sector and government priorities. HEIF is focused on driving economic growth across four dimensions: partnerships, the commercialisation of technologies and ideas, skills & entrepreneurship capability, and driving local economic growth.

Research England has today launched a consultation on proposed changes to the HEIF allocation formula. Proposed implementation is for AY 2027-2028. Research England is seeking views from the sector and other relevant external stakeholders before final decisions are made. Research England specifically seeks one formal response from all HEPs eligible for HEIF funding.

Responses can be submitted here with the deadline for responses of 4pm on Friday 15 January 2027.

Alternative Funding opportunities

A suite of UKRI opportunities continues to support activities related to research infrastructure and research culture, policy engagement and participatory research. Please refer to future UKRI R&I opportunities page.

Further information

If you have any questions about any of the funding in this letter, please direct them to researchpolicy@re.ukri.org or kepolicy@re.ukri.org.

Yours sincerely



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