



UK Research  
and Innovation

Annual Report and Accounts

2019-20





**UK Research  
and Innovation**

# **Annual Report and Accounts** **2019–20**

Presented to Parliament pursuant to Section 14 (5) of Schedule 9  
of the Higher Education and Research Act 2017.

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**Our mission is to  
maximise the UK's  
R&D contribution  
to knowledge and  
ideas, quality of  
life and prosperity  
for everyone.**



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Sir John Kingman

# 1. Introduction

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# Introduction by the Chair

## **I am delighted to introduce UK Research and Innovation's second Annual Report and Accounts.**

2019-20 has been a year of strong progress for UK Research and Innovation (UKRI). We have continued to make the most of the great expertise within the nine councils as part of a single organisation. The publication of a comprehensive set of delivery plans and the successful implementation of ambitious cross-cutting programmes such as the Industrial Strategy Challenge Fund and the Strategic Priorities Fund are all important milestones along this journey.

These aims have been achieved alongside the continued delivery of world-leading research and innovation for which our councils are rightly renowned. Examples of the impact of our work feature throughout this report, from Nobel Prize-winning science to innovative new products and services.

This depth of expertise and the value of coming together as one organisation, have been highlighted by our response to the COVID-19 pandemic. We have rapidly supported vital research and innovation to develop vaccine candidates, therapeutics and medical equipment, whilst also acting to support businesses, institutions and individual researchers through this period of disruption.

COVID-19 has highlighted how vital research and innovation are for the UK and the world. Since our formation we have been working closely with Government to make the case for research and innovation as the key means to generate growth, prosperity and resilience. Our contributions have included our landmark report on the UK's current research and innovation infrastructure and future opportunities.

It is in part a testament to these efforts that at the 2020 Budget, the Government committed to an unprecedented increase in public investment, to £22 billion by 2024-25. This is a transformative increase in investment with the potential to contribute to growth and development across the whole country. We look forward to working with Government to develop a long-term plan for research and innovation in the UK.

I would like to welcome the new Chief Executive of UKRI, Dame Ottoline Leyser, who joined us at the end of June 2020 and will lead the organisation through the next phase of its development. Ottoline brings with her a wealth of experience and a commitment to strengthening research culture and addressing equality, diversity and inclusion, making her an outstanding choice to lead UKRI through the next phase of our development.

Finally I would like to pay tribute to Mark Walport. There is no doubt that he has realised the vision for this organisation, one that champions the UK's outstanding research and its innovative spirit, and that he has laid the foundations for a bright future.

Mark has successfully completed the first phase of UKRI's journey, galvanising the strengths of the seven UK Research Councils, Innovate UK and Research England into a single, ambitious organisation backed by a significant increase in public funding. Most recently, his leadership ability has been exemplified by the UKRI response to Coronavirus. Mark has ensured we moved quickly to support the research and innovation required to address the pandemic and to bring forward support for the sector. On behalf of the Board and all at UKRI, I would like to thank Mark for all that he has achieved.

**Sir John Kingman,  
Chairman, UK Research and Innovation**

# Highlights

## COVID-19

We are making a vital contribution to the national effort to combat COVID-19. We worked with the National Institute for Health Research to support the world's largest trial of therapies for the disease, and human trials of two leading vaccine candidates. We brought together seven Formula 1 teams to form Project Pitlane in order to manufacture and deliver respiratory devices. We launched the 'Coronavirus – the Science Explained' website to explain the scientific evidence behind the COVID-19 pandemic.

## Economic Impact

The research and innovation we support have a significant economic impact. Our investments create and grow successful businesses which continue to innovate.

Businesses that participated in research projects funded by UKRI grew their turnover and employment 5.8% - 6% faster in the three years after the project, and 22.5% - 28% faster in the six years after the project, than for similar firms which did not receive support.

Our Industrial Strategy Challenge Fund has helped UK automotive technology start-up Arrival develop autonomous driving systems, securing €100 million of investment from Kia and Hyundai and securing a large order from UPS. The third wave of the Industrial Strategy Challenge Fund secured substantial private sector co-investment with indicative co-investment of £1.59 billion across the challenge portfolio.

## Frontiers of Knowledge

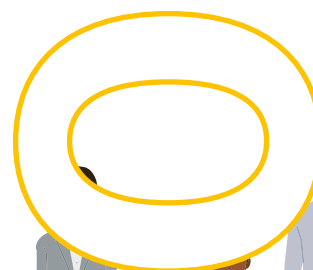
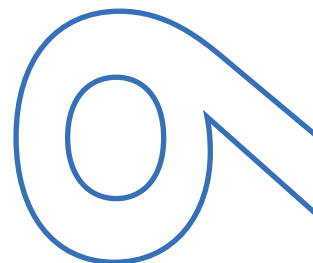
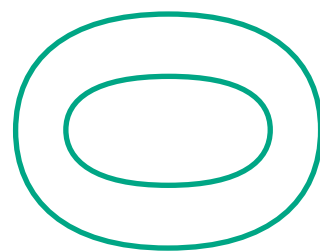
The researchers we work with are advancing the frontiers of knowledge. In 2019 two Nobel Prizes were awarded for work supported by UKRI councils. Sir Peter Ratcliffe was awarded the Nobel Prize in Physiology or Medicine, with William Kaelin Jr and Gregg Semenza. Much of Peter Ratcliffe's key work in understanding how cells sense and adapt to the availability of oxygen was carried out in the MRC Weatherall Institute of Molecular Medicine at the University of Oxford. The Nobel Prize for Physics 2019 was awarded to Professor Didier Queloz, Professor Michel Mayor and Professor James Peebles "for contributions to our understanding of the evolution of the universe and Earth's place in the cosmos". Professor Queloz, who is based at the University of Cambridge and the University of Geneva, is supported by UKRI's Science and Technology Facilities Council (STFC).

In 2019-20 our new polar research vessel, the RRS Sir David Attenborough, was commissioned by the Duke and Duchess of Cambridge and Sir David himself. We continued the development of the Rosalind Franklin Institute, a new national institute to develop and apply disruptive new technologies in physical and engineering sciences to change life science research.

## Enabling World-Leading Research and Innovation to Flourish

During the year under review, we worked with our partners to create the best possible environment for research and innovation. Our landmark infrastructure report set out the UK's infrastructure needs to 2030. We worked with Government to design and launch the new Global Talent Visa and are now leading this scheme. It provides a fast-track immigration route for talented and promising individuals in specific sectors, with no cap on who can benefit. We published a position statement on tackling bullying and harassment which set out our expectations of organisations and individuals funded by UKRI, and the support which will be provided to meet those expectations.

We have continued to develop as an organisation. We simplified our processes to make it easier to apply for our funding. We introduced a new brand for UKRI, reflecting our vision along with the identities and remits of the nine councils that form the organisation.



# 3,107

businesses supported including

# 2,507

small and medium-sized enterprises

# 3,829

research & innovation grants  
awarded

# 441

fellowships

Our funding supported

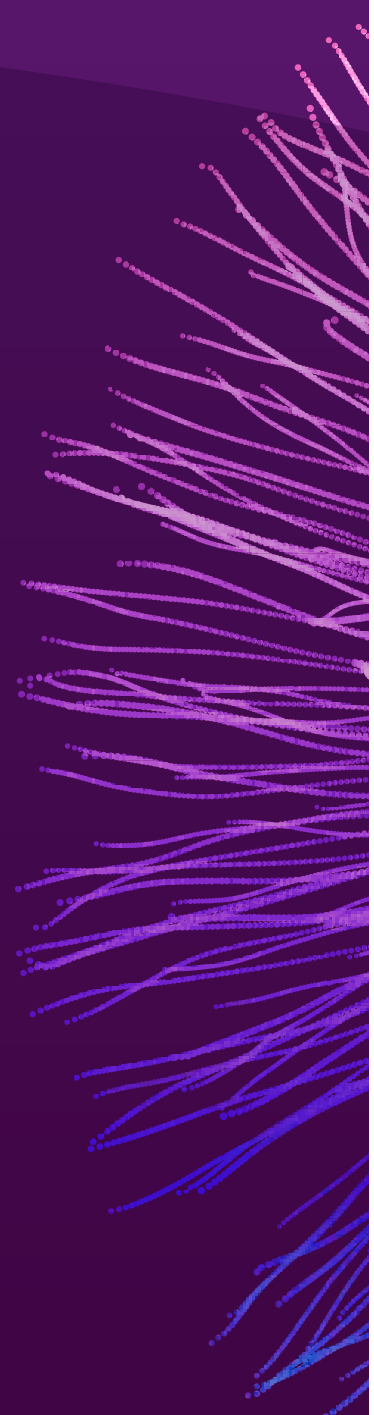
# 3,942

organisations

# 54,006

individuals







## 2. Performance Report

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This section provides an overview of UKRI's performance in 2019-2020, including our mission, how we are organised, how we assess our performance and impact, and our key risks.

# Introduction by the CEO

The event that looms largest in 2019-20 is the global COVID-19 pandemic. I am very proud of how well UK Research and Innovation responded under the leadership of my predecessor, Sir Mark Walport. We contributed to the national effort to combat COVID-19, helped to stabilise the research and innovation system, and ensured the safety and wellbeing of our staff.

UKRI has supported researchers and innovators who have been at the heart of the response to COVID-19, ensuring that the Government's response is informed by the best possible science. We rapidly developed new research and innovation programmes to address COVID-19, ranging from the world's largest trial of potential coronavirus treatments to our work with Formula 1 teams to manufacture new ventilators rapidly. This is vital work, and I am delighted that Sir Mark has agreed to continue to provide leadership to our COVID-19 efforts after stepping down as chief executive.

We worked with others to help stabilise the research and innovation system during the Covid pandemic. This effort included a major intervention to support innovative businesses that may have otherwise had to close. Colleagues across the organisation have also worked tirelessly to maintain business continuity and ensure the safety of our staff, and I am very grateful for their efforts.

Beyond this vital work, we have embarked upon many exciting new programmes of research and innovation. We are making major investments to support the national quantum strategy through four new quantum hubs and an Industrial Strategy Challenge Fund (ISCF) programme; and expanding our work with the UK Biobank to include whole-genome sequencing of a large proportion of their participants.

We continue to see good progress in cross-cutting areas of activity. The ISCF has continued to mature, and individual challenges are generating significant economic impact. The Strategic Priorities Fund has supported further waves of projects to address key government priorities such as combatting modern slavery. We published two major reports on the UK's research and innovation infrastructure, providing a comprehensive picture of existing infrastructure and establishing future requirements and investment opportunities.

The last year has brought renewed interest in research and innovation at the very centre of government, and we have been making the case effectively for additional investment and for supportive policy. The announcement of the Global Talent visa in January is a vital measure to ensure that the UK remains open to global talent. I am very pleased that UKRI has been entrusted with responsibility to lead major elements of this scheme.

The government has now published an ambitious R&D Roadmap which recognises that research and innovation are central to our well-being, our economy and our prosperity. The Roadmap restates the government's commitment to increase public investment in R&D to £22 billion per year by 2024-25. We have a central role to play in realising the ambitions of the Roadmap and we look forward to working with our partners to do so, to build an inclusive knowledge economy across the UK.

An important focus of our work during 2019-20 was EU Exit readiness. We carried out an extensive programme of work to ensure that we would have been able to deliver the Government's guarantee to protect funding for UK participants in projects funded by the European Union's Horizon 2020 programme in the case of a 'no-deal' exit. As the terms of the UK's Withdrawal Agreement included provisions for UK researchers and innovators to continue to participate in Horizon 2020, we were not required to deliver this programme.

We have continued our progress to becoming a single organisation able to add value to the strengths of our component parts. Our response to COVID-19 has involved cross-council teams working across disciplinary boundaries, as in the case of our UKRI-wide rapid response funding call. We continue to challenge ourselves to provide the best possible service for those we support by making it as straightforward as possible to access our funding and by developing accelerated review processes.

Our success as an organisation is of course reliant on our people, and I am delighted that we continue to attract leading individuals to work with us at UKRI. This year saw a number of new appointments in our councils, cross-cutting programmes and our corporate hub. I am also delighted that Lynn Gladden, Executive Chair of the Engineering and Physical Sciences Research Council, and Duncan Wingham, the Executive Chair of the Natural Environment Research Council, were recognised in the Queen's New Year Honours with a Damehood and Knighthood respectively.

Lastly, I would like to pay tribute to my predecessor Sir Mark Walport, who led UKRI until June 2020. Under his leadership, UKRI has developed a much greater ability to leverage the depth of expertise that exists in our councils through collective action, to have a significant and beneficial impact on the UK's research and innovation system and the wider world. I look forward to building on these strong foundations.

**Dame Ottoline Leyser, Chief Executive, UKRI**

# Overview

## Our mission

Research and innovation are vital to the future prosperity and wellbeing of the UK and the world. The evidence is clear that investment in research and innovation drives growth, with £1 of public R&D investment on average generating at least £7 of net benefit to the UK. The UK has world-leading research and innovation capabilities, from our Nobel Prize-winning science, our institutions – including four universities in the world’s top ten – and our innovative businesses, large and small. Most critical are the tens of thousands of researchers and innovators who create and apply new knowledge to enrich our lives.

UKRI’s mission is set out in the Strategic Prospectus we published at our launch in 2018. **We exist to ensure that world-leading research and innovation continue to grow and flourish in the UK in order to:**

**Push the frontiers of human knowledge and understanding.**

**Deliver economic impact.**

**Create social and cultural impact by supporting society to become enriched, healthier, more resilient and more sustainable.**

## Our partnerships

Our mission can only be achieved in partnership with the many organisations that comprise the UK’s research and innovation system. We are able to make better decisions through the contribution of many researchers and innovators to our Councils and our advisory groups, and to our review panels and peer review processes. The impact of the research and innovation we fund is increased through our partnerships with universities, businesses, charities, public sector bodies and innovation and enterprise agencies.

In addition to working closely with our sponsor, the Department for Business, Energy and Industrial Strategy, we work with other parts of Government, particularly through the network of Chief Scientific Advisors (CSAs). We are fortunate to benefit from the input of several CSAs on our Councils and advisory groups.

Eight of our nine councils have a UK-wide funding remit, whilst Research England’s responsibilities are for England only. This requires us to work closely with the Devolved Administrations and their funding bodies, which we do through regular meetings and engagement. Research England works particularly closely with its counterparts in Scotland, Wales and Northern Ireland, including in the design and delivery of the UK-wide Research Excellence Framework.

We have a specific responsibility under the Higher Education and Research Act 2017 to work with the Office for Students. We work together on areas of mutual interest such as postgraduate student policy, progression and widening of access to research careers, disadvantage and equality of opportunity, and improving and harmonising data collection. We have a shared interest in the financial sustainability of higher education institutions in England and work together through the Financial Sustainability Strategy Group (FSSG). This aspect of our collaboration has become particularly important as a result of the financial impact on higher education institutions of the COVID-19 pandemic.

## How we are organised

UKRI is a non-departmental public body sponsored by the Department for Business, Energy and Industrial Strategy.

The UKRI Board is our primary governing body. It oversees and directs our activities, including our research and innovation strategy. It is supported by the Audit, Risk, Assurance and Performance Committee (ARAPC), and the Nominations and Remuneration Committee.

Our Board consists of the Chair, Sir John Kingman; the CEO, Professor Dame Ottoline Leyser; the CFO and nine to twelve non-executive board members. Fiona Driscoll sits on the Board and chairs the Audit, Risk, Assurance and Performance Committee. Sir John Kingman chairs the Nominations and Remuneration Committee. A Board Investment Committee is in the process of being established for the next financial year to provide additional independent scrutiny of major business cases that require Departmental approval.

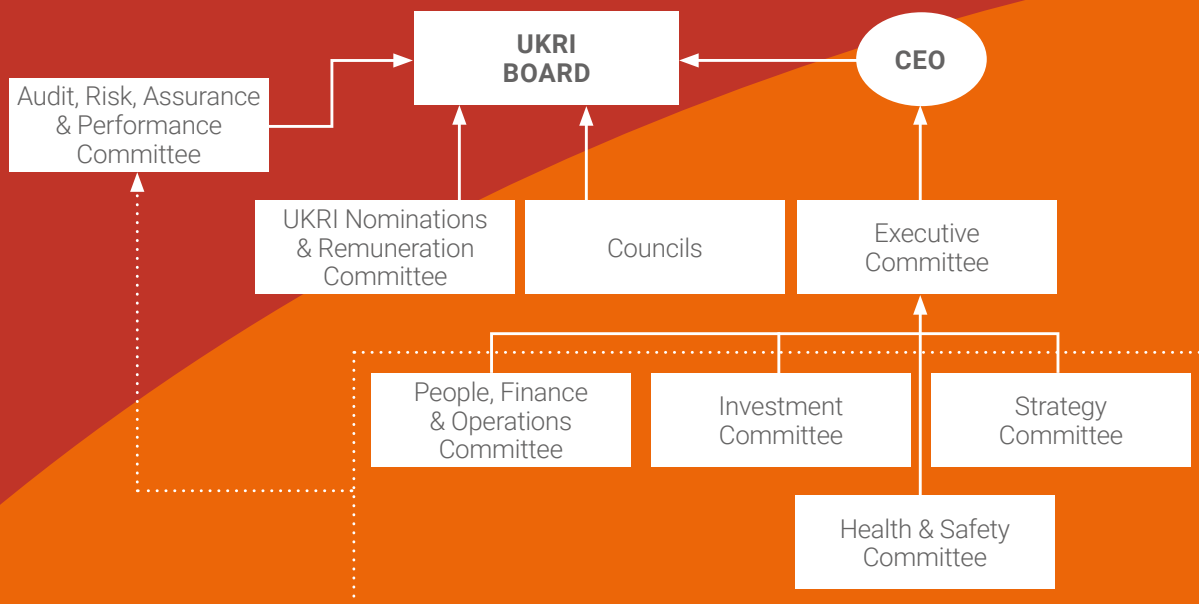
Our Executive Committee provides strategic advice to the Board and is responsible for delivering the Board's vision by overseeing the organisation's overall performance and delivery. The Executive Committee consists of: the CEO; CFO; Executive Director of Strategy, Performance and Engagement; Transformation Director; and the Executive Chairs of the nine UKRI councils. In 2019-20 the Executive Committee has been supported by the People, Finance and Operations Committee; Health and Safety Management Committee; Investment Committee; and Strategy Committee.



**Arts and Humanities Research Council**

AHRC funds outstanding original research across the whole range of the arts and humanities. This research provides economic, social and cultural benefits to the UK, and contributes to the culture and welfare of societies around the globe.

### UKRI's governance structure



Our organisation brings together the seven research councils, the UK's national innovation agency Innovate UK, and Research England, which is responsible for supporting research and knowledge exchange at higher education institutions in England. Each council is led by an Executive Chair who is advised by a Council of external members. Our nine councils work with their research and innovation communities to develop and implement delivery plans that align with our strategic objectives.





**Biotechnology and Biological Sciences Research Council**

BBSRC invests in world-class bioscience research and training. This research is helping society to meet major challenges, including food security, green energy and healthier, longer lives and underpinning important UK economic sectors, such as farming, food, industrial biotechnology and pharmaceuticals.



**Engineering and Physical Sciences Research Council**

EPSRC invests in world-leading research and postgraduate training across the engineering and physical sciences. This research builds the knowledge and skills base needed to address scientific and technological challenges and provides a platform for future UK prosperity by contributing to a healthy, connected, resilient, productive nation.



**Economic and Social Research Council**

ESRC is the UK's largest funder of research on the social and economic questions facing us today. This research shapes public policy and contributes to making the economy more competitive, as well as giving people a better understanding of 21st century society.



**Innovate UK**

Innovate UK drives productivity and economic growth by supporting businesses to develop and realise the potential of new ideas, including those from the UK's world-class research base. They connect businesses to the partners, customers and investors that can help them turn these ideas into commercially successful products and services, and business growth.



**Medical Research Council**

MRC is at the forefront of scientific discovery to improve human health. Its scientists tackle some of the greatest health problems facing humanity in the 21st century, from the rising tide of chronic diseases associated with ageing to the threats posed by rapidly mutating micro-organisms.



**Natural Environment Research Council**

NERC is the driving force of investment in environmental science. Its leading research, skills and infrastructure help solve major issues and bring benefits to the UK, such as affordable clean energy, air pollution, and resilience of our infrastructure .



**Research England**

Research England is a new council within UKRI. Taking forward the England-only responsibilities of HEFCE in relation to research and knowledge exchange (KE), Research England will create and sustain the conditions for a healthy and dynamic research and KE system in English universities. It works closely with its counterparts in the Devolved Administrations.



**Science and Technology Facilities Council**

STFC is a world-leading multi-disciplinary science organisation. Its research seeks to understand the Universe from the largest astronomical scales to the tiniest constituents of matter, and creates impact on a very tangible, human scale .

123456789

## Our Foundations

In July 2019 we published Delivery Plans for our nine councils and for UKRI as whole. These set out how our activities and investment during 2019-20 would contribute to the six foundations of a world-leading research and innovation system; the business environment, place, ideas, people, infrastructure and international. We also set out how we would deliver and be accountable as we implement these activities.

In 2019-20 our investments across these foundations have included:

  
**£3.28bn**

in pioneering **ideas**, through research council programmes and funding for research at universities.

  
**£1.73bn**

in research and innovation **infrastructure** and institutes, including funding for over 320 nationally and internationally significant infrastructures, ranging from supercomputers to biomedical labs.

  
**£1.60bn**

in cutting-edge innovation to improve the **business environment** and address major industrial and societal challenges through running the Industrial Strategy Challenge Fund (ISCF) and the Strategic Priorities Fund (SPF), providing innovation grants to businesses of all sizes, and commercialising the best ideas in our research base. We have supported growth across the UK through **place**-focused investments, including the Strength in Places fund.

  
**£356m**

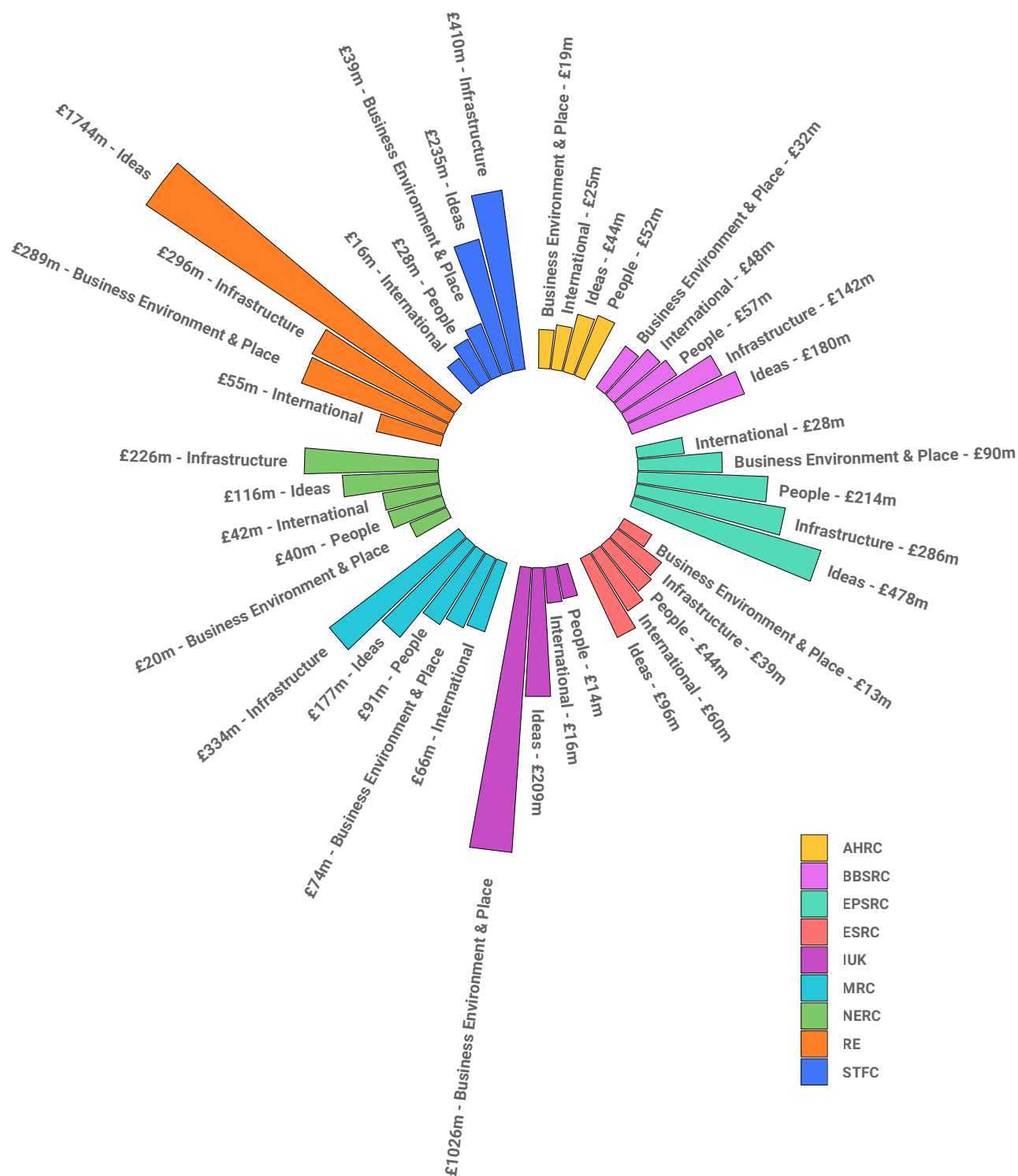
in **international** collaborations, to forge new research and innovation partnerships with developed countries through our new Fund for International Collaboration, and with developing countries through the Global Challenges Research Fund and the Newton Fund.

  
**£541m**

in **people**, including programmes to train the next generation of early and advanced career researchers, which support over 27,000 studentships and 1,500 fellowships; enabling the best possible environment for research and innovation, and engaging the public in science.

The figures below show our investment by foundation by Council and our UKRI-wide investment by foundation in 2019-20.

**UKRI Councils' Investment<sup>1</sup> by Foundation in 2019-20**

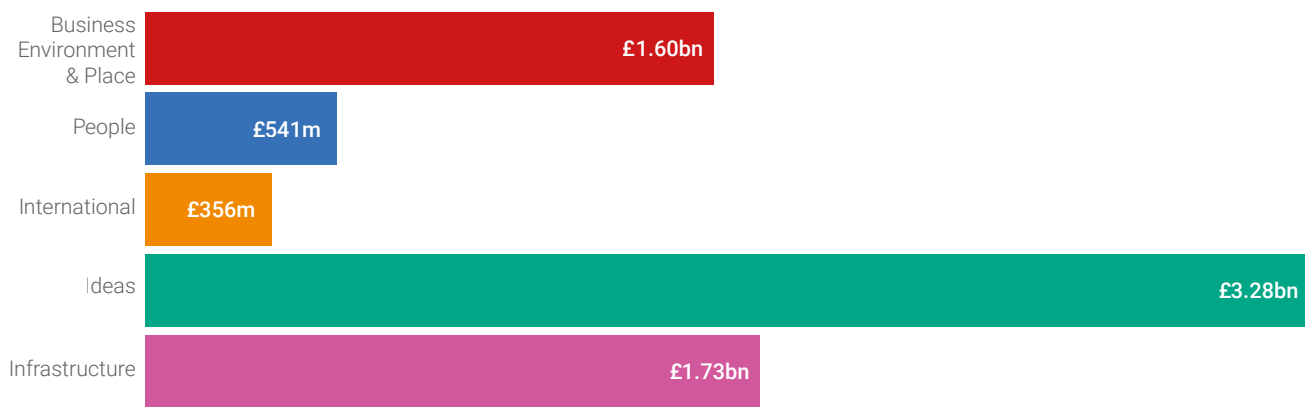


1. This chart sets out UKRI's budget outturn excluding administrative spend across the Corporate Hub and Councils, Corporation Tax, capital receipts from the MRC sale of its Mill Hill site, depreciation and amortisation costs and Annually Managed Expenditure. This spend is included in tables within the Financial Review section of the Accountability Report.



Image credit – Getty Images

### UKRI Investment<sup>2</sup> by Foundation in 2019-20



## Our Delivery

Effective delivery of our activities is vital to ensuring that we maximise the value of public investment in research and innovation through UKRI. Priorities for our transformation programme during 2019-20 have been to:

- Empower our people to thrive in their jobs, and to promote the exchange of talent between our communities, the research base and business. We are increasingly bringing in leading figures from research and industry to lead work in our councils and cross-cutting programmes.
- Modernise our grant funding processes, systems and policies and simplify our offer. We have simplified our application process by removing the requirement for all applicants to describe the potential impact of their proposal in a prescribed form, and we are piloting streamlined application processes.
- Improve the way we communicate with our collaborators, to ensure we provide a clear, joined-up offer across our councils, including through the launch earlier this year of a new, unified brand for UKRI and the creation of a central Communications and Public Engagement team which builds on the collective skills and knowledge of the councils and is already playing a vital role in communicating the demonstratable value of UKRI investments and supporting UKRI’s mission.

2. This chart sets out UKRI’s budget outturn excluding administrative spend across the Corporate Hub and Councils, Corporation Tax, capital receipts from the MRC sale of its Mill Hill site, depreciation and amortisation costs and Annually Managed Expenditure. This spend is included in tables within the Financial Review section of the Accountability Report.



Image credit – Getty Images

## Our Performance and Impact

Our ultimate objective is that our investment in research and innovation generate impact in the form of improved knowledge, economic growth, and increased quality of life. We know that:

- UKRI-funded research achieves a share of the 1% of most-cited publications worldwide that is double the UK average, and higher than for the National Science Foundation in the US. Our funding has led to key scientific breakthroughs such as genome sequencing, advanced battery technologies, artificial intelligence and graphene.
- UKRI grants have supported the incorporation of 881 spinouts since 2004, raising investment of £2.5 billion and achieving valuations worth £5.4 billion in 2019. Businesses receiving UKRI investment saw both their turnover and employment grow on average around 6% faster in the three years after the grant, and around 25% faster in the six years after the grant, than for businesses that did not receive support.
- UKRI investment in research and innovation has immense societal impact. Creative Clusters and Audience of the Future are two of the world’s largest R&D programmes for the creative industries, harnessing new digital and immersive technologies to create new markets, services and products across fashion, film, gaming, museums, theatre, and live sport. Work at University College London, funded by the MRC, the Wellcome Trust and the National Institute for Health Research, has led to significant progress in treating a group of rare childhood immune diseases including severe combined immunodeficiency disorder using gene therapy, permanently freeing patients from weekly injections.

We continue to develop our ability to understand the impact of our investment, and to connect this to our inputs and activities, while recognising that impact in research and innovation often involves time lags and can be difficult to attribute to single inputs. We have already created a UKRI data hub to bring together and make use of the large amount of data that we generate, and this has helped to provide a greater understanding of issues such as our impact, and the geographical distribution of our investments.

We have begun development of a Performance and Impact Framework for UKRI. This will demonstrate how we will measure our performance and impact at regular intervals, using clear and consistent metrics.

For 2019-20, we are reporting our performance against the near-term actions we set out in the UKRI Delivery Plan. The table on the following pages sets out our planned actions in 2019-20 in our six foundations and our continued organisational transformation, and our progress against these.

---

**881**

spinouts supported since 2004

---

**£2.5bn**

of investment raised

---

**£5.4bn**

valuations achieved in 2019

---

**6%**

turnover and employment growth in invested businesses

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Foundation	Topic	Actions
Business environment: delivering social, cultural and economic impact	Industrial Strategy Challenge Fund	Continue to drive forward and monitor delivery across the existing portfolio of Wave 1 and 2 ISCF challenges. Announce the final funding allocation for ISCF Wave 3 and move into delivery for these programmes. Develop an ambitious approach for future waves of the ISCF, building on learnings to date.
	Economic Benefit	Deliver a further increase to Higher Education Innovation Funding (HEIF), rising to £250 million by 2020. Extend the pilot of Innovation to Commercialisation of University Research (iCUR).
	Strategic Priorities Fund	Work with our BEIS-funded Research and Development partners to deliver the SPF programmes announced to date. Develop and make the case for further rounds of the SPF as part of the Comprehensive Spending Review.
Places: Supporting growth across the UK	Strength in Places Fund	Shortlist Wave 1 consortia to develop full bids, with final decisions on these to be made in 2020. Launch Wave 2 of the Strength in Places Fund to support the development of more high-impact clusters across the UK.
Ideas	Pushing the frontiers of human knowledge and understanding	Continue to support world-leading discovery research, as described in our councils' delivery plans. Use the findings of our review of the dual support system to advise ministers on the appropriate balance of funding following the Comprehensive Spending Review. Review our peer review mechanisms to best support multidisciplinary research.
People: Building the skills and environment for research and innovation to thrive	Growing, Developing and Retaining the Skills Base	Continue to deliver talent programmes including the first cohort of AI doctoral students, further rounds of the Future Leaders Fellowship programme, Hawking and Turing Fellowships and a new Innovation Scholarship scheme. Play a more active role in supporting technicians and skilled specialists, both in our own institutes and facilities and in the wider research and innovation workforce. Work with partners in developing the new version of the Concordat to Support the Career Development of Researchers, which will be published in 2019. Engage with the Home Office to ensure the UK's future skills-based immigration system works for the research and innovation base.
	Research and Innovation Culture	Continue work on Equality, Diversity and Inclusion by developing a strategic framework. Address bullying and harassment by working with national and international partners to develop the evidence base for the prevalence, challenges and evidenced effective interventions needed to prevent and tackle these problems. Develop open access policy options and actions and assess their feasibility. This will involve a consultation exercise to inform the final policy and implementation plan.
	Public Engagement	Launch a new public engagement strategy, including a portfolio of STEM inspiration and public engagement initiatives, the CREST awards and Sciencewise. Fund a number of citizen science pilot projects focusing on research areas that are of strategic interest to UKRI.
Infrastructure: enabling access to, and investment in, world-leading research and innovation infrastructure	Infrastructure Roadmap	Finalise and publish the first edition of the infrastructure roadmap. Develop an online portal for research and innovation infrastructure discovery.
International: building global partnerships and addressing global challenges	Fund for International Collaboration (FIC)	Launch a further wave of FIC-funded programmes.
	Global Challenges Research Fund (GCRF)	Launch of Global Research Translation Awards, Digital Innovation for Development in Africa, KTN Africa, the Energy and Agri-Tech catalyst and Demonstrate for Impact.
	Newton Fund	Launch an impact scheme in collaboration with the British Council to stimulate new pathways to impact.
Delivery	Transforming our Organisation	Complete and embed our new organisational design. Deliver a new people offer including learning and development. Deliver a new UKRI Brand and Website. Design and test new grant funding service..
	Measuring Success	Undertake monitoring and put in place evaluation plans for key National Productivity Infrastructure Fund programmes. Continue to develop our data reform programme, to better capture UKRI's wider impact. Invest in "what works" research.

Outcomes	Status
<p>We continue to deliver Wave 1 and Wave 2 successfully.</p> <p>We have confirmed the portfolio for Wave 3 (which we expect to leverage private co-investment of £1.8 billion) and are moving into delivery of these funds.</p> <p>We are taking an evidence-driven approach to develop future waves of ISCF.</p>	In progress (pending Spending Review)
<p>Research England has confirmed HEIF funding for 2020-21 will increase to £250 million.</p> <p>Innovate UK has continued funding the iCURE programme for 2019-20.</p>	Complete
<p>All 34 SPF programmes across Waves 1 and 2 have been formally announced by Government and are now in the delivery phase.</p> <p>Delays to Comprehensive Spending Review have meant that we have not yet been able to make case for future rounds.</p>	In progress (pending Spending Review)
<p>We successfully shortlisted bids for Wave 1, which are now being considered by Ministers.</p> <p>Wave 2 launched in May 2019 with 1st stage shortlisting nearing completion.</p>	Complete
<p>We have invested over £3 billion in supporting world-leading discovery research through QR funding and councils' responsive, strategic and international funding.</p> <p>In 2019 we completed a review of Balanced Funding. Due to the delay of the Comprehensive Spending Review we have not been required to advise ministers on the balance of funding.</p> <p>We are now considering peer review as part of wider efforts to reform the way we award funding. This work is ongoing.</p>	In progress (pending Spending Review)
<p>The first cohort of doctoral students in UKRI's 16 CDTs in Artificial Intelligence began their projects in 2019/20. Over ten years, these Centres will train about 1,000 students at 18 research organisations in the UK.</p> <p>In 2019-20 UKRI's Future Leaders Fellowships scheme made 168 awards as part of rounds 2 and 3.</p> <p>We successfully launched Hawking Fellowships. EPSRC, on behalf of UKRI, began delivery of the substantive phase of the Turing Artificial Intelligence (AI) Fellowships.</p> <p>A pilot Innovation Scholars scheme focusing on biomedical sciences, has launched.</p> <p>We became the first funder to become a full signatory to the Technician Commitment, both as a funder and an employer.</p> <p>We became a signatory to the revised Concordat for Researcher Development.</p> <p>We worked with Home Office and others to launch a new Global Talent Visa in January 2020, with UKRI becoming an endorsing body.</p>	Complete
<p>We commissioned two evidence reviews looking at 'what works' in equality, diversity and inclusion in a UK and international context. They were published in December 2019.</p> <p>We published a position statement October 2019 on tackling bullying and harassment which set out our expectations of organisations and individuals funded by UKRI and the support which will be provided to meet those expectations.</p> <p>In February 2020 we launched a public consultation on our open access proposals, which include full and immediate open access for all peer reviewed research articles arising from UKRI funding.</p>	Complete
<p>We launched a UKRI Vision for Public Engagement in September 2019 including a portfolio of public engagement activities.</p> <p>We funded 53 public engagement pilots in 2019/20, including 28 citizen science projects and 23 projects connecting under-represented groups with research and innovation.</p>	Complete
<p>We published the research and innovation infrastructure landscape and opportunities report and InfraPortal in November 2019.</p>	Complete
<p>We launched a second wave of 14 FIC partnerships in August 2019.</p>	Complete
<p>We launched GCRF programmes as planned in 2019-20.</p>	Complete
<p>We launched an impact scheme with the British Council in July 2019.</p>	Complete
<p>A new organisational design for cross-cutting funds has been implemented.</p> <p>We have developed the Working as One HR strategy, which sets out how the HR function will enable UKRI to fulfil its vision.</p> <p>A new UKRI brand launched in October 2019.</p> <p>In June 2019 a central UKRI Communications and Public Engagement team was created to bring together communications and engagement staff from the UKRI councils.</p> <p>Development of a new grant funding service and new HR and finance system continues.</p>	In progress
<p>We have put an evaluation framework in place for all key NPIF programmes. We have appointed independent evaluators to lead the evaluations of the various Challenge programmes funded through the Industrial Strategy Challenge Fund.</p> <p>Our data reform programme has enabled new insights into impact, geographical distribution of UKRI funding.</p> <p>External experts have advised on a UKRI 'what works' research agenda.</p>	Complete

# Key Risks

UKRI's risks cover the following key themes:

## People.

Ensuring that we have the right people across UKRI and the organisations we fund, to deliver the envisaged impacts and outcomes;

## Reputation.

Ensuring that we are recognised as a world class organisation, with support from the public and key decision makers;

## Programme management.

Ensuring our major programmes are managed effectively;

## Strategic Investment.

Making the evidence-based case for further investment in research and innovation to deliver the Government's long-term priorities and maintain our position as a world leader;

## Operational Control.

Ensuring that day-to-day operations are effective and efficient.

**We have identified the following key risks as the most material. The key mitigating activities are monitored by the Board, ARAPC and the Executive.**

Figure 1: Key Risks

Risk
<b>COVID-19</b> UKRI is responding to the impact of COVID-19 on its operations and on the UK Research and Innovation System.
<b>Staff Capability and Capacity</b> UKRI is delivering increased levels of investment associated with the Government's Industrial Strategy. This requires UKRI to recruit and retain staff, with the necessary skills.
<b>Transformation</b> UKRI has established a transformation programme to bring together the individual organisations and then transform overall performance with a focus on systems and structures.
<b>ISCF</b> UKRI is managing risks associated with the delivery of the Industrial Strategy Challenge Fund.
<b>Cyber Security</b> UKRI takes appropriate steps to protect its staff and information from attack and compromise.
<b>EU Exit</b> UKRI is managing operational and strategic risks associated with the UK's future relationship with the EU.
<b>Business Continuity</b> Management for the Science Estate. UKRI can respond to major incidents to minimise the disruption to critical science activity.



Mitigating Activities	
	<p>Business Continuity Plans implemented, with staff working from home.            Skeleton staff maintaining some laboratory locations.</p> <p>Staff surveys to evaluate wellbeing and the effectiveness of home working arrangements.</p> <p>Weekly all staff seminars hosted by the Chief Executive covering all aspects of the COVID-19 response.</p> <p>Redeployment of staff and financial resources to deliver rapid response programmes in relation to the pandemic.</p> <p>Close working with BEIS, DfE and HMT on the policy and funding interventions necessary to protect the UK Research and Innovation system.</p>
	<p>HR resourcing function established.</p> <p>Annual people survey completed to measure attitudes to, and experience of working at UKRI.            Action plans developed to address findings.</p> <p>Working with BEIS and HM Treasury to build support for pay freedom and flexibilities for specific scientific roles in UKRI's own centres and institutes.</p> <p>Resourcing, Talent and Performance Frameworks are being developed and rolled out across UKRI.</p> <p>A People Strategy is being developed that will inform an employee value proposition.</p>
	<p>Transformation plan established and baselined. The Transformation plan is integrated with other corporate programmes such as Reforming our Business and UKRI 2025.</p> <p>Transformation Board and governance in place. Regular dashboard reports to Transformation Board and stakeholders.</p> <p>Programmes to establish a new funding service and future shared services in place.</p> <p>Digital and Data Technology strategy implementation under way.</p> <p>UKRI brand launched.</p> <p>Estates workplace plan implementation started.</p> <p>Detailed communication plan developed with regular staff surveys to track progress.</p>
	<p>ISCF governance structure established, with oversight from a Steering Board which meets at least monthly.</p> <p>Standard UKRI competition and call processes including peer review and independent assessment are used to determine the highest quality projects within Challenges.</p> <p>Consistent set of principles applied to all grant awards to enable effective monitoring and capture of information for evaluation.</p> <p>Overarching ISCF risk register established and reviewed by oversight board.</p>
	<p>Committee established to coordinate security arrangements.</p> <p>Implemented best practice throughout the Information Security framework, informed by Cyber Essentials.</p> <p>Digital and Data Technology strategy implementation underway which includes security goals.</p> <p>Annual review of security arrangements against Cabinet Office standards.</p> <p>Cyber security awareness training is mandatory for all staff.</p>
	<p>Preparations made to deliver the Government's Guarantee and Extended Guarantee for a potential no-deal EU Exit.</p> <p>Increased the capacity and capability of UKRI's International Strategy team.</p> <p>Engagement with BEIS and HMT on domestic alternatives to EU programmes.</p> <p>Working closely with partners to develop a cross-sector response.</p> <p>Delivery of the Global Talent Visa Scheme for scientists and researchers to be given fast-tracked entry to the UK.</p> <p>Contributing to BEIS-led group that is considering how the Sir Adrian Smith Review recommendations can be actioned.</p>
	<p>Business Continuity Policy approved and Business Continuity Team in place.</p> <p>An overarching UKRI response plan is in place supported by plans for each UKRI site.</p> <p>Engagement with UKRI tenants and landlords to ensure joined up approach.</p> <p>Business continuity awareness week planned for 2020-21.</p> <p>Method for obtaining assurance from key suppliers and stakeholders being developed.</p>

# Performance Report: Analysis

## Reporting Against Our Foundations

### Business Environment: delivering social, cultural and economic impact

We contribute to prosperity and growth by funding partnerships between researchers, innovative businesses and others, and by investing in research and innovation to address strategic priorities. In 2019-20 we directly supported 3,109 businesses, including 2,505 small and medium-sized enterprises. 1,918 businesses were named as partners on UKRI grants.

### Generating economic benefit from world-leading research

Each of UKRI's nine councils contribute to the generation of economic impact.

**Innovate UK** is the UK's national innovation agency and is the UKRI council responsible for investing in high-potential entrepreneurs and businesses across the UK.

**Innovate UK** has continued to fund the pilot of 'Innovation to Commercialisation of University Research,' supporting more early-career researchers to find the right route to market for their commercially promising ideas. The pilot has demonstrated returns of nearly £4 for every £1 invested, and has created a large number of new spinouts which are performing well above average.

The world-class research supported by our research councils is highly valued by companies. 28% of our 2019/20 awards of research council grants have a project partner in the private sector, representing almost 1,200 partnerships, including major multinationals in engineering, pharmaceuticals, and software.

In FY 2019-20 we invested £330 million in programmes to enable businesses to harness the most promising ideas of researchers. These include Knowledge Transfer Partnerships, which enable a firm to bring in new skills and the latest academic thinking to deliver a strategic innovation project, matching research associates with the business. Our evidence shows they are working, with an evaluation of over 7,000 partnerships showing each £1 of public investment generating an additional £7 to £8 in Gross Value Added (GVA).

**Research England** has a vital role in building the capability of universities in England to engage in knowledge exchange. We confirmed that the Research England higher education innovation funding (HEIF) will rise to £250 million in the year 2020/21 which represents an increase of over 50% since 2016/17. This will further strengthen the links between universities and their partners in industry and elsewhere, ensuring that our economy and society are able to make the most of the amazing work happening in our universities.

In the past two years  
Innovate UK project  
completion forms  
show firms receiving  
UKRI funding reported:

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**2,800**

Innovate UK funded projects

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**£900m**

total funding

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**£343m**

of additional investment to date,  
with an average of £362k per  
grant of follow-on-investment,  
over 90 % of which comes  
from private investors

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**2.5**

average of new innovations in  
products, processes, services  
per project

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**287**

patents granted for IP used  
in the project, with a further  
517 applied for

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**Research England** also announced the first Knowledge Exchange Framework (KEF) exercise to be implemented in the academic year 2019/20, following in-depth consultation across the sector. KEF is intended to increase efficiency and effectiveness in use of public funding for knowledge exchange (KE), to further a culture of continuous improvement in universities by providing a package of support to keep English university knowledge exchange operating at a world class standard. This includes making a success of partnering with business, technology transfer, and commercialising new innovations.

## Industrial Strategy Challenge Fund

The Industrial Strategy Challenge Fund (ISCF) continues to act as UKRI's flagship challenge-led innovation programme and now represents up to £2.9 billion in public investment (comprising £2.6 billion in challenges and £0.3 billion of underpinning investments). Up to £2.6 billion of co-investment has been committed by industry across the challenges. It was established in 2016 as part of the National Productivity Investment Fund to support industry-led, mission driven R&D, drawing upon the DARPA model from the US. ISCF works to deliver the science that business needs to transform existing industries and create new ones. By doing this, it seeks to stimulate UK economic growth whilst delivering social benefit.

ISCF was launched in three waves, with total public investment in Wave 1 challenges of £713 million (plus underpinning investments of £283 million), Wave 2 £743 million and Wave 3 £1,185 million. During 2019-20, we have continued to deliver on Waves 1 and 2. We also successfully confirmed the challenges for Wave 3, following a call for expressions of interest and a rigorous assessment of proposals. This wave is supporting R&D in pioneering areas from the future of flight to the commercialisation of quantum technologies and industrial decarbonisation.

Our approach to Wave 3 secured substantial private sector co-investment with indicative co-investment of £1.59 billion across the challenge portfolio. We have recruited high-calibre Challenge Directors, and delivery of Wave 3 is now underway.

### Industrial Strategy Challenge Fund portfolio as of April 2020

AI & Data	Ageing Society	Clean Growth	Future Mobility
W1 Robotics for a safer world (£94m)		W2 Transforming construction (£170m)	
W2 Data to early diagnosis (£210m)		W2 Transforming food production (£90m)	
W2 Next generation services (£20m)		W2 Prospering from the Energy Revolution (£102m)	W1 Faraday battery challenge (£274m)
W2 Quantum technologies (£20m)	W1 Leading-edge healthcare (£188m)	W3 Industrial Decarbonisation (£170m)	W1 Self-driving vehicles (£26m)
W3 Commercialising Quantum technologies (£153.4m)	W2 Healthy ageing (£98m)	W3 Smart sustainable plastic packaging (£60m)	W3 Driving the Electric Revolution (£80m)
W3 Accelerating Detection of Disease (£79m)		W3 Transforming Foundation Industries (£65.8m)	W3 Future Flight (£125m)
W3 Digital Security by Design (£70m)		W3 Low-Cost Nuclear (£19.5m)	
W3 Manufacturing Made Smarter (£147m)			
<b>Other</b>	W1 National satellite test facility (£105m)	W2 Audience of the future (£33m)	W3 Other investments to be approved (£215m)
	W1 Manufacturing & future materials (£26m)	Underpinning investments (£283m)	

ISCF public investment:

**£996m**

Wave 1

**£743m**

Wave 2

**£1,185m**

Wave 3

**£1.59bn**

Indicative co-investment in Wave 3

Although delivery is still at a relatively early stage, we are continuing to see the benefits of our challenge-led approach. In addition to driving private sector investment in innovative UK companies, the ISCF is creating new collaborations between academia and businesses of all sizes around the industries of the future, as well as securing international investment in the UK.

Informed by evidence from the first three waves of ISCF, we are developing an ambitious approach for potential future waves, and we will be factoring this into our planning for the Comprehensive Spending Review.

Securing international investment in the UK, Astroscale (a Singaporean/Japanese company) launched two satellites in 2019 for use on an industry-led project as part of the Robotics for a Safer World challenge. The project will develop the current Harwell Control Centre to establish a national facility for In-Orbit Services operations. This state-of-the-art system will form the basis for operating missions to clean up space and conduct other In-Orbit servicing operations. This project is developing a UK based capability and involves an innovative company based new R&D in the UK in partnership with the Satellite Applications Catapult.

### Strategic Priorities Fund

The Strategic Priorities Fund (SPF) was established in 2018 to invest in multi and interdisciplinary research and innovation, linking to government research and innovation priorities and ensuring that the system can respond to strategic opportunities and priorities. It is funded from the National Productivity Investment Fund (NPIF).

We awarded £497million to 19 Wave 2 SPF programmes. These programmes range from research in adult social care and adolescent mental health to the creation of a world-class institute to help solve the UK's productivity challenges. Others include technical research and innovation to support quantum technologies for fundamental physics, and a National Timing Centre to develop resilient infrastructure across the country for time distribution.

All 34 SPF programmes across Waves 1 and 2 have been formally announced by Government and are now in the delivery phase. Significant outputs are starting to be seen with research consortia being established and research papers starting to be published. There are now numerous calls currently live or in preparation across the SPF portfolio and we are working across UKRI and with government partners to ensure we realise the potential of this Fund.



**The Extreme Photonic Applications Centre (EPAC)** is a new national research centre that will create highly accurate 3D images of the internal structure of objects ranging from aircraft wings to bones. It will help UK business develop high-value products faster and more reliably while avoiding potentially costly manufacturing errors. EPAC was funded from Wave 1 of the Strategic Priorities Fund.

**Towards a National Collection: Opening UK Heritage to the World.** This Wave 2 SPF programme will support galleries, libraries, archives and museums to take the first steps towards a unified, virtual "national collection" that will enable cross-disciplinary and cross-collection research.

It will also open up new ways for the public to experience the collections and the associated research.



The Chief Scientific Adviser (CSA) network and government departments have taken a significant interest in this fund and are working with us to ensure that programmes address departments' Areas of Research Interest. 83 % of the SPF programmes across both Waves 1 and 2 are collaborative multi and interdisciplinary research programmes involving two or more delivery organisations, and most have incorporated aspects of government research interests into their design.

Feedback from the fifteen eligible UKRI and BEIS R&D delivery organisations as well as the CSA network has helped to shape thinking behind the future of the SPF. We will be seeking to make the case for further rounds of the SPF at the Comprehensive Spending Review when it takes place.

Social distancing and isolation measures implemented in March 2020 to limit the spread of COVID-19 have had an impact on delivery of this highly collaborative portfolio. The diversity of the programmes funded by the SPF means that these impacts will vary across the portfolio. They will include some refocusing of effort in some related programmes to support the response to COVID-19.

## Place

We are committed to building on the research and innovation strengths that exist in every region and nation of the UK, to ensure that our investments benefit the whole country. 'Levelling up' is central to the Government's policies, and research and innovation have a vital role to play. We are working with BEIS to develop an ambitious place strategy for research and development, which will build on our own work to identify opportunities for us to take a stronger place-focused approach.

### Strength in Places

The Strength in Places Fund (SIPF) enables us to take a place-based approach to research and innovation funding to support regional economic growth. It is funded from the National Productivity Investment Fund and is delivered in partnership with the Office for Students and with the higher education funding bodies of Wales, Scotland and Northern Ireland. Those partnerships draw on established working relationships with Research England and UKR, and involve an agreed role in programme governance and in contribution to the design of the programme.



Image credit – Atlantis Resources

In 2013 we launched the **Offshore Renewable Energy Catapult in Blyth**, alongside government and industry, building on its strengths as a historic port and a strategic location for offshore wind in the North Sea.

With £15m of funding from Innovate UK and £11m from other partners in 2019, it has enabled 120 industry collaborations on offshore wind technology and driven down costs, regenerating the local area in the process.

By 2023 the centre is aiming to support 120 PhDs /interns/apprentices, bringing 60 new products and services to market, creating 16,000 jobs, supporting 1,400 SMEs, contributing over £900m in Gross Value Added to the UK.

The high level aim of SIPF is to support innovation-led relative regional growth, by identifying and supporting areas of R&D strength in clusters of businesses across a range of sizes that have potential to innovate to become nationally and internationally competitive. The SIPF enhances local collaborations by building on the underpinning regional economic impact role of universities, research institutes, Catapults and other R&D facilities.

SIPF is a competitive fund for collaborative bids led by research organisations or businesses, with consortia including both business and research organisations and strong engagement from local leadership partners. Consortia represent economic geographies across the UK that have existing high-quality research and innovation capability, are focused on value-creating opportunities that are aligned to the needs of their local industry and business supply chains, and whose activities are likely to bring significant, relative economic impact and regional growth.

The SIPF has two waves currently under way, and operates a two-stage assessment process. UKRI has funded 7 of the 23 full stage bids, totalling £186m of investment across Belfast, Bristol, Cardiff, Edinburgh, Glasgow, Kent and Liverpool

Wave 2 launched in May 2019, and was followed by 14 stakeholder events in May and June 2019 to introduce SPIF and encourage applications. 80 eligible EOI-stage bids were received, from all regions and nations of the UK.

## Ideas

UKRI supports research which advances the frontiers of human knowledge and understanding. We do so in two ways:

**Through UK-wide, competitively allocated grants for specific research projects from UKRI's seven research councils.**

**Quality-related block grants to English higher education institutions from Research England.**

These two funding streams comprise the dual support system.

## Research council investment

UKRI's seven research councils fund research across the entire spectrum of disciplines. This investment is made through both directed and responsive mechanisms. Directed research calls support the priorities of the issuing council, as described in each council's delivery plan. Responsive research calls provide a mechanism to ensure that excellent investigator-led ideas can be pursued.

The examples below demonstrate the breadth of research funded by our research councils:

- **AHRC** – A new multi-million-pound project, Innovation for Games and Media Enterprise (InGAME), funded through the Creative Industries Clusters Programme (CICP) will establish a dedicated R&D centre for the highly successful Dundee video games cluster with a view to helping de-risk R&D and drive product, service and experience innovation across the industry and beyond.
- **BBSRC** – A new system to reduce spoilage during long-term apple storage could save the fresh produce industry up to £6 million per year. SafePod - was created with funding from BBSRC's Agri-Tech Catalyst funding, in partnership with Storage Control Systems Ltd and UK apple growers. It finds the perfect storage conditions by monitoring apples' respiration during storage. It detects if the apples become stressed and require more oxygen and indicates when they have reached the end of their storage life.
- **EPSRC** – An international team of researchers from the University of Warwick in collaboration with colleagues in China, France, Switzerland and Heriot-Watt University developed a technique to use light to activate a cancer-killing compound of Iridium, which attacks a vital energy-producing machinery in the cancer cells. The technique can treat any tumours where light can be administered, and would be particularly suited to treat bladder, lung, oesophageal, brain and skin cancers.
- **ESRC** – The ESRC and the Welsh Government-funded Wales Centre for Public Policy has developed a demand-led approach to inform and shape policy decisions by presenting research evidence directly to government ministers, producing over 120 studies in the past 5 years. For example, Ministers were considering funding universal childcare for all 3- to 4-year-olds to enable more women to enter paid work and so reduce household poverty. Analysis by the Wales Centre for Public Policy showed that this would have no significant impact on household incomes or maternal employment. Ministers decided instead to target parents working 16+ hours per week, resulting in a saving of £80 million annually.
- **MRC** – MRC-funded researchers have developed a low-cost rapid, diagnostic sensor test which aims to show the susceptibility of bacteria to antibiotics within 45 minutes. Current NHS laboratory testing of samples can take up to two days. The test aims to allow doctors to prescribe the correct antibiotic to a patient more quickly.
- **NERC** – A NERC-funded programme to better understand ocean circulation in the sub-polar North Atlantic has discovered that ocean processes to the east of Greenland are more dominant than previously thought, counter to existing thinking that processes to the west of Greenland prevail. With knowledge of this region important for decadal climate prediction, this understanding will improve modelling of ocean currents in the complex sub-polar region, contributing to better projections of future climate, ultimately underpinning climate change mitigation and adaptation strategies .
- **STFC** – A team of researchers from the University of Kentucky is collaborating with scientists from STFC's Diamond Light Source facility to investigate 2000-year-old papyrus scrolls found buried in the library of Herculaneum, which was buried by layers of hot gases and ash following the eruption of Mount Vesuvius . This project uses state-of-the-art synchrotron which can probe objects with beams of x-ray light (100 billion times brighter than the Sun ) to detect changes in the microscopic structure of the papyrus and reconstruct where it was written on. Using machine learning on fragments of the papyrus, the team plan to digitally restore and read these texts.

Image credit – Getty Images



Image credit – Getty Images



Image credit – Pixabay



Image credit – Getty Images



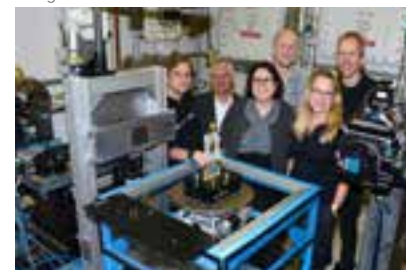
Image credit – Getty Images



Image credit – Getty Images



Image credit – STFC



Research England distributed a recurrent research grant of:

**£1,744m**

2019/20

**£1,095m**

mainstream  
quality-related  
research funding

**£45m**

year on year increase

**124**

institutions receiving  
an allocation

QR charity  
support funding:

**£204m**

2019/20

QR business  
research funding:

**£64m**

2019/20

## Quality-related funding

Research England's grants to Higher Education Institutions (HEIs) in England complement research council grants by enabling HEI's to develop new research areas and sustain their research effort. Research England distributed a recurrent research grant of £1,744 million for the academic year 2019/20. The largest element of this was £1,095 million of mainstream quality-related (QR) research funding, a year on year increase of £45 million. This funding is allocated on the basis of performance in the Research Excellence Framework assessment exercise. 124 institutions received an allocation.

Two further elements then recognise and incentivise English universities to pursue research in support of the third sector and industry. QR charity support funding sustains research that universities carry out on behalf of charities, recognising that charities sponsor high-value research in universities which benefits scientific discovery and society but do not always meet the full cost of that research. This support amounted to £204 million in academic year 2019/20. QR business research funding provides additional support for research that universities undertake with business and industry, encouraging them to collaborate with business on research agendas and develop relationships with industry. To qualify, institutions must attract investment from industry. This funding stream amounted to £64 million in academic year 2019/20.

## Research Excellence Framework 2021

Preparations for the next research assessment exercise, REF2021, have continued during 2019/20. Working closely with the devolved funding bodies, Research England has published further details of the Institutional-level environment pilot, and piloted the REF submission system.

In March 2020 the four funding bodies announced that in view of the COVID-19 pandemic, the original submission deadline of November 2020 would be delayed. The funding bodies invited views on revised timings for the exercise, and a new submission deadline of 31 March 2021 was confirmed in June 2020. The exercise will recommence on 31 July 2020.

## Balanced Funding

The first phase of our Balanced Funding programme concluded in August 2019. The evidence collated within it captures the importance of QR in maintaining the capacity and capability of the research sector. Evidence and understanding provided by the Balanced Funding programme will inform our advice to ministers on the balance of funding within the dual support system and our broader understanding of sustainability issues.

## People

### Growing and developing the skills base

UKRI makes a significant contribution to supporting the UK's research workforce. In 2018-19 we invested over £490 million in talent programmes that seek to expressly support this workforce. At any one time, we are directly funding 58,000 researchers (including over 20,000 doctoral students), accounting for 17 % of the total academic workforce in the UK. Alongside research council investments, Research England's quality-related funding sustains infrastructure and the broader research environment, and these investments are complementary to UKRI's direct investment in talent.

In 2019-20, UKRI recruited Professor Rory Duncan as its Director of Talent. Professor Duncan will shape UKRI's talent strategy and investments as it seeks to develop the people and workforce needed to delivery on the Government's ambition to increase investment in R&D to 2.4 % of the UK's GDP.



Professor Rory Duncan



## Doctoral training

UKRI remains the foremost funder for doctoral training in the UK, supporting more PhDs and their equivalent than any other funder.

Our research councils invest in doctoral training through a number of mechanisms, including Doctoral Training Partnerships, Centres for Doctoral Training (CDTs), and Collaborative Awards in Science and Engineering. Through these mechanisms, over 6,000 students began their studies in 2019-20. Research England invested a further £260 million in doctoral training in England through quality related research degree programme supervision funding. This funding trains researchers in the skills, knowledge and confidence needed to tackle today's evolving issues, develop the highly skilled workforce the UK needs for the future, and forge lasting links with collaborators, including industry.

## Fellowships

UKRI offers an array of support to researchers seeking to develop their careers. A range of fellowships offer support to early- through to later-career researchers wishing to take up research, and are now being applied to support the development of researchers and innovators in the private sector.

Future Leaders Fellowships (FLF) provide long-term support for the most talented researchers and innovators, based across the UK, to tackle adventurous, challenging and important research questions and opportunities for innovation. These awards now include the first fellows to be based directly in businesses, marking a new model in providing long term funding for the most promising researchers and innovators in industry.

To ensure that these prestigious fellowships give outstanding support to award holders, UKRI is creating a strong cohort experience, developing the leadership of the fellows across the research and innovation community and creating deep links between them and UKRI. In September 2019, we brought over 100 fellows for an official launch and networking event, with keynote talks by Sir Mark Walport, CEO of UKRI, and the Minister of State for Universities, Science, Research and Innovation. In 2020 and beyond we will build on this, developing a Fellows Development Network, to give each cohort of Future Leaders Fellows with new networks, and the tools to think creatively and develop and lead new and imaginative thinking that spans disciplinary and sector boundaries.

In March 2020 we awarded the first nine Stephen Hawking Fellowships, which support the most innovative researchers at postdoctoral level in theoretical physics. Launched in 2018 in recognition of Stephen Hawking's contributions to scientific knowledge, the fellowships provide up to four years' funding for curiosity-driven science alongside a focus on public engagement and outreach.

We are growing the UK's capability and capacity to address the methodological and theoretical challenges of artificial intelligence (AI) through Turing AI fellowships. These fellowships enable enhanced engagement and inter-sector mobility between academia, industry and other sectors through flexible career paths. We are working in partnership with The Alan Turing Institute, BEIS and the Office for Artificial Intelligence to deliver these fellowships.

Image credit – Research England



### Quality-related funding at the University of Nottingham

The University of Nottingham has used its QR funding to encourage and enable interdisciplinary research activity, driving connections in the UK and internationally and drawing on industrial links in priority areas. It harnesses the funding to drive research excellence in a number of ways, including supporting fellowship schemes and through a centrally managed Strategic Development Fund to invest in research capacity. In particular, the university has used £4.2 million to establish its Centre for Sustainable Chemistry, which underpins the university's Green Chemical Beacon. QR funding was also key to intensification of the university's partnership with GlaxoSmithKline (GSK). This catalysed the creation of the GSK Carbon Neutral Lab, funded through Research England's UKRPIF, leveraging over £20 million of co-investment from private sources.

Image credit – Alamy Stock Photo



**The Global Talent Visa was launched in February 2020** to make the UK's immigration system work better for the best and brightest researchers and their teams from around the world. The new UKRI Endorsed Funder pathway provides access to the Tier 1 visa for those working on a significant grant from a number of recognised funders both domestic and international. The route is open to principal researchers and also their teams, including the range of interdisciplinary specialists and methodologists critical to the operation of a grant. This means that a Tier 1 visa is much more accessible for the international science and research community than previously via the Tier 1 (Exceptional Talent) scheme, allowing them to pursue their work with greater flexibility and contribute to the UK's ambitions for research and innovation.

## Innovation Scholars

The inaugural pilot of the Innovation Scholars programme launched in January 2020, with a widely welcomed call enabling cross-sector secondments in the biomedical sector. This £10 million scheme, with streamlined, agile application and assessment processes, enhances skills and knowledge exchange between any discipline and the biomedical sector whilst developing careers and retaining talent.

We are developing future opportunities for Innovation Scholars in diverse areas of research and innovation, encouraging secondment and training to enable people to move between sectors and disciplines to generate new ideas, skills and impacts.

## UKRI support for the research and innovation workforce

We recognise that all of those who work in research and innovation are important in delivering our ambitions. We signed the Technician Commitment in February 2020, the first funder to do so. The Technician Commitment aims to raise the visibility, recognition, career development and sustainability of the technical workforce. We also signed the Concordat to Support the Career Development of Researchers. This is an agreement between funders, institutions, researchers and managers of researchers to improve employment and support for researchers and for research careers in higher education in the UK. We will be publishing our action plans for both initiatives in 2020-21.

In 2019-20, we invested over £6 million in two Research England Development (RED) fund projects to support technicians and postdoctoral researchers. This included a £3 million investment in the TALENT project to support career advancement and development of technicians working in higher education. The parallel PROSPER project will support postdoctoral researchers to develop capabilities, attributes and mindsets to work across multiple sectors beyond academia.

## Research and Innovation Culture

UKRI plays a crucial role in nurturing a supportive and responsible research and innovation culture. We have publicly committed to using our position as the largest public-sector funder of research and innovation in the UK to lead positive behavioural change nationally and internationally.

## Research Integrity

As part of our commitment to a strong and responsible culture, we worked during 2019 with other signatories to revise and strengthen the Concordat to Support Research Integrity. We now plan to demonstrate significantly increased rates of implementation during 2020. To support this, we are currently consulting with other funders, research organisations, the UK Research Integrity Office (UKRIO) and with international peers, to inform a national research integrity committee to both review organisations' misconduct investigations and be a national voice for research integrity. We will soon recruit the independent chair for the committee and, following a forthcoming consultation, aim to have the full committee established later in 2020.

## Assessment and its impact on culture

UKRI recognises that the way we assess individuals, programmes and groups is a key driver of behaviour across the system. We have identified fundamental questions to support UKRI's ongoing programme of work to support and improve research and innovation culture, and are introducing approaches to address some of these questions. These include commissioning research to develop the evidence base of how strong culture links to and drives excellent research and innovation outputs; implementing innovative new approaches, including the trial of a new narrative CV to broaden assessment of applicants' contribution to the wider ecosystem; and developing a toolkit to articulate UKRI's approaches to assessing proposals. We will be engaging with external stakeholders in the development of an ambitious five-year programme to fundamentally examine our approach to research and innovation assessment, as well as to identify future opportunities and challenges.

## Supporting the Highest Quality Research and Innovation

Supporting high-quality outputs is key to realising our vision to be a world leader in research and innovation. Strong ethical guidance is a key element to this. In the past year we have surveyed ethics-related policy and guidance across all of our constituent parts to assess how the organisation currently approaches this issue, and to support the development of a single research ethics and responsible innovation hub. In addition, UKRI is developing plans for ensuring ethical research and responsible innovation practices are embedded as business as usual for UKRI-funded researchers and innovators.

## Equality, diversity and inclusion (EDI)

Working closely with the UKRI's EDI External Advisory Group, key stakeholders and other global funding bodies, as well as internally across the organisation, we scoped and commissioned Advance HE to undertake two evidence reviews looking at 'what works' in equality, diversity and inclusion in a UK and international context. These reviews were published in December 2019. UKRI then convened challenge workshops involving both cross-sector and cross-government stakeholders to discuss the findings and recommendations of the reviews. This work, alongside understanding of the EDI characteristics of our funding data, has informed the development of a UKRI vision and priorities for EDI. Through this work, we aim to catalyse and support fair and inclusive research and innovation environments where everyone is treated with dignity and respect and has the opportunity to flourish and succeed. This vision will be delivered through a set of priorities, informed by the evidence.

We responded in November 2019 to an initial data request from the House of Commons' Science and Technology Select Committee into the impact of science funding policy on equality, diversity and inclusion. As part of our commitment to sharing our data with our stakeholders and communities, we will be releasing an interactive dataset of research council-level funding information linked to the protected characteristics of age, gender, ethnicity and disability.

Image credit – Getty Images



### Sciencewise

During 2019-20 the Sciencewise public dialogue programme co-funded and provided expert assurance to seven major public dialogues on topics from genomics and health data to autonomous cars, online targeting and carbon capture; in partnership with thirteen other government departments and agencies. Among the impacts from completed dialogues, the Genomics England report, including a recommendation of a change to the NHS constitution, was endorsed by the Chief Medical Officer; and the Sciencewise report for the Centre for Data Ethics and Innovation fed directly into its first set of recommendations to the Government on regulation for online targeting.

## **Bullying and harassment**

UKRI has published a position statement on tackling bullying and harassment, building on the evidence review undertaken by The Global Institute for Women's Leadership at King's College London. This statement set out our expectations of organisations and individuals funded by UKRI, and the support which will be provided to meet those expectations. UKRI has convened a Funders Forum on Bullying and Harassment that brings together charitable and public funders, including international funders and regulators, in order to support widespread systems change. This group is engaged in activities that complement ongoing UKRI work on preventing bullying and harassment through a programme of funded projects, research and evaluation, and dissemination of good practice, including the development of codes of conduct for conducting investigations. UKRI is committed to improving data collection and reporting, and to working where possible to encourage harmonised policies to minimise the regulatory burden on universities and funded organisations.

## **Open Research**

In October 2019 UKRI established the Open Access Review, and undertook an extensive round of stakeholder engagements including roundtables with university leaders, library directors, research managers, researchers, learned societies and publishers to inform the work. In February 2020 we launched a public consultation on our open access proposals. These include full and immediate open access for all peer-reviewed research articles arising from UKRI funding, and the introduction of an open access requirement for academic books, including monographs and book chapters.

National and global alignment is required to develop the conditions that will maximise the reach and impact of the research we fund. UKRI has continued to be an active partner in the international coalition Plan S, which seeks to accelerate sustainable full and immediate open access. We have worked closely with government, particularly BEIS, the Department of Health and Social Care, the Department for International Development and the Department of Environment, Food and Rural Affairs, to develop an aligned approach to open access.

In June 2019 we signed the San Francisco declaration of research assessment<sup>3</sup> and updated all guidance for our research review panels to take this into account. We are committed to assessing research outputs on the basic intrinsic merit of the work and not the publication channel or its impact factor.

In order to support these objectives, we are working with partners in many settings, including the UK Forum for Responsible Research Metrics, and internationally with G7, to align incentives for open research and to develop and implement responsible metrics and research assessment.

## **BEIS**

National and global alignment is required to develop the conditions that will maximise the reach and impact of the research we fund. UKRI has continued to be an active partner in the international coalition Plan S, which seeks to accelerate sustainable full and immediate open access. We have worked closely with government, particularly BEIS, the Department of Health and Social Care, the Department for International Development and the Department of Environment, Food and Rural Affairs, to develop an aligned approach to open access.

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3. <https://www.ukri.org/news/ukri-signs-san-francisco-declaration-of-research-assessment/>



## Public Engagement

UKRI supports world leading research and innovation to create a more prosperous, healthy and sustainable society. Creating opportunities for people to discuss, create and participate in research and innovation is an important way to achieve this: it makes research and innovation more relevant, impactful and trusted.

In 2019, we worked with a wide range of stakeholders to develop a new vision for public engagement for UKRI. The vision covers four main areas: Engaging under-represented communities and places with research and innovation; supporting researchers to involve a wide range of people in their work; Nurturing a future generation passionate about research and innovation; and listening to public concerns and aspiration.

In each of these areas we continued to support the delivery of a range of highly successful programmes, including the STEM ambassadors programme – a national network of volunteers who work with young people to bring STEM subjects to life through real life experiences; CREST - a nationally recognised scheme for hands on, student-led project work in STEM; and Sciencewise – a programme that provides assistance to policymakers to carry out public dialogue to inform their decision-making on science and technology issues. These programmes have a wide reach. In 2019-20 STEM ambassadors volunteered over 500,000 hours of their time to engage young people with research and innovation. 48,952 CREST Awards were submitted on the CREST platform.

Alongside these programmes, we developed and launched two new funding calls for citizen science projects and projects that seek to develop collaborations between universities, researchers and under-represented communities. In total we awarded £1.4 million to 53 new projects.

Within UKRI, we have been exploring opportunities to involve the public in shaping our own research priorities. One example of this is a NERC-led project to understand the public's priorities for healthy environment research. We also continued to work with a range of stakeholders, such as universities, museums and other funding bodies to develop collective approaches to supporting public engagement with research and innovation.

We launched a new funding programme in 2019 to support 25 UK universities to explore how engaging under-served places and people with research can lead to positive social outcomes. More than 50 partner organisations are involved in the projects, including local councils, charities, community and cultural organisations. Topics being explored include the environment, crime, health and wellbeing, poverty and employability. Projects are being supported by the NCCPE, who are working to capture the projects' learning and embed best practice across higher education

### STEM Ambassadors programme:

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**500,000**

hours engaging young people

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**48,952**

awards submitted

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**£1.4m**

awarded to 53 new projects

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## Infrastructure

### Research and Innovation Infrastructure: Opportunities and Landscape

In January 2018 we launched a major programme to create a research and innovation infrastructure roadmap to 2030. We engaged extensively to do so - with researchers, representative bodies, learned societies, business networks, key charitable organisations, Public Sector Research Establishments (PSREs), the Catapult network, government departments, agencies and the devolved administrations.

This engagement enabled us to build a comprehensive picture of existing UK infrastructure (including key international facilities in which the UK participates) and to establish future requirements and resulting investment opportunities.

#### We published two major reports resulting from this programme in November 2019:

- Opportunities to grow our capability<sup>4</sup>, which assesses the future infrastructure landscape and identifies the needs, opportunities and key themes that drive the UK's infrastructure capability needs to 2030. This report serves as a strategic guide to inform investment decisions for the next generation of infrastructure.
- A Landscape analysis<sup>5</sup>, which provides a detailed picture of the UK's research and innovation infrastructure. It builds on the Initial analysis of the UK's landscape of infrastructures, filling gaps in the data and exploring key issues in more depth.

Based on the data collected for the Landscape Analysis, we created an InfraPortal<sup>6</sup> that catalogues hundreds of research and innovation infrastructures across the UK, not just those in UKRI's remit. It is available as a resource for researchers, innovators, international partners and businesses with an interest in using UK infrastructure in their work. We assembled a representative snapshot of examples of UK infrastructure to promote and showcase the breadth of UK infrastructure capability to researchers, innovators, partners and businesses<sup>7</sup>.

4. <https://www.ukri.org/files/infrastructure/the-uks-research-and-innovation-infrastructure-opportunities-to-grow-our-capacity-final-low-res/>

5. <https://www.ukri.org/files/infrastructure/landscape-analysis-final-web-version/>

6. <https://www.infraportal.org.uk/>

7. <http://riinfrastructureuk.ukri.org>



■ Building on the infrastructure programme, we have established a clear approach to the prioritisation of major infrastructure investments and have begun to assemble a new Infrastructure Advisory Committee (IAC) to support this process. The Committee will provide advice and guidance to UKRI's Executive Committee and Board on the prioritisation of long-term infrastructure investment.

### Digital Research Infrastructure

In October 2019 James Hetherington joined UKRI as Director of Digital Research Infrastructure to develop and deliver digital research infrastructure in line with the infrastructure roadmap. This includes our strategy for the software, skills, clouds, data services and supercomputers that underpin computational science and digital scholarship.

We continue to develop the next national supercomputer, ARCHER2, and in October 2019 we awarded a contract to Cray to supply the hardware. When ARCHER2 becomes operational in 2020, it is expected to be among the fastest fully general-purpose systems in the world.

The new Data and Analytics Facility for National Infrastructure (DAFNI), the UK's next-generation platform for infrastructure systems research, demonstrated its value through a series of pilot projects on simulations ranging from the housing market to road safety.

Image credits – Getty Images



We are funding the creation of the UK's first dedicated **Vaccines Manufacturing Innovation Centre (VMIC)** as part of the Industrial Strategy Challenge Fund's Leading-Edge Healthcare Challenge. This facility, which will be located at the Harwell Campus, will rapidly accelerate vaccine research in the UK and establish the nation's first advanced manufacturing capabilities for vaccines.



**The 5G Innovation Centre (5GIC)** at the University of Surrey is the UK's largest academic 5G infrastructure research centre. It is funded through Research England's UK Research Partnership Investment Fund (UKRPIF). Investment from RE has been an anchor for additional investment into the centre. The 5GIC has leveraged £5.49 from private and public sources for every £1 of UKRPIF invested. Compared to the scale of other centres worldwide, 5GIC has had a disproportionate influence on global technology and standards.

## Investment in world-leading research and innovation infrastructure

We invested in several major infrastructure projects in 2019-20, including the establishment of the Rosalind Franklin Institute and commissioning the polar research vessel RRS Sir David Attenborough. As we do not have a science infrastructure funding allocation beyond 2020-21, we have been unable to start major new infrastructure programmes, although several National Productivity Investment Fund-supported programmes have included the creation of new infrastructure.

In July 2019 we announced 11 new major infrastructure collaborations funded from the UK Research Partnership Investment Fund (UKRPIF). Our investment of £221 million was matched by £500 million from over 100 businesses, charities and philanthropic donors, including BT, Siemens, South West Water and the British Heart Foundation.

The World Class Labs (WCL) programme maintains and refreshes existing UK scientific infrastructure to enable researchers to continue to carry out world-leading research. This funding is allocated to UKRI's councils to deploy in line with their strategic priorities and the needs of their communities. This funding typically invests in strategic infrastructure, mid-range equipment, instrument development, international subscriptions and long-term datasets. For example, EPSRC awarded 36 grants to institutions for core equipment to support the engineering and physical sciences research community, and ESRC has used this programme to enable their research community to access the UK Data Service. Research England allocates this funding via formula to contribute to the replacement of premises and infrastructure, improved space utilisation, and increased sharing and utilisation of research equipment.

### International

International collaboration is vital to allow UKRI to build strategic R&D collaborations, attract inward investment, and deliver societal and economic impact for the UK and partner countries around the world. With offices in Washington D.C., Brussels, New Delhi and Beijing, we use our funding, expertise and leadership to facilitate international collaboration to strengthen the UK's position as a global R&D leader and partner of choice.

In 2019-20 UKRI worked with a range of international partners, including the US National Science Foundation, the Swiss National Science Foundation, the National Natural Science Foundation of China and the Japan Science and Technology Agency, to encourage and facilitate joint working amongst the scientific community in response to COVID-19. We built a partnership with the Canada Research Coordinating Committee to boost joint research through a collaborative approach to research design, funding and review. We became the first public research funder to establish a partnership with the United Nations Development Programme to accelerate efforts to achieve the UN's Sustainable Development Goals by 2030.

### Fund for International Collaboration

The Fund for International Collaboration (FIC) enhances the UK's excellence in research and innovation through new bilateral and multilateral programmes with other leading R&D nations. In 2019-20, FIC launched a second wave of 14 programmes with a total investment of £60 million, contributing to FIC's total investment of £160 million. To date the FIC has awarded 163 grants, with an additional 3 investments in infrastructure made by the Science and Technology Facilities Council and 77 projects contracted by Innovate UK.

**BuffaloGrid** With support from Innovate UK, BuffaloGrid invented a portable mobile phone charging unit powered by solar energy. The BuffaloGrid has already been successfully tested in Uganda and Ghana and is now being introduced to India, home to almost half of the world's 650 million off-grid mobile phones. The device has an internet connection and can charge many phones at one time with power supplied by solar panels. Customers can charge their phones for free when the electricity supply is down. As well as charging phones the hub could be a platform for other services, from banking to remote medical diagnosis services. The company is planning to commercially supply hundreds of new hubs in the next 12 months. BuffaloGrid also won support from Innovate UK's Energy Catalyst to prototype a portable version of the hub, the Buffalito, that users can take home.



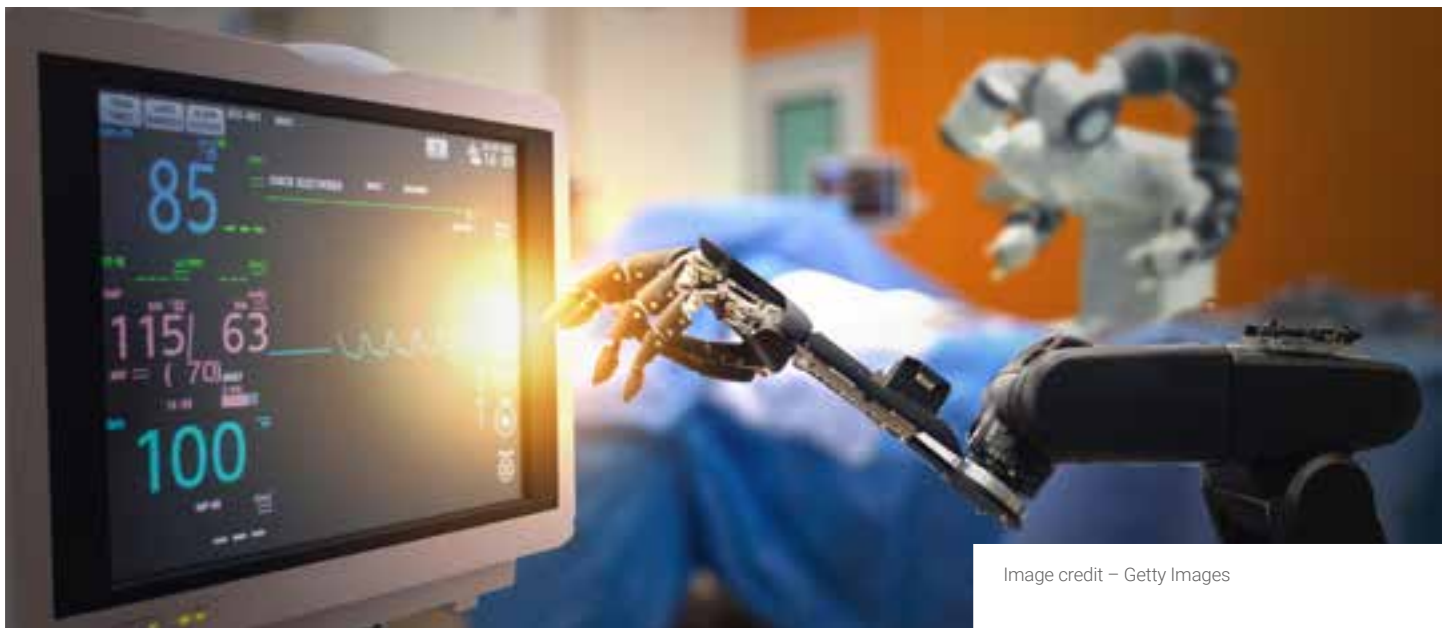


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FIC-funded programmes include partnerships with 17 countries, including Canada, Germany, South Korea, Israel, India, USA, Singapore, Netherlands, Switzerland, Australia, Norway, Japan, China and Ireland, and indirect partnerships with other countries through multilateral activity.

Programmes funded through the FIC develop strategic collaborations to support world-leading research and innovation that delivers new knowledge, and societal and economic impact to the mutual benefit of the UK and partner countries.

For example, a FIC-funded partnership between the Japanese Science and Technology Agency, the Economic and Social Research Council and the Arts and Humanities Research Council is supporting six innovative projects that will provide a deeper understanding of how AI technologies affect people’s lives, from its use in healthcare to its potential to transform housework and the ethics of using AI to make legal decisions. This FIC programme is the first time that ESRC has partnered bilaterally with a funder in Japan. Through the FIC, Innovate UK led the UK’s Chairmanship of EUREKA and is developing seven impactful programmes with countries like Singapore, India and Japan on subjects such as 5G infrastructure, AI, and quantum technologies and photonics for advanced manufacturing.

### Global Challenges Research Fund

The Global Challenges Research Fund (GCRF) addresses the challenges faced by developing countries through challenge-led, interdisciplinary research. 2019-20 saw the largest investment to date in GCRF.

We invested £170 million in the GCRF Collective Programme, supporting projects across the six strategic GCRF Challenge Portfolios. The programme focuses on interdisciplinary research and was open to investigators from any remit of research seeking to tackle the most pressing problems facing developing countries.

We enabled the creation of 20 new Global Engagement Networks to bring diverse organisations and skillsets together across multiple countries, to develop practical solutions to global challenges. Challenges being addressed include recovering from hurricanes in the Caribbean, tackling tuberculosis in Eastern Europe, water management across Africa and developing school curriculums to engage marginalised children in Mexico.

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**14**  
programmes 2019-20

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**£60m**  
matched by

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**163**  
grants

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**£170m**  
GCRF Collective Programme

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**20**  
global engagement networks

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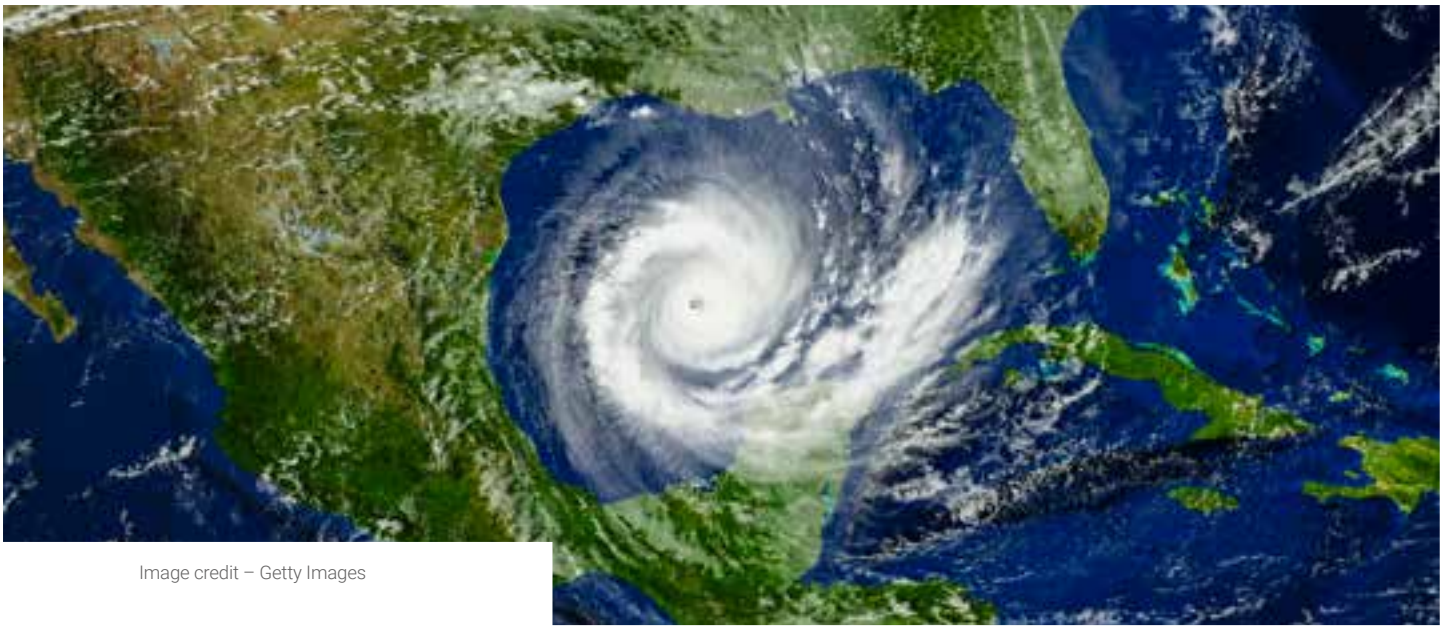


Image credit – Getty Images

We established a strategic partnership with the African Research Universities Alliance to address the United Nation’s Sustainable Development Goals, strengthen Africa-UK research collaborations, and enhance research capacity across African and UK research communities. We are deepening our work with the African Academy of Sciences on research management.

We continue to progress the development of policies and best practice in international development research and capacity building. Policies on ensuring post-award ODA compliance, safeguarding and gender equality were all prepared ready for implementation. Shared learning continued, including a workshop with the International Development Research Funders Forum. Innovate UK formally became a delivery partner of the GCRF and, among other activities, launched the Energy Catalyst to help countries in sub-Saharan Africa and South Asia access secure, low cost and low carbon energy.

### **Newton Fund**

The Newton Fund enables outstanding research and innovation partnerships between the UK and 17 partner countries in Africa, Asia and Latin America. The fund aims to promote the economic development and social welfare of the partner countries by working in collaboration to address jointly identified development challenges. Matched contributions are provided by the partner countries. We have continued to strengthen our partnerships under the Newton Fund. 14 new international grants were launched, with a total UK investment of £5 million and additional matched resources from international partners like Egypt, India and Vietnam .

In a first for the Newton Fund, UKRI has been working with the British Council to deliver a cross-delivery partner scheme that will be making awards for 2020-21. This new scheme, known as the Newton Fund Impact Scheme (NFIS), offers existing and previous Newton Fund grantees of all UK delivery partners the opportunity to stimulate new impacts and broaden impacts into other areas, maximising existing Newton Fund investments.

Impacts from previous Newton Fund investments continue to develop. For example, only two days after Brazil’s first case of COVID-19 was confirmed, the Newton Fund-backed “Brazil-UK Center for Arbovirus Discovery, Diagnosis, Genomics and Epidemiology (CADDE)” published the complete genome sequence, helping to understand how the virus is spreading around the world and develop vaccines and diagnostic tests.

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**14**

new international grants

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**£5m**

UK investment

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## Preparing for exiting the European Union

The UK's Withdrawal Agreement with the European Union included provisions for UK researchers and innovators to continue to participate fully in Horizon 2020 grant funding to the end of the programme.

Our EU Exit readiness programme had prepared us to deliver the Government's guarantee to protect funding for UK participants in projects funded by the European Union's Horizon 2020 programme in case of a 'no deal' exit. To deliver this guarantee we registered 7,106 UK funding recipients on our Horizon 2020 portal and worked with the research and innovation community in the UK and with EU partners through UKRI's UK Research Office (UKRO) and Innovate UK to communicate the details of the guarantee and answer queries. We established processes to manage the independent assessment of any new proposals.

We will continue to use the experience that this work provided to inform the ongoing development of UKRI and our preparations for a new research and innovation relationship with the European Union.

## Staff Performance Report

### Background

Our second year in UKRI has seen significant progress, but we recognise that there is still much to be done. This is particularly true in the HR arena. The challenges posed by bringing nine organisations, each with its own approach to HR, into one coherent body are significant. Our strategy, Working as One HR, lays out how the HR function will support UKRI to fulfil its vision.

Our aim is to provide a single coherent UKRI Human Resources function that is high quality and responsive; providing expert advice, support and insights to enable our people to fulfil their full potential and for UKRI to achieve its corporate objectives.

### COVID-19 Response

As this year has come to a close, it has also the challenge of COVID-19. The safety and wellbeing of our workforce and, as far as possible, ensuring business continuity, have been UKRI's top priorities with the ongoing situation, and the HR team has been instrumental in supporting both objectives.

Regular guidance has been published to our dedicated Coronavirus InfoHub page ensuring that we continue to provide the support required for our people to stay safe and well. We have an adaptive and agile workforce. Arrangements have been made to allow those who are unable to work from home or are not fulfilling current critical roles to be able to volunteer their expertise for other roles across UKRI or external opportunities to contribute to the pandemic effort.

### Wellbeing

At UKRI we recognise the importance of health, safety and wellbeing, and have an Employee Assistance programme which is available to everyone across UKRI including spouses and dependents.

Current wellbeing activity continues to consolidate what is already in place from the constituent councils of UKRI, with a focus on harmonising our approach into one UKRI wellbeing strategy.

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# 7,106

UK funding recipients  
under Horizon 2020

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### Staff Engagement and Feedback

We participated in the Civil Service People Survey for a second year and were pleased to see an increase in engagement with the survey with a 61 % response rate. Our employee index moved from 51 to 54 as a result of some improved staff feedback.

The results of the survey have been considered at both an organisational and Council level and supporting actions agreed.

We recognise from the feedback that our staff generally feel positive about their work, being part of a team and the support they get from their local manager. However, there are areas staff feel we could improve. The key themes are clearer communications, more leadership visibility and better reward arrangements. Although there are challenges, we are developing plans to help address these areas and we are using shorter more frequent surveys to test with staff how we are doing,



Image credit – Getty Images

In parallel to this work:

- The employee wellbeing policy is being developed
- Wellbeing ‘learning lunches’ on a variety of topics, including autism awareness and male suicide have been delivered at various sites, with more planned for future dates
- Mental health awareness for managers is now a module of the UKRI Management Development Programme and also runs as a separate standalone course
- Further training for Local Welfare Officers based in Polaris House has been delivered and attention now turns to expanding the offering by identifying and training individuals in other UKRI geographic locations during 2020-21
- Our Mental Health First Aiders (MHFAs) programme has grown this year, so we have more trained MHFAs available throughout our offices to offer first aid help until appropriate professional help is received, or until the crisis appears to have been resolved
- We have conducted (and will continue to plan for) wellbeing events such as World Mental Health Day, including learning and awareness sessions to promote the importance of maintaining good mental health in the workplace.

## Recruitment

A significant project is underway to replace the current recruitment system with a new cloud-based careers portal. This will deliver a number of benefits, notably an easier, more efficient recruitment process for our hiring managers and a more engaging journey through the recruitment process for candidates.

The new recruitment system will also enrich our capability to critically evaluate recruitment campaigns through improved management information, allowing us to take a more strategic approach to resourcing across UKRI.

- Senior recruitment – UKRI now has a dedicated recruiter who focuses on Senior Recruitment at Band H and upwards. This has brought some focus on these processes and consistency to the process. This approach continues with a small number of high profile roles.
- Other recruitment – Business as usual recruitment (Band B – G) continues at pace. We have seen more starters coming from outside UKRI. More encouragingly, we are seeing an increase in the number of applicants for roles advertised, which demonstrates the higher brand awareness of UKRI. This year UKRI has started to run Generic Cross Council Campaigns for Band C, D, and E. This has proved very successful and we are running regular campaigns throughout the coming year.



Image credit – Getty Images

## Learning and Development

Supporting our employees to learn and develop continues to be a priority for UKRI. During 2019-2020 we provided access for all employees to our on-demand digital learning platform Mind Tools. We also delivered a number of Management Development Programmes and continue to co-ordinate the cross-UKRI mentoring scheme. Promotion of all the UKRI learning and development activities can be found in the monthly learning and development updates that are circulated to all employees.

## Pay and Reward

Work to streamline the UKRI HR harmonised non-pay policies has concluded on schedule. This means that, with the exception of staff working at MRC centres, units and institutes, all UKRI employees share a common framework. Pilots and Mariners, and employees working in the Antarctic, with BAS and staff who were employed by MRC before UKRI was established have or retain some legacy terms and conditions. There will continue to be a reducing number of local or Council specific policies and guidance in force as we work to integrate these into the UKRI HR policy framework.

UKRI is developing a new Reward Strategy, in line with strategic business objectives, that sets out the principles for the new harmonised UKRI pay framework. This pay framework will consider both internal and external influences, and ensure that employees are rewarded consistently across UKRI. It will also help to develop a high-performance culture by linking pay to performance, and will develop links between pay progression and acquisition of competence, particularly in scientific roles. To inform this transition, work is being undertaken into reviewing specific STEM roles against the market to assess the evidence to support a business case for pay flexibility.

New performance management and performance related pay arrangements will be implemented from April 2020, and proposals to implement further harmonisation for delegated grades will be delivered in 2020-21.

## Workforce Planning

The recent appointment of a new Head of Workforce Planning and Chief People Officer presents an opportunity for us to review our existing workforce planning approach, take stock, and align this clearly to the UKRI business objectives.

Some encouraging progress has been made this year, notably the mandate from STFC to pilot end-to-end workforce planning, to ensure we get it right before a full UKRI rollout. We remain committed to getting this right and work continues in earnest to ensure the fundamental building blocks of workforce planning are embedded across UKRI.

## UKRI Approach to Sustainability

In 2019, UKRI laid the foundation for our ambition to 'embed environmental sustainability into everything that we do'. As an organisation, we will continue to ensure that our research and innovation remain at the cutting edge on the global stage while establishing ourselves as leaders for environmental sustainability.

In January 2020, the UKRI Executive Board agreed a new Environmental Sustainability Strategy. The strategy was developed in collaboration with UKRI partners, key stakeholders and environmental sustainability leaders from across a variety of sectors. The strategy sets out an ambitious and forward-thinking vision for UKRI over the next five years and beyond. This includes a commitment to have net zero carbon emissions for our directly managed operations by 2040, 10 years ahead of the government target for the UK. Over the coming year all UKRI partners will generate local plans to set out their contribution to delivery of this strategy. These plans will highlight where UKRI activities already contribute to meeting the UN Sustainable Development Goals, as well as future opportunities. More information on the strategy and on our sustainability ambitions can be found on our [sustainability pages](#).

Progress towards implementing our new Environmental Sustainability Strategy, includes:

- Procurement of a new environmental performance database to collect environmental performance data to facilitate benchmarking and ensure a consistent approach to reporting between UKRI partners **9**.
- Recruitment of a new central team to coordinate implementation of the strategy as well as providing support and expertise to UKRI partners **8 17**.
- Embedding energy and environmental criteria into the UKRI Infrastructure Roadmap.
- Embedding energy and environmental criteria into decision-making. We aim to ensure that UKRI has the skills and abilities to build progressive environmental practices and sustainable development considerations into its operations **9**.
- Engaging with staff from across the UKRI constituent research councils and the wider organisation as part of the strategy development process. We are developing new guidance and training programmes to ensure all staff are aware of the changes we are undertaking and how they can contribute **17**.

We aim to 'set the standard' for environmental sustainability and to lead the research and innovation sector through changes to our funding processes. We will continue to report all necessary sustainability data within this section, and will now go further by providing commentary on how we are fulfilling our new sustainability commitments across the organisation.

This sustainability report meets the requirements set out in the HM Treasury Sustainability Reporting Guidelines for Public Sector Bodies. For example, it highlights how the principles of sustainable development, climate change adaptation and rural proofing are, where appropriate, embedded into our decision and policy-making.

### UN Sustainable Development Goals

UKRI works directly to support the UK contribution to the 17 UN Sustainable Development Goals (SDGs) – both through the impact of our research and innovation, and by the way we conduct our activities and manage our funding services. The 2020 UKRI Environmental Sustainability Strategy will enhance UKRI's contribution by ensuring that research is carried out in the most environmentally sustainable manner possible. Specific contributions to the goals in 2019-20 are highlighted throughout this report via icons **17**.





Image credit – Getty Images

## UKRI Environmental Performance Quantitative Reporting Areas

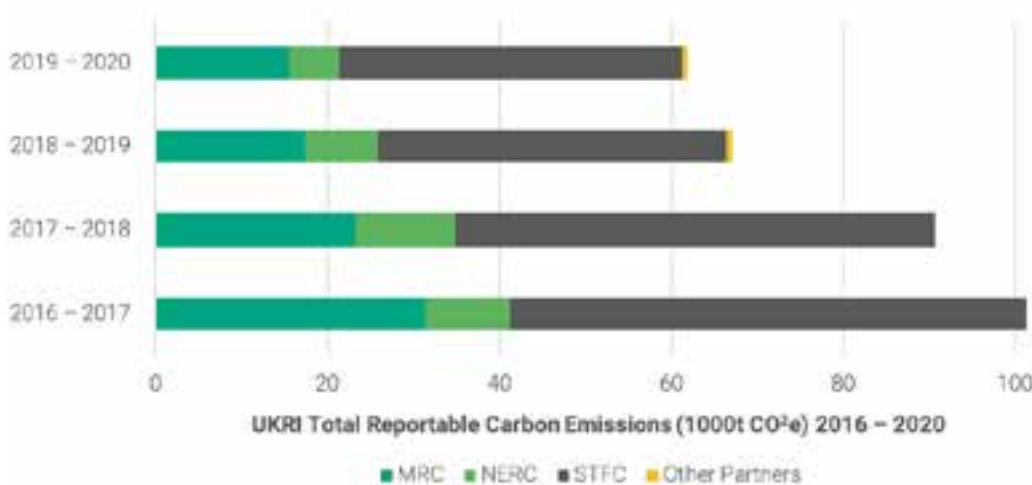
### Scope of UKRI reporting

The scope of data set reporting is defined by the HM Government's Greening Government Commitments. The data set includes direct (scope 1), indirect (scope 2) and Greenhouse Gas emissions from UK buildings and business-related transport (scope 3) for the four-year reporting period 2016-17 to 2019-20 <sup>13</sup>.

The historical baseline data from 2016-17 to 2017-18 is the MRC, STFC and NERC reportable estate, including scientific facilities. The 2018-19 and 2019-20 years include the reportable estate owned by all UKRI councils.

Further detail on the scope for MRC, STFC and NERC and the other UKRI councils is detailed on the UKRI Annual Report webpage.

### UKRI greenhouse gas emissions



UKRI carbon emissions from the UK estate fell by 7.5%, in 2019-20 versus 2018-19 <sup>13</sup>. This reduction was largely due to a reduction in the size of the estate and carbon reduction activity. MRC closed two sites and two NERC Centres became independent during 2019-20.



Image credit – Getty Images

## UKRI greenhouse gas emissions

UKRI greenhouse gas emissions		2016 – 2017	2017 – 2018	2018 – 2019	2019 – 2020	
Non-financial Total gross indicators (1000t CO <sub>2</sub> e)	Total gross emissions	101.3	90.6	66.9	61.9	
	Total net emissions	101.3	90.6	66.9	61.9	
	Gross emissions Scope 1 (direct)	Gas & LPG	11.3	14.1	12.4	12.3
		Owned transport	0.2	0.2	0.1	0.1
		Fugitive emissions	1.7	1.7	1.7	1.5
	Gross emissions Scope 2 & 3 (indirect)	Electricity	86.5	72.8	51.5	47.1
		Heat	0.03	0.03	0.02	0.004
Business Travel		1.6	1.8	1.2	0.8	
Related energy consumption million kWh)	Electricity: non renewable	196.0	165.3	167.7	158.4	
	Electricity: renewable	0.2	0.2	0.3	11.8*	
	Gas	61.3	69.9	67.6	66.8	
	LPG	0.03	0.06	0.01	0.07	
	Heat	0.1	0.2	0.1	1.0	
	Other	0.3	0.3	0.0	0.01	
Financial Indicators (£m)	Expenditure on energy	20.0	17.6	23.4	25.1	
	CRC Expenditure	1.7	1.4	0.0	0.0	
	Expenditure on accredited outlets	0.0	0.0	0.0	0.0	
	Expenditure on business travel	5.6	5.2	4.5**	3.86	

### Notes:

The observed total carbon emissions reduction is largely due to reduction on the size of the reportable estate and a significant reduction in carbon intensity of government issued carbon conversion factors in 2018-19.

\* NERC moved to renewable electricity supplies in 2019.

Historic reductions in energy use can be attributed to a reduction of overall size of the estate, notably at MRC, and efficiency improvements across UKRI.

UKRI received confirmation from the Environment Agency that following its formation MRC, STFC and NERC did not have to participate in the final year (2018-19) of the Carbon Reduction Commitment (CRC) Energy Efficiency scheme.

\*\* Business travel data includes MRC, NERC and STFC. This data is not currently available for the other partners. Minimum reporting requirements do not include international air travel or international rail travel. International air travel costs are included for MRC and NERC.



## UKRI waste generation

UKRI waste generation			2016 – 2017	2017 – 2018	2018 – 2019	2019 – 2020	
Non-financial Total gross indicators (tonnes)	Total waste		2780.1	2021.9	2071.0	1492.6	
	Non-hazardous waste	Hazardous Waste	Total	490.0	291.7	287.4	288.0
		Non-hazardous waste	Landfill	379.6	110.6	110.8	66.0
			Reused/ recycled Inc. composting	1607.3	1372.0	1227.3	779.5
			Incinerated with energy recovery	303.1	247.6	445.5	359.1
			Incinerated without energy recovery	0.0	0.0	0.0	0.0
Financial Indicators (£m)	Total disposal cost		0.8	0.9	0.7	0.9	
	Hazardous Waste		0.3	0.3	0.3	0.4	
	Non-hazardous waste	Landfill	0.08	0.06	0.03	0.3	
		Reused/ recycled Inc. composted	0.3	0.3	0.2	0.2	
		Incinerated with energy recovery	0.1	0.2	0.2	0.2	
		Incinerated without energy recovery	0.0	0.0	0.0	0.0	

### Notes:

All waste sent for incineration is with energy recovery based on local knowledge of sites and waste facilities.  
 The observed total waste generation reduction is largely due to a reduction in the size of the reportable estate.  
 Total waste cost is available for the UKRI site in Swindon however this cannot be split by waste stream.

## UKRI water consumption

UKRI water consumption			2016 – 2017	2017 – 2018	2018 – 2019	2019 – 2020
Non-financial Total gross indicators (000 m <sup>3</sup> )	Total water consumption		349.0	269.9	282.5	299.8
	Water consumption (office estate)	Supplied	79.0	86.9	105.8	132.6
		Abstracted	0.0	0.0	0.0	0.0
	Water consumption (non- office estate)	Supplied	270.0	183.0	176.7	167.2
		Abstracted	0.0	0.0	0.0	0.0
Financial Indicators (£m)	Total cost		0.74	0.58	0.82	0.85
	Water supply cost (office estate)		0.18	0.19	0.25	0.42
	Water supply cost (non- office estate)		0.56	0.39	0.57	0.43

### Notes:

Office Estates include Polaris House and STFC non-facility buildings.  
 No water is abstracted for consumption across the UKRI estate.  
 Water costs include costs of any associated licences.

## UKRI environmental performance qualitative reporting areas

### Waste Management

Working closely with waste service providers, UKRI is improving its waste policies and strategies, with the intention of reducing total waste generation and maximising waste recovery. Practical examples of this include:

- At Cambridge, MRC LMB has invested in a polystyrene compactor to limit the amount of polystyrene ending up in general waste streams. In the canteen, LMB has transitioned away from selling any beverages that come in plastic bottles, and introduced a mostly meat-free Monday initiative with a focus on vegetarian and vegan dishes **11 12**.
- The catering staff and estates teams at all UKRI sites have introduced various schemes to improve and enhance environmental performance, including Vegware. This removes a significant amount of plastic from the waste stream and replaces it with compostable items. Site staff are also encouraged to use china mugs where possible **12**.
- Innovate UK's work with the Plastic Research and Innovation Challenge has allowed start-ups to develop innovative biodegradable packaging and marine plastic waste removal **6 8 9 11 14**. This research could potentially benefit operations and waste reduction across the UKRI estate.

Within the UKRI Environmental Sustainability Strategy, we have committed to baselining and benchmarking waste generation across UKRI-owned operations by the end of 2021.

### Biodiversity action planning

UKRI has committed to fostering a healthy natural environment through the effective control and reduction of biosecurity risk and the protection of biodiversity. Practical examples of how we have done this through our operations this year include:

- MRC LMB (Cambridge) has reviewed its soft landscaping, expanded wildflower planting areas, hosted a bulb planting initiative in aid of charity and installed herb planters. Staff are encouraged to be part of these initiatives to ensure they are a continuing success **15**.
- At the NERC funded British Geological Survey (BGS) undertook a tree survey in September 2019 to gain information on the tree species, including the number, condition and carbon sequestration details of the trees **13**. Furthermore, a wilding group was created at BGS Keyworth to generate ideas for biodiversity enhancement across the site **13**.

When implementing the UKRI Environmental Sustainability Strategy, we will undertake a biodiversity assessment across all UKRI sites to better understand the biodiversity value of our UK estate and identify improvement opportunities.

### Sustainable procurement

UKRI is committed to driving sustainability through our supply chains by adapting the Government's sustainable procurement principles to match UKRI's diverse and changing needs. Practical changes we have undertaken this year include:

- The UKRI travel contract includes new environmental sustainability expectations, which has facilitated easy access to travel data across the organisation. This has made reporting against the government's reporting requirements easier and more efficient **11** and helped to identify travel trends.
- UKRI centres and institutes arrange their own catering contracts. At UKRI's Head Office in Swindon, catering services are provided by Aramark and Harbour & Jones. Catering outlets sell Fairtrade goods and undertake a range of sustainability initiatives such as reducing single-use plastics **12 13**.





- The UKRI Environmental Sustainability Strategy sets out UKRI's commitment to embed sustainable procurement principles into how we procure goods and services. Over the next year we will work with our key suppliers to embed common environmental standards, and will produce guidance for our staff.
- UKRI's policy is to comply with the Prompt Payment Code for the payment of invoices for goods and services. Whilst our standard terms and conditions specify payment within 30 days of receipt, we aim to make payments within five working days. In 2019-20, UKRI paid 97% of undisputed invoices within 30 days (2018-19: 95%) and 69% within five working days (2018-19: 64%).

### **Modern slavery**

UKRI is committed to preventing modern slavery and human trafficking in all its activities and suppliers, whilst working with them to ensure that their supply chains are also free from slavery and human trafficking.

UKRI has a robust recruitment process that ensures all prospective employees have the right to work in the UK. There are also policies and support mechanisms in place that are designed to safeguard employees.

The UKRI Governance Team has responsibility for leading UKRI's Modern Slavery agenda, and has been engaging with stakeholders across the organisation to raise awareness. All senior managers are required to complete online awareness training so that they can monitor risks in their operations and processes.

In July 2019, the government announced the new Policy and Evidence Centre for Modern Slavery and Human Rights funded by the UKRI Strategic Priorities Fund. The centre will bring together academics, businesses and charities to drive forward new studies, share knowledge, and improve collaboration both at home and overseas.

The UKRI Modern Slavery and Human Trafficking Statement for 2019-20 will be published by Autumn 2020.



Image credit –  
Hugh Broughton Architects

## Sustainable Construction

UKRI continues to ensure that construction projects are designed with sustainability in mind, whilst continuously improving existing stock to ensure a more sustainable future for the organisation.

For example, the energy efficiency of Rothera research station, part of the NERC-funded British Antarctic Survey (BAS), has been improved as part of the Antarctic Infrastructure Modernisation Programme (AIMP). A site-wide energy strategy has been developed with the help of our technical advisors. A bespoke tool was developed in order to identify and develop the optimal sustainable designs for heating and powering the research station. The tool evaluated solutions from over 5 million scenarios in a matter of weeks, ensuring that no stone was left unturned. The proposed solution meets the energy demands of the station while reducing fuel consumption which is a key component in the Rothera modernisation. The proposed solutions include waste heat recovery from electricity generation, which will be fed into a district heating network and distributed around the station. A mix of Combined Heat and Power units and solar panels has also been included in the proposed design

**7 8 9**

The UKRI Environmental Sustainability Strategy sets out UKRI's commitment to drive the efficient use of resources and reconsider waste as a resource across all areas of our work including within construction.

## Climate change adaptation

As a world-leading research organisation, UKRI works across the planet. Climate change adaptation is critical to the way that we work. It is crucial that UKRI understands the risks posed by climate change and adapts its activities to mitigate such risks.

EPSRC-supported researchers at the Universities of Sheffield and Loughborough and Imperial College London have helped develop an innovative new solar-cell design to make solar power viable for a greater number of locations. The panels are significantly lighter than those currently used today, making them particularly appropriate for areas where it is not viable to transport heavy solar panels **7**.

NERC commissioned a full review of its ability to respond to climate change through effective adaptation, including its marine and airborne operations. The outcomes from this review will inform future decision-making on investments across our scientific estates and infrastructure **12 13**.

ESRC commissioned the Centre for Climate Change and Social Transformations (CAST) in 2019. This is led by Cardiff University, and is a global hub for understanding the systemic and society-wide transformations that are required to address climate change. The Centre is focusing on four areas that have climate impacts but are difficult to change (material consumption, food and diet, transport and mobility, and thermal comfort) and is looking across a range of scales, including individual, community, organisation, regional and national and international **13**.

The UKRI Environmental Sustainability Strategy commits all UKRI partners to develop their own climate adaption strategies by 2022. We will continue to work hard to ensure that where possible, ambitious climate change adaptation strategies are put in place.



## Carbon Reduction

Work is being undertaken across government to ensure the UK meets its net zero carbon emissions target by 2050. The UKRI ambition exceeds that of government. We aspire to be net zero carbon emissions by 2040. Practical carbon reduction examples from the last year include:

- MRC Harwell has recently signed up to the Laboratory Efficiency Assessment Framework (LEAF) to see what savings can be made to laboratory energy usage. LEAF is intended to provide a comparable standard of good practice and contains criteria which lab users can implement in areas such as waste and recycling, equipment management, procurement, and more **11**.
- NERC funded a unique project assessing the 'net positive' impact on the environment of the operation of a NERC funded aircraft now hosted by the University of Leeds. This work is helping us to better understand the carbon cost of operating research aircraft versus the environmental benefits of the science that it undertakes **4 13**.
- In 2019, two teams from the BBSRC John Innes Centre (JIC) entered the Green Impact scheme run through the University of East Anglia (UEA). One team achieved two silver awards, one for general green activities within the building and the other specifically relating to lab-based green activities (9). This year JIC aims to roll these initiatives out across the institute and to register with LEAF **12**.
- Wind turbines are a promising technology that will assist BAS in the decarbonisation efforts at Rothera. However, Rothera has an important bird population, so that understanding risks to wildlife is crucial. An ornithological study using radar technology is currently being planned to assist with assessing the risk of bird collision at Rothera research station. The study will also help identify potential acceptable locations, types and sizes of wind turbines **7 15**.

The UKRI Environmental Sustainability Strategy commits UKRI to setting interim carbon reduction targets based on IPCC (Intergovernmental Panel on Climate Change) recommendations. We will also establish a Carbon Innovation Fund to support large scale carbon reduction projects.

## Greening ICT

A notable proportion of energy use and waste that UKRI produces currently comes from IT and computing. We are therefore committed to reviewing our practices and trying to green our IT policies. Technology also offers huge potential for us to lessen the environmental impact of other areas of the organisation e.g. reduced business travel through greater use of video conferencing.

UKRI continues to enhance its videoconferencing facilities across its sites through the roll-out of Zoom. Uptake by staff over the past year has been extremely positive, with over 53,000 video conference meetings taking place in the first 12 months (February 2019- February 2020).

Meeting rooms across UKRI have been upgraded to support video conferencing, including sites such as Research England in Bristol and STFC in Daresbury. This has increased capacity for colleagues to join meetings remotely, rather than travelling to Swindon or London, helping to reduce carbon emissions from travel **11**. In total, there are now over 290 conference rooms enabled with Zoom at 45 locations in the UK and Europe. COVID-19 has resulted in a number of UKRI staff working from home. Videoconferencing has played a key role in enabling this and has demonstrated a potential for videoconferencing to become a new low carbon standard way of working across UKRI.

UKRI operates and funds several server rooms. The Advanced Research Computing High End Resource (ARCHER) is a UK national supercomputing service run by EPSRC in Scotland. ARCHER cabinets are kept cool by pumping water through cooling pipes. The water enters at approximately 18°C and, after passing through the cabinets, comes out at around 29°. It is then cooled and recirculated. Most of the time, ARCHER can take advantage of the cool Scottish climate that cools the water for free simply by pumping it through external cooling towers, thus saving significant amounts of energy **12 13**.

As set out in the UKRI Environmental Sustainability Strategy, by 2023 UKRI will agree and adopt common standards for managing energy use for outsourced computing activities to further reduce carbon emissions.



## UKRI Rural Proofing

UKRI understands rural proofing to mean enhancing the economies of rural communities across the UK. We do this by understanding the importance of spreading opportunities to all regions and areas of the United Kingdom, including rural communities. Where it is appropriate, UKRI will embed rural proofing into decision-making regarding its rural sites.

For example, BBSRC's Rothamsted site has recently installed a Combined Heat and Power system at its campus in Harpenden, along with absorption chillers to use waste heating for cooling, reducing the institute's energy consumption by approximately £500k per annum and contributing to reducing BBSRC's and its overall carbon footprint by around 1,300 tonnes, which represents about 20% of the overall emissions **7**.

Innovate UK worked with Bennamann on a project to develop technology which created low cost methane from slurry, allowing the capture and storage of methane on small UK dairy farms to become economically viable. Innovate UK invested approximately £300k to refine the biogas into liquid biomethane and carbon dioxide, allowing these products to be stored and sold to the transportation and CO<sup>2</sup> sectors whilst creating an energy independent farm. The benefits of this included improved sustainability of farmland management practice through the minimisation of artificial inputs such as manufactured fertiliser, lowering operational costs and reduced pollutants and carbon emissions. The project has had successes, with three demo farms now in operation.

## Low emission vehicles

UKRI has a modest vehicle fleet, but is committed to reaching the government target to ensure at least 25% of fleet vehicles are low-emission by 2022. Electrical charging is available at key UKRI sites, including Polaris House and BGS Keyworth, and will be enhanced over the next year **12 13 9**.

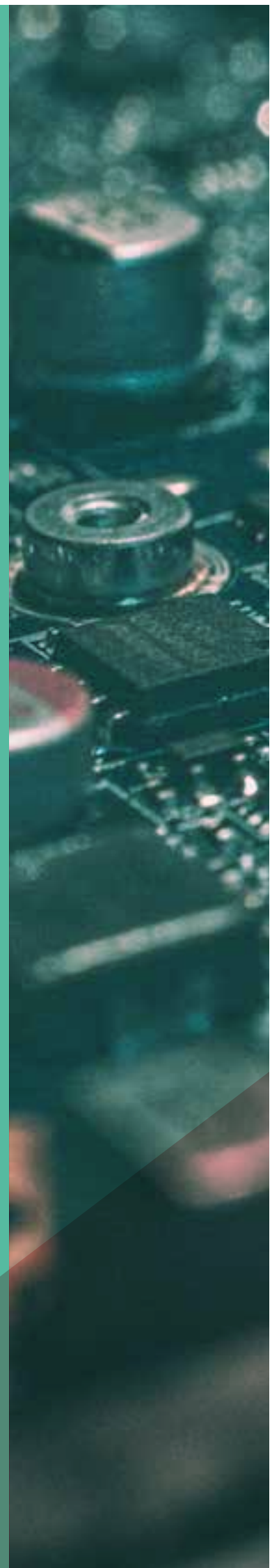
In 2019, UKRI introduced hybrid pool cars available for use by staff at locations including the UKRI Head Office in Swindon and LMB Cambridge. Over the past year there has been a significant uptake in use of the cars by staff who would otherwise have used conventional rentals, thus reducing our carbon emissions **11**.

The UKRI sustainability strategy sets out our commitment on travel plans over the next five years. We are aiming to build a UKRI-wide approach to reduce emissions from business travel. We are also looking to move our fleet over to low emission/ electric vehicles in line with our strategy and government requirements.

**Dame Ottoline Leyser**  
**Chief Executive and Accounting Officer**  
13<sup>th</sup> July 2020









# 3. Accountability Report

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# Accountability Report

## Corporate Governance Report

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

**The Director's Report**

**The Statement of Accounting Officer's Responsibilities**

**The Governance Statement**

## Director's Report

### Statutory Background

UK Research and Innovation (UKRI) is an independent, non-departmental public body of the Department of Business, Energy and Industrial Strategy (BEIS), established by the Higher Education and Research Act 2017 (HERA 2017). As UKRI's Chief Executive and sole Accounting Officer, I am accountable to the public via Parliament. Parliament monitors and influences UKRI's work through its Select Committees and the Parliamentary Ombudsman.

### UKRI Leadership

A full account of UKRI's governance structure can be found within the Performance Report on page 16.

A list of Board and Committee members with their attendance for the period covering 1st April 2019 to 31st March 2020 can be found on page 64 of the Governance Statement.

Registers of interest for UKRI's Board and Committees can be found at:

<https://www.ukri.org/about-us/governance-and-structure/conflicts-of-interest/>

### Personal data related incidents

UKRI recognises and fully supports the need for effective information governance in protecting its information assets and the information entrusted to it in the course of its business. UKRI's approach to information governance is described in the Governance Statement. The table below sets out the personal data related incidents from 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020.

There were zero personal data breaches that required reporting to the Information Commissioner's Office (ICO) in 2019-20.

### Summary of personal data breaches in 2019 to 2020

Category	Nature of incident	Total
I	Cyber attack	13
II	Human error	67
III	Physical theft/loss	4
IV	Process error	12
	Total	96

## Freedom of Information

UKRI is subject to the Freedom of Information Act and the Environmental Information Regulations. Responses were provided to 353 requests during 2019-20.

## Financial Review

### Expenditure

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

- 1) The Statement of Comprehensive Net Expenditure (page 94) presents net expenditure of £7.8 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, which is a total of £7.9 billion. These figures are calculated in accordance with HM Treasury's budget framework. The figures used in this Annual Report have been prepared on this basis.

There is a difference between those two bases primarily due to additions to Property, Plant and Equipment of £198 million that are capitalised, rather than being in the Statement of Comprehensive Net Expenditure, but have a budgetary impact.

### Outturn Against Budgets for 2019 to 2020

	Full Year Outturn £m	Full Year Budget £m	Variance to Outturn £m	Variance to Outturn %
Science R & D	4,381.4	4,230.7	(150.7)	-3.6%
Science Infrastructure	912.6	890.6	(22.0)	-2.5%
NPIF	1,106.9	1,260.4	153.5	12.2%
Non Ringfenced	487.8	487.9	0.1	0.0%
HE Teaching Grant Contribution	57.7	57.7	0.0	0.0%
Corporate Funding (ESA 10 Administration)	102.5	87.7	(14.8)	-16.9%
<b>Core Capital Allocation</b>	<b>7,048.9</b>	<b>7,015.0</b>	<b>(33.9)</b>	<b>-0.5%</b>
GCRF	280.2	305.2	25.0	8%
Newton Fund	67.3	85.1	17.8	21%
BEIS Managed Programmes	268.2	294.0	25.8	9%
<b>Ring Fenced Capital Allocation</b>	<b>615.7</b>	<b>648.3</b>	<b>68.6</b>	<b>10.0%</b>
<b>Grand Total Capital Allocation</b>	<b>7,664.6</b>	<b>7,699.3</b>	<b>34.7</b>	<b>0.5%</b>
Innovation Loans	23.7	38.6	14.9	39%
MRC Sale of Mill Hill Site	(17.5)	3.0	20.5	683%
Ring-fenced Resource Budget	190.0	232.2	42.2	18%
Annually Managed Expenditure	87.9	69.2	(18.7)	-27%
<b>Total Allocation</b>	<b>7,948.7</b>	<b>8,042.3</b>	<b>(93.6)</b>	<b>1.2%</b>

Spend against UKRI's total capital allocation was within 1% of budget. There were some variances in spend against different budget lines. However, UKRI had permission from HM Treasury to deploy flexibility between budget lines to balance the overall position. UKRI therefore provided additional funding to Higher Education Institutions of £95 million in this financial year (whilst providing no additional funding to them for the academic year) to offset underspends elsewhere. Underspends largely arose on National Productivity Investment Fund (NPIF) budgets, where slippage occurred in some programmes such as the Industrial Strategy Challenge Fund (ISCF). Overall, spend has been managed across the ISCF portfolio to minimise the aggregate variance to budget wherever possible. There has been a specific focus on ensuring that the Challenges are progressing to robust delivery plans, aimed at maximising the outcomes achieved with the funding available. This means that spend will not always be in line with the budget profiles previously anticipated.

## Statement of Accounting Officer's Responsibilities

Under the Higher Education and Research Act 2017, the Secretary of State for Business, Energy and Industrial Strategy with the consent of HM Treasury has directed UK Research and Innovation 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 UK Research and Innovation and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

As UKRI's Accounting Officer, 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; and
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and I take personal responsibility for the Annual Report and Accounts, and the judgments required for determining that all reasonable steps have been taken to ensure the annual report and accounts as a whole is fair, balanced and understandable.

The Department of Business, Energy and Industrial Strategy has appointed the Chief Executive as Accounting Officer of UK Research and Innovation. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding UK Research and Innovations assets, are set out in **'Managing Public Money'** published by HM Treasury.

As the Accounting Officer, 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 UK Research and Innovation's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware. I take personal responsibility for the Annual Report and Accounts, and the judgments required for determining that all reasonable steps have been taken to ensure the Annual Report and Accounts as a whole is fair, balanced and understandable.

## 2019 to 2020 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 in just its second year since launch.

The statement explains how UKRI has maintained a sound system of governance and taken significant steps to enrich internal controls. It is my responsibility to ensure that 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 the Department for Business, Energy and Industrial Strategy (BEIS).

### The Purpose of Internal Control

The system of internal control is designed to manage risk to a reasonable level, rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore provide only 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 the achievement of 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, effectively and economically.

### Capacity to Handle Risk

As Chief Executive Officer, I have overall responsibility for ensuring there is an effective risk management system 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.

## Governance Framework

In my role as UKRI's Accounting Officer, I am supported by the UKRI Board, the nine Executive Chairs of the Councils, and the Executive team within UKRI central Corporate Services, 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 themselves and 5–12 ordinary Council members.

## UKRI Board

The UKRI Board ('The Board') comprises a very strong team of research and business leaders who work with me and my Executive team to ensure that UK research and innovation continue to be world leading.

The Board is chaired by Sir John Kingman, and comprises myself as Chief Executive Officer, the Chief Finance Officer and 9-12 other members. All members are appointed by the Secretary of State for BEIS and details of membership can be found at: <https://www.ukri.org/about-us/governance-and-structure/uk-research-and-innovation-board/board-members/>

Professor Alice Gast and Sir Ian Diamond stood down as members of the Board on 29 October 2019. Sir Ian Diamond continues to join the Board as an observer following his appointment as National Statistician. UKRI is currently recruiting new Board members.

The Board is UKRI's top-level decision-making body and exercises full and effective control over the activities of UKRI and its people. The Board provides strategic leadership 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 met six times during this financial year and the key issues discussed included:

- Strategy development and preparations for a new funding settlement;
- Cross-cutting policy areas, including international strategy and EU exit, equality, diversity and inclusion (EDI), and open research;
- Major cross-cutting investments, including the Industrial Strategy Challenge Fund, the Strength in Places Fund, the Strategic Priorities Fund, Future Leaders Fellowships, and the Global Challenges Research Fund;
- Development of our infrastructure roadmap;
- Corporate governance, risk and assurance;
- UKRI's environmental sustainability strategy; and
- UKRI's transformation programme.

Minutes of the Board meetings are published on UKRI's website at: <https://www.ukri.org/about-us/governance-and-structure/uk-research-and-innovation-board/>

All Board members are required to declare any personal or business interests which may influence their judgement in discharging their obligations, or which may be perceived to do so. These interests are published on UKRI's website at: <https://www.ukri.org/about-us/governance-and-structure/conflicts-of-interest/#documents>

The UKRI Board's approach to governance aims to comply with the HM Treasury / Cabinet Office's Corporate Governance in Central Government Departments: Code of Good Practice (the Code). The Board has not formally assessed its performance or compliance with the Code during 2019- 20, but as part of evaluating Board effectiveness aims to do so during 2020- 21 following the appointment of its new Chief Executive Officer and permanent Chief Finance Officer.

## **Audit, Risk, Assurance and Performance Committee**

The Audit, Risk, Assurance and Performance Committee (ARAPC) is chaired by Fiona Driscoll, a Non-Executive Board Member. Its independent members are Richard Bacon and Jane Madeley. During the year, the tenures of Sir Ian Diamond and Charlotte Moar ended. Recruitment of new members is under way, as ARAPC is currently below its membership requirements. The Chair, Chief Finance Officer and I regularly attend ARAPC meetings. The role of ARAPC is to support the UKRI Board and Accounting Officer by reviewing UKRI's operational performance, the comprehensiveness and reliability of assurances on governance, risk management, the control environment and the integrity of financial statements. ARAPC provides oversight and independent challenge regarding the design and implementation of policies and processes. Meetings are attended by representatives from BEIS, the National Audit Office (NAO) and Government Internal Audit Agency (GIAA), UKRI's internal audit service provider.

ARAPC held five full meetings in the 2019-20 financial year and has focused on:

- UKRI's assurance framework and corporate risk management arrangements
- Findings from the internal audit programme for 2019-20 and internal audit plans for 2020-21
- Performance of UKRI's major projects and programmes, including ongoing oversight of UKRI's transformation programme
- Preparation for the 2019-20 Annual Report and Accounts.

ARAPC has established links with the BEIS Audit and Risk Committee to enable clear BEIS departmental sight of UKRI's risk and assurance arrangements.

## **Nominations and Remuneration Committee**

The Nominations and Remuneration Committee is chaired by Sir John Kingman, UKRI Chair, and comprises Board members Sir Peter Bazalgette, Professor Julia Black, Fiona Driscoll and Lord David Willetts. The Secretary of State, or a representative, is entitled to observe meetings and receive all relevant committee papers, so an attendee from BEIS is also present. The Committee is responsible for determining the membership and effectiveness of the nine UKRI Councils, reviewing UKRI's people strategy, and having strategic oversight of senior remuneration with regard to diversity and equal pay. The Committee met twice in the year.

## **UKRI Executive Committee**

I chair the UKRI Executive Committee ('Executive Committee') which comprises the nine Executive Chairs, the Chief Finance Officer, Executive Director of Strategy, Performance and Engagement, and Director of Transformation. Executive Committee is responsible for providing strategic advice to the UKRI Board and constitutes the executive leadership of UKRI. The Director of External Relations, Communications and Public Engagement also attends regularly.

Executive Committee met twelve times last year and its areas of operational focus have included UKRI's transformation programme, planning for EU exit, governance, risk and assurance, communications, and staff performance and reward. Policy areas considered have included strategy and preparations for a new funding settlement, international strategy, environmental sustainability, equality, diversity and inclusion (EDI), place and talent.

## **Transformation Board**

Transformation Board is chaired by the Transformation Director and comprises senior operational professionals from the central corporate services teams and councils. Transformation Board provides direction and formal governance for all projects within the Transformation Programme, with a particular focus on the risks and opportunities of transformational delivery. The Transformation Board was established in June 2019 and met on a monthly basis.

## Strategy Committee

The Strategy Committee is chaired by the Director of Strategy, Performance and Engagement and comprises senior strategy representatives from the nine councils as well as Directors with cross-cutting responsibilities such as talent and infrastructure. Strategy Committee provides expertise and advice on the development and implementation of UKRI's research and innovation strategy. The committee met twelve times last year and provides input on emerging areas of strategy before they are considered by Executive Committee.

## People, Finance and Operations Committee

The People, Finance and Operations Committee (PFO) is chaired by the Chief Finance Officer and comprises senior operational professionals from the central Corporate Services teams and councils. PFO is responsible for establishing and monitoring effective common operational frameworks and policies and providing advice to Executive Committee on operational matters. PFO met ten times in the year and focused on financial reporting, grants management, operational performance, people policies and preparations for EU exit.

## Investment Committee

UKRI has changed the assurance route for its investments. From the next financial year (2020-21), investment decisions will be reviewed by an Investment Advisory Working Group (IAWG) advising the CFO, before going to Executive Committee for approval. IAWG members will be a rotating pool of senior experts from across UKRI and Councils. Members will be nominated by their Executive Chairs based on their subject matter expertise for addressing a particular business case. The Chair will convene a small number of members for each meeting depending on their field. IAWG will replace Investment Committee, which is chaired by the CFO. Those cases requiring Departmental approval will go on to a new Board Investment Committee for additional scrutiny. Investment Committee met six times during the year.

## Health and Safety Management Committee

The Health and Safety Management Committee is chaired by the Chief Finance Officer and comprises the UKRI Head of Health and Safety, UKRI Head of Office Estates, and senior operational professionals and health and safety experts from the councils. The Committee is responsible for monitoring the capability and performance of health and safety management systems with the objective of regulatory compliance, and for establishing continuous improvement in health and safety performance. The Committee met four times in the year and focused on UKRI's health and safety policy, codes, systems, reporting, performance and internal audit.

## UKRI Councils

As set out in HERA 2017, each of the nine Executive Chairs is supported by a Council of between five and twelve ordinary members, one of whom is a Senior Independent Member (SIM). Councils are chaired by the Executive Chairs, although the SIM is often asked by the Executive Chair to chair all or part of the Council meetings. Each Council met between four and six times last year. Councils are responsible for making decisions, as delegated to them by UKRI, on scientific, research and innovation matters within their disciplines, as well as supporting and challenging Executive Chairs to ensure the effective delivery of their responsibilities. This entails holding Executive chairs to account, including for performance; quality of portfolio; delivery against the Council's Strategic Delivery Plan; and reporting of outputs, outcomes and impacts. The full list of Council members can be found at: <https://www.ukri.org/about-us/governance-and-structure/executive-committee/our-council-members/>.

The Chair and I have implemented a cyclical programme of attendance at meetings of each Council to discuss priorities for that Council and gather input to UKRI's evolving strategy. We also held the first annual event for all Board and Council members on 1<sup>st</sup> April 2019, to share knowledge, expertise and best practice, and increase engagement across UKRI's Councils, with a follow-up event planned for 2020.

An additional 16 members have recently been appointed to eight of the Councils, bringing membership close to full capacity and reflecting the diversity of communities they represent including higher education, industry, policy and civil society. They will help ensure that our organisation makes the very best choices, investing wisely and developing capability and capacity for the future.

## Table of attendance

	UKRI Board	Audit, Risk, Assurance and Performance Committee	Nominations and Remuneration Committee	Executive Committee
Number of meetings held	6	5	2	12
<b>Board Members</b>				
Sir John Kingman	6/6	-	2/2	-
Professor Julia Black	6/6	-	2/2	-
Lord John Browne of Madingley	5/6	-	-	-
Professor Alice Gast <sup>4</sup>	2/3	-	-	-
Professor Max Lu	5/6	-	-	-
Vivienne Parry	5/6	-	-	-
Sir Peter Bazalgette	5/6	-	2/2	-
Professor Sir Leszek Borysiewicz	5/6	-	-	-
Fiona Driscoll	6/6	5/5	2/2	-
Sir Harpal Kumar	5/6	-	-	-
Mustafa Suleyman	4/6	-	-	-
Lord David Willetts	4/6	-	1/2	-
Professor Sir Ian Diamond <sup>5</sup>	3/3	0/2	-	-
<b>ARAPC Independent Members</b>				
Jane Madeley	-	4/5	-	-
Charlotte Moar <sup>3</sup>	-	4/4	-	-
Richard Bacon	-	5/5	-	-
<b>Executive</b>				
Professor Sir Mark Walport	6/6	5/5	2/2	12/12
Ian Kenyon <sup>1</sup>	1/1	2/2	-	3/3
Mike Blackburn <sup>2</sup>	4/4	3/3	2/2	9/9
Professor Andrew Thompson	-	-	-	8/12
David Sweeney	-	-	-	12/12
Professor Jennifer Rubin	-	-	-	11/12
Professor Mark Thomson	-	-	-	10/12
Professor Melanie Welham	-	-	-	11/12
Professor Duncan Wingham	-	-	-	10/12
Professor Fiona Watt	-	-	-	10/12
Ian Campbell	-	-	-	10/12
Professor Lynn Gladden	-	-	-	9/12

### Notes:

1. Ian Kenyon's appointment as CFO ended in July 2019
2. Mike Blackburn joined UKRI as CFO in July 2019 and was formally appointed as a Board member in September 2019
3. Charlotte Moar's appointment to ARAPC ended in January 2019
4. Alice Gast stood down as a Board member in October 2019
5. Sir Ian Diamond stood down as a Board and ARAPC member in October 2019. He continues to attend Board as an observer.



## Risk & Internal Control Framework

The UKRI system of internal control is designed to manage risk to an appropriate and proportionate level rather than to eliminate all risk of failure to achieve policies, aims and objectives.

UKRI has a robust risk management framework designed to support informed decision-making concerning the risks that affect our ability to achieve our objectives. The framework provides a consistent approach to identifying, assessing and dealing with risks facing us, to ensure that they do not exceed the level of risk the organisation is willing to accept. The framework is designed to manage, rather than eliminate, the risks to UKRI's objectives.

The UKRI Risk Management Framework includes a risk management policy and strategy. The transition to this single risk management system permits visibility of risks across the organisation. The risk management framework is supported by a central team with qualified risk business partners to embed effective risk management across UKRI. The UKRI's risk management framework complies with the requirements of HM Government's **Orange Book**.

A recent internal audit report on UKRI's risk management provided a moderate assurance rating. Through its Risk Management Strategy, UKRI has set a clear ambition for the next two years to embed a more structured approach to risk management, resulting in a positive culture that is risk enabled, not risk-averse, and which encourages and supports effective risk management.

The Executive Committee, supported by PFO, oversees the implementation of the strategy and the continued evolution of UKRI's approach to risk management.

## Project Delivery

The UKRI Project Delivery profession has been established and is expanding. It currently has over 250 members. A Project Delivery Competency Framework has been developed and is now being consistently used for recruitment across UKRI. The profession has converged on a set of standard frameworks across UKRI for continuous improvement, as well as project methodologies such as Waterfall and Agile. These will be embedded in the project delivery toolset that is now being rolled out. Following last year's Project, Programme and Portfolio Management Maturity Model (P3M3) assessment, champions have been leading development, including risk and benefits training. A further P3M3 assessment has recently been completed by GIAA. The use of the Government On-line Skills Toolset is beginning to embed, and 12 staff have now started level 4 Project Management Apprenticeships.

## Regularity and Propriety

UKRI is committed to establishing and applying appropriate regularity and propriety standards, including embedding appropriate cultures and behaviours, and does not tolerate any form of fraud, bribery or corruption. The key components are UKRI's:

- Counter-Fraud and Bribery policy, strategy and action plan
- Whistleblowing policy
- Gifts and Hospitality policy
- Complaints policy
- Good Research Conduct policy and guidelines

I confirm that for 2019-20:

- there were no novel, contentious or repercussive transactions during the reporting period that required BEIS or HM Treasury approval
- a pay delegation compliance exercise provided reasonable assurance that internal controls were in place for handling senior management remuneration during the reporting period. This exercise identified nine legacy staff pay cases which are completing their parent department and HM Treasury approvals process. Two cases related to former Research Council employees who did not transfer to UKRI in April 2018. Two employees who transferred into UKRI employment received remuneration in excess of the amount approved by BEIS and HM Treasury. Five related to staff whose contractual terms could trigger a bonus over the HM Treasury approval threshold, although to date no such bonuses have been paid. The UKRI HR team have been working with BEIS HR to improve the process for managing senior remuneration to prevent the issue from reoccurring.

- there have been no instances of fraud which materially impacted UKRI identified within UKRI and UK SBS; 37 fraud referrals were received and investigated by UKRI's Counter Fraud team, which resulted in interventions (recovery and prevention) valued at £1,888,699
- one whistleblowing case raised through UKRI's whistleblowing channels was investigated in accordance with our policy

### **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 review of tax arrangements for public sector appointees highlighted the possibility of artificial arrangements to enable tax avoidance. UKRI's senior staff 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. The interim Chief Finance Officer is contracted through Public Sector Resourcing, inside IR35 off-payroll working rules. UKRI provides BEIS with tax assurance evidence on a yearly basis, which forms part of their summary of BEIS tax assurance data at [www.gov.uk](http://www.gov.uk).

### **Quality Assurance of business-critical models**

During 2019-20 UKRI strengthened local Quality Assurance (QA) frameworks and governance processes for business-critical models by setting out an internal audit of levels of quality assurance. UKRI has an up to date register of its eight business-critical models. During 2020-21 UKRI will develop and implement a common QA framework and governance process for business-critical models in line with **'Managing Public Money'**.

### **Ministerial Directions**

There were no Ministerial directions given for the financial year 2019-20.

### **Information Governance and Security**

Information security is the cornerstone in the design and implementation of the information services UKRI provides to its employees, and in how it protects its staff and information from attack and compromise. Information security is a key corporate risk reviewed regularly by UKRI's executive leadership and actively managed through appropriate mitigating actions.

UKRI implements best practice throughout its Information Security framework, informed by the Cyber Essentials Scheme, 10 Steps to Cyber Security, the National Cyber Security Centre's advice and the Government's Information Security Framework. During the year, the information governance framework continued to be developed within UKRI, and the UKRI Information Security function continued to develop its services, policies and standards to ensure a consistent approach across the organisation.

The Data and Information Governance Committee, reporting to the People, Finance and Operations Committee, promotes strategic interaction between all key data and information stakeholders to ensure that data and information are valued, accessible and protected where appropriate.

UKRI has an ongoing programme of work to continue embedding best practice information governance and security across the organisation and to deliver sustained Data Protection Act and GDPR compliance. Non-compliance with data protection principles is a key risk that is actively managed through appropriate mitigating actions.

UKRI recognises and fully supports the need for effective information governance in protecting its information assets and the information entrusted to it in the course of its business. Compliance with data protection laws is taken very seriously. UKRI provides all employees with training on their responsibilities on an annual basis. UKRI continues to monitor and assess its information risks, to identify and address any weaknesses and ensure continuous improvement of its systems and procedures. During the year, there were no personal data breaches that required notification to the Information Commissioner's Office (ICO).

## Review of effectiveness

As Accounting Officer, it is my responsibility to ensure a sound system of governance and internal control is being maintained. From 2019-20 this review has been informed by the work of the ARAPC, the Executive Committee and its supporting Committees, the internal audit service provided by GIAA, UKRI's Funding Assurance Programme, the assurance opinion provided by the Accounting Officer of UK SBS, and comments made by the NAO as our external auditors in their management letter and other reports.

## Executive Accountability Assessment

Executive Committee members and their teams performed an assessment of the operational effectiveness of internal controls in their spheres of responsibility using UKRI's Integrated Governance, Risk and Assurance Framework (IGRAF). IGRAF gathers information on key controls that are in place to manage recurrent risks across UKRI, including adherence with relevant legislative and similar requirements, with assurances mapped to controls to provide an opinion on their effectiveness. The results have been reported to Executive Committee as well as to the People, Finance and Operations (PFO) Committee, highlighting that:

- the significant majority of controls operating across UKRI are assessed as having medium or high assurance for their effective operation
- improvements to low scoring assurance areas have been identified, with actions to address perceived control weaknesses in the following areas:
  - Business Continuity Management
  - Procedures for responding to reported cases of Whistleblowing
  - Ability to meet Government Greening Commitments
- further work is needed to align the delegation structure to best reflect UKRI's operating model.

All actions to improve the UKRI control environment, regardless of assessment score, have been captured and are being tracked so that improvements can be reflected in the IGRAF for future review.

## GIAA Internal Audit Opinion

The Group Chief Internal Auditor (GCIA) is required to provide me with an opinion on the overall adequacy and effectiveness of UKRI's framework of governance, risk management and control. In her annual report and opinion, the GCIA has provided a Moderate opinion for 2019-20.

The GCIA identifies a positive direction of travel, with the majority of engagements providing moderate assurance. The GCIA set out that the Corporate Hub has designed and deployed improvements to the frameworks for the management of risk and provision of assurance, and developed plans for the ongoing maturing of UKRI. Corporate Hub governance has not reached an end-state yet, with work in progress to distinguish business as usual from change programmes more clearly. This will be enabled by the recent appointment of the Chief People Officer (CPO) and strength in continuity provided by the appointment of a permanent Chief Finance Officer (CFO), who took up post in June 2020.

There are improvements still to be made, where governance across UKRI could be more impactful and roles and responsibilities clearer. Management's action plans in response to GIAA recommendations need to be met more frequently than is currently the case.

## Funding Assurance

UKRI reviews its funding assurance arrangements annually to evaluate whether the research and innovation funding invested during the year continues to accord with the purposes intended and set out in the grant or funding agreements.

These procedures allow weaknesses or levels of ineligible spend to be identified and assessed, and ultimately enable me to form a view about whether my responsibilities as Accounting Officer have been properly discharged. A breakdown of expenditure by council can be found in the overview section.

UKRI is currently operating with three funding assurance models to support Innovate UK, Research England and the Research Councils. UKRI commissioned consultants KPMG to undertake a review of the processes used to provide assurance during the financial year 2019-20. They reported that whilst UKRI has many different elements of good practice, improvements could be made to the strategic approach to funding assurance for UKRI as a whole. The recommendations from this report have been shared with the Funding Service Programme as they seek to simplify the UKRI funding system.

## Research Councils

The Head of Funding Assurance provides an opinion of Moderate assurance based upon the programme of work undertaken in the financial year 2019- 20, with the following highlights:

- 38 UK funding assurance assignments were undertaken, of which six achieved Substantial assurance, 30 Moderate assurance and two received Limited assurance.
- Those receiving limited assurance continue to operate under special measures, with all final expenditure statements subject to additional checks by UKRI's Funding Assurance team.
- During the year four ROs previously receiving limited assurance opinions achieved improved assurance ratings after follow-up visits.
- Two ROs were placed under these measures following a limited assurance rating for 2019-20. Action plans have been agreed with revisits planned for 2020-21.
- Four overseas assignments took place in Africa for 2019-20. Post-award check as were also introduced on grants funded directly to overseas organisations; this involves undertaking regular transaction testing throughout the lifetime of projects with the frequency determined initially by the risk rating assigned during the initial due diligence process.

## Innovate UK

The assurance provided through Innovate UK's assurance framework has a greater focus on pre-award due diligence and live monitoring activities due to the inherently higher level of risk that comes from funding businesses to help commercialise world-class UK research. Monitoring officers are then assigned to review technical progress, project management and financial control for the lifetime of every grant awarded. For awards of more than £25,000, Innovate UK seeks additional assurance through its requirement for independent accountant reports prior to final payments being issued.

To augment its funding assurance, Innovate UK commissioned 63 investigations during the year through UKRI's specialist counter-fraud team. These additional investigations were a combination of responses to specific issues brought to management's attention, and proactive targeting of high-risk grants.

By considering the assurance from Innovate UK's due diligence and monitoring arrangements and the independent assurance received, I am able to assure the public that funds are being spent in accordance with the principles contained within '**Managing Public Money**'.

## Research England

The assurance provided through Research England's funding assurance framework is reliant on the Office for Students, as the regulator of the English higher education system, to assess and monitor the financial sustainability of higher education institutions in England. Research England only funds those institutions that have met the thresholds for financial sustainability. Alongside the assurance provided by the Office for Students, Research England commissions independent audits to seek assurance on the effectiveness of the systems and processes used to inform quality-related funding. For the financial year 2019-20, eight audits were commissioned and four are now complete, providing positive assurance over systems, processes and accuracy of data.

By combining the assurance received from the Office for Students, the commissioned audits of the quality-related funding data and the work of the Funding Assurance Programme, I am able to assure the public that funds are being spent in accordance with the principles contained within '**Managing Public Money**'.

I am satisfied that there are no material issues to report.

## Shared Services Assurance

For the tax year 2019-20, UKRI received services from UK Shared Business Services Ltd (UK SBS), another BEIS partner organisation, which also provides services to BEIS. UKRI receives regular assurance reports from UK SBS on the design and effectiveness of its internal control framework.

Further narrative is available in the Governance Statement for UK SBS, which is published separately as part of its Annual Report and Accounts.

## Effectiveness of Whistleblowing Arrangements Statement

UKRI has 'Freedom to Speak Up' policy and procedures, including an external whistleblowing hotline. ARAPC Chair, Fiona Driscoll, has continued in her role as 'Freedom to Speak Guardian'. There was one whistleblowing case raised in the year and no common themes or specific risks were identified.

## Corporate Business Partnering

The UKRI business partnering model provides a conduit between its Corporate Hub and its Councils. Business Partners work with their Councils to facilitate a joined-up approach to addressing key matters and encouraging alignment. Business Partner teams are now established for all key areas across the UKRI Corporate Hub.

A workshop brought the Central Business Partners together for the first time this year. Business Partners shared best practice and discussed ways of working going forward to maximise the model's effectiveness and champion a cohesive style of working across UKRI. Future workshops have been planned to follow up on actions and ensure continued improvement.

## Significant issues

### COVID-19

In response to COVID-19, UKRI has tested and implemented extensive business continuity planning measures, including remote working arrangements, disaster recovery and reviewing workstream priorities. These have enabled operations to continue in line with business need, government guidelines and Health and Safety requirements.

### Capacity and Capability of Staff

I am clear that to deliver our ambition, UKRI needs to attract, develop and value excellent leaders and teams. The recruitment and retention of the specialist staff we require to maintain our world class research facilities is a key issue for the organisation. To address this the HR function is maturing our ways of resourcing, both for bespoke senior roles and broader-scale recruitment for a large organisation. Success has been achieved in areas such as the Industrial Strategy Challenge Fund and for teams preparing for the UK's withdrawal from the EU but there is still more to do.

## **EU Exit**

UKRI undertook substantial activities during the past year to ensure that there would be continuity of funding in the event of a no-deal exit from the EU. Much of this involved preparing to deliver the Government's Guarantee and Extended Guarantee in time for potential EU Exit dates, and extensive planning to undertake the independent assessment of UK bids to mono-beneficiary schemes if needed. These plans would have seen UKRI taking on a huge number of grants from Horizon 2020, Euratom Research and Training, and the Research Fund for Coal and Steel should the EU have stopped funding them. UKRI developed new processes to potentially handle an additional 8,000 grants, made policy decisions on how to do this most effectively, and ensured that the organisation was appropriately resourced and trained, and with the necessary accommodation. This preparedness effort was formally stood down by Government in December 2019. UKRI is now responsible for delivering the Security Related Guarantee, should it be needed under the Withdrawal Act. Additionally, UKRI also contributed to approval for a Global Talent visa scheme for qualifying scientists, researchers and their dependents to be given fast-tracked entry to the UK, with UKRI leading part of this new scheme.

## **Conclusion**

This governance statement summarises results of the annual review of the design and effectiveness of the UKRI system of governance, risk management and internal control. I have considered the evidence provided to support this statement and the independent advice of GIAA and ARAPC. Sir Mark Walport has given me assurance that the contents of this governance statement are factually correct.

Although there are improvements to be made, I have concluded that that the governance, risk management, and internal control systems are appropriate for UKRI and its risk profile.

**Dame Ottoline Leyser**  
**Chief Executive and Accounting Officer**  
13<sup>th</sup> July 2020

# Remuneration and Staff Report

## Board Chair and Board members except Chief Executive Officer and Chief Finance Officer

### Remuneration Policy

The Chair and Board members receive a letter of appointment from the Department for Business, Energy and Industrial Strategy (BEIS). They are not employees of UKRI although remuneration is made through the UKRI payroll. The Business and Science group within BEIS advises UKRI of the rates they are required to pay, and these are reviewed annually. 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 for up to a further four years. 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

Total Remuneration of Board Membership		
Remuneration (£ per annum)	2019-20	2018-19
Board Chair	28,000	28,000
Board Members	9,180	9,180

### Board Honoraria – Audited Information

Board Membership				
	Period of Appointment		Remuneration	Remuneration
	From	To	£000 2018-19	£000 2018-19
Sir Mark Walport <sup>1</sup>	01-Apr-18	01-Jun-20	*****	*****
Mike Blackburn <sup>2</sup>	11-Sep-19	10-Mar-20	*****	
Ian Kenyon <sup>3</sup>	01-Apr-18	31-Jul-19	*****	*****
Sir John Kingman <sup>4</sup>	01-Apr-18	31-Mar-22	25-30	25-30
Sir Peter Bazalgette	01-Apr-18	29-Oct-20	5-10	5-10
Lord John Browne of Madingley <sup>5</sup>	01-Apr-18	29-Oct-21	0	0
Professor Max Lu	01-Apr-18	29-Oct-20	5-10	5-10
Fiona Driscoll <sup>6</sup>	01-Apr-18	29-Oct-21	10-15	10-15
Professor Sir Leszek Borysiewicz	01-Apr-18	30-Apr-20	5-10	5-10
Sir Harpal Kumar <sup>7</sup>	01-Apr-18	29-Oct-21	10-15	10-15
Mustafa Suleyman <sup>8</sup>	01-Apr-18	29-Oct-20	0	0
Professor Julia Black <sup>9</sup>	01-Apr-18	29-Oct-21	5-10	10-15
Professor Alice Gast	01-Apr-18	29-Oct-19	5-10	5-10
Lord David Willetts	01-Apr-18	29-Oct-21	5-10	5-10
Vivienne Parry	01-Apr-18	29-Oct-20	5-10	5-10
Professor Sir Ian Diamond <sup>10</sup>	01-Apr-18	31-Oct-21	0	0-5
Dame Sally Davies <sup>11</sup>	01-Apr-18	30-Oct-20	0	0

### Notes:

- 1,2 & 3 Remuneration disclosed in Senior Staff Remuneration table
4. Sir John is the Chair of UKRI
5. Declined to receive honorarium
6. Fiona is the Chair of UKRI Audit, Risk, Assurance & Performance Committee
7. Sir Harpal is the UKRI Innovation Champion, a role for which he receives a separate honorarium in addition to his UKRI Board membership honorarium
8. Declined to receive honorarium
9. 2018-19 Remuneration includes 6 months honorarium from 2017-18
10. Sir Ian has declined his honorarium from July 2018. From 29 October 2019 he was no longer formally a Board member but joined the meetings as an unpaid observer
11. Dame Sally is not formally a member of the Board but joined meetings in a personal capacity. She takes no remuneration for this role. Dame Sally was a Civil Servant until 31 September 2019

## Chief Executive Officer, Chief Finance Officer 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 BEIS minister.

The UKRI Nominations and Remuneration Committee provides advice and recommendations to BEIS as to the performance element of the pay package, changes in basic pay for existing role holders, and the package for new recruitment exercises. They will also review and oversee 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 BEIS 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 as to the performance related pay elements of these ministerial appointees is taken by the BEIS Permanent Secretary.

When setting remuneration policy, the UKRI Nominations and Remuneration Committee reviews and has regard to pay and employment conditions across UKRI and the wider public sector, especially when determining annual salary increases. This will include 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 1st April 2018 remained unchanged and with their pay arrangements protected. The remuneration for new senior roles recruited into UKRI (with the exception of those noted below) from 1st April 2018 made use of EPSRC's senior pay arrangements. The pay award date for all senior employees and Executive Chairs has been harmonised at 1st April from April 2020. A harmonised performance management system is also being 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 the MRC Institutes is in line with their legacy pay arrangements as agreed at the establishment of UKRI.

The role of the UKRI Nominations and Remuneration Committee 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

Chief Executive & Directors	2019-20				2018-19			
	Salary	Bonus*	Pension Benefits**	Totals	Salary	Bonus	Pension Benefits**	Totals
	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)
Sir Mark Walport <sup>1</sup> Chief Executive UKRI	170-175	-	-	170-175	170-175	-	-	170-175
Ian Kenyon <sup>2</sup> UKRI CFO	45-50	-	-	45-50	140-145	-	-	140-145
Mike Blackburn <sup>3</sup> UKRI CFO	240-245	-	-	240-245	-	-	-	-
Geoff Robins <sup>4</sup> UKRI Director of Transformation	90-95	-	-	90-95	-	-	-	-
Emma Lindsell <sup>5</sup> Executive Director of Strategy, Communications, Analysis & Governance (Jobshare)	50-55	-	104	155-160	-	-	-	-
Isobel Stephen <sup>6</sup> Executive Director of Strategy, Communications, Analysis & Governance (Jobshare)	40-45	-	65	105-110	-	-	-	-
Professor P Nelson <sup>7</sup> Exec Chair EPSRC	-	-	-	-	70-75	-	13	85-90
Professor L Gladden <sup>8</sup> Exec Chair EPSRC	115-120	-	-	115-120	55-60	-	-	55-60
Professor M Welham Exec Chair BBSRC	140-145	-	54	195-200	140-145	-	55	195-200
Professor J Rubin <sup>9</sup> Exec Chair ESRC	140-145	10-15	25	175-180	130-135	-	20	150-155
Dr Ian Campbell Exec Chair IUK	170-175	-	68	240-245	155-160	-	54	210-215
Professor F Watt <sup>10</sup> Exec Chair MRC	150-155	-	26	175-180	140-145	-	24	165-170
Professor D Wingham <sup>11</sup> Exec Chair NERC	150-155	15-20	56	220-225	135-140	-	52	185-190
David Sweeney <sup>12</sup> Exec Chair RE	130-135	-	-	130-135	130-135	-	-	130-135
Professor M Thomson <sup>13</sup> Exec Chair STFC	145-150	5-10	43	195-200	145-150	-	38	185-190
Professor A Thompson <sup>14</sup> Exec Chair AHRC	90-95	25-30	8	125-130	95-100	-	17	110-115
Dr Ruth McKernan <sup>15</sup> Exec Chair IUK	-	-	-	-	15-20	-	-	15-20

See pages 74 and 75 for table notes.

**Notes:**

1. Sir Mark's role is 88% of full-time. The FTE Salary is in the 195-200 banding. He has opted out of the Pension scheme.
2. Ian Kenyon opted out of the Pension scheme. The FTE salary banding was 140-145. He left UKRI on 31 July 2019.
3. Mike Blackburn joined UKRI as CFO on 15 July 2019. He is 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. 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. The FTE salary banding is 305-310.
4. Geoff Robins joined the Executive committee on 23 July 2019. He left UKRI on 27 March 2020. He opted out of the pension scheme. The FTE Salary Banding is 130-135.
5. Emma Lindsell joined UKRI on 5 August 2019 in a 65% job-share role. Emma temporarily worked 0.8 FTE from 5 August 2019 to 30 September 2019. The FTE salary banding is 115-120.
6. Isobel Stephen joined UKRI on 27 August 2019 in a 60% job-share role. The FTE salary banding is 115-120.
7. Professor Nelson is an employee of the University of Southampton and was on secondment to UKRI. The values shown above are the amounts reimbursed (excl. Pension & NI contributions) to the University of Southampton. VAT is payable on the total amount invoiced but is not included in the figure above. UKRI also covered the expense claims for travel and accommodation between Southampton and UKRI Head Office in Swindon. This is a taxable benefit and UKRI covered the cost of any tax and NI payable on these expenses. Prof Nelson's secondment ended on 30 September 2018. FTE salary banding for a complete year is 145-150.
8. Professor Gladden is an employee of the University of Cambridge and is on secondment to UKRI. The values shown above are amounts reimbursed (excl. Pension & NI Contributions) to the University of Cambridge from April 2019 to February 2020 and the estimated amount due for March 2020. VAT is payable on the total amount invoiced but is not included in the figures above. FTE salary banding for a complete year is 140-145. University of Cambridge does not invoice pension costs.
9. Professor Rubin is an employee of King's College London and is on secondment to UKRI. The values shown above are the amounts reimbursed (excluding Pension and NI Contributions) to Kings College from April 19 to February 2020 and the estimated amount due for March 2020. VAT is payable on the total amount invoiced but is not included in the figures above. Prof. Rubin's secondment is 95% of full-time. FTE salary banding is 150-155.
10. Professor Watt is an employee of King's College London and is on secondment to UKRI. The values shown above are the amounts reimbursed (excluding Pension and NI Contributions) to Kings College from April 19 to February 2020 and the estimated amount due for March 2020. VAT is payable on the total amount invoiced but is not included in the figures above. Her secondment is 80% of full-time. FTE Salary banding for complete year is 185-190.
11. Professor Wingham's salary includes arrears from 2018-19. Two bonuses were paid in 2019-20, one relating to the period 2017-18 and one relating to 2018-19.
12. David Sweeney has opted out of the Pension Scheme.
13. Professor Thomson is an employee of the University of Cambridge and is on secondment to UKRI. The values shown above are amounts reimbursed (excluding Pension and NI Contributions) to the University of Cambridge from April 2019 to January 2020 and the amount due for February & March 2020, including arrears for 2019-20 not previously invoiced. VAT is payable on the total amount invoiced but is not included in the figures above.

14. Professor A Thompson was an employee of the University of Exeter and on secondment to UKRI. The values shown above are amounts reimbursed (excluding Pension and NI Contributions) to the University of Exeter from Apr 19 to Aug 19. VAT is payable on the total amount invoiced but is not included in the figures above. The bonus value disclosed in 2019-20, is in relation to three performance years. Professor Thompson's secondment is 80% of full-time. The FTE Salary banding is 120-125. From Sept 2019 Professor Thompson moved to University of Oxford, continuing as AHRC Exec Chair on a fixed consultancy fee representing 60% of full-time.

15. Dr McKernan was Exec Chair until 4 May 2018. FTE salary banding for a complete year is 200-205.

\* Bonuses paid in the financial year 2019-20 relate to the performance year 2018-19, 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 decreases due to a transfer of pension rights. The pension benefit disclosure for secondees is not equivalent to the pension benefit disclosure of the other executive chairs, it is the re-imbursment of the contributions UKRI makes to their employers in respect of the secondees' pension. Where no benefit is shown the UKRI makes no such contribution.

### **Salary and Allowances, Benefits in Kind and Bonuses**

Salary paid in 2019-20 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 HM Revenue and Customs as a taxable emolument. There were no benefits in kind paid to any of the UKRI Executives in 2019-20 (Nil in 2018-19).

Decisions on whether to award non-consolidated performance awards to Directors are made by the CEO in conjunction with the UKRI Nominations and Remuneration Committee. Decisions are strictly performance based. They are made in accordance with Cabinet Office Guidance for the approval of senior pay document published in November 2018, and the Cabinet Office Senior Civil Service Pay Award Practitioner Guidance (Annual) as well as the annual Senior Salaries Review Body report and any guidance from HM Treasury, Cabinet Office or BEIS. 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.

Performance awards for 2019-20 for Directors excluding Innovate UK were paid within 2019-20. Awards for Innovate UK will be paid in 2020-21 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.

### **Fair pay disclosure – Audited Information**

The banded remuneration of the highest-paid director in UKRI in the financial year 2019-20 was £305,000 to £310,000. This was 8.63 times the median remuneration of the workforce (5.54 in 2018-19) which was £35,630 (£35,630 in 2018-19). The increase in the ratio between 2018-19 is a result of the need to fill the CFO role on an interim basis. In 2019-20, no employees received remuneration in excess of the highest-paid director. Remuneration ranged from £11,255 to £308,000 (£11,255 to £199,000 in 2018-19).

## Senior Staff Pension Table – Audited Information

Chief Executive and Executive Chairs	Accrued pension at pension age at 31 March 2020 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31 March 2020	CETV at 31 March 2019	Real increase in CETV	Accrued pension at pension age at 31 March 2019 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31 March 2019	CETV at 31 March 2018	Real increase in CETV
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Emma Lindsell <sup>1</sup> Executive Director of Strategy, Communications, Analysis & Governance (Jobshare)	25-30 plus a lump sum of 65-70	2.5-5 plus a lump sum of 10-12.5	437	357	72	-	-	-	-	-
Isobel Stephen <sup>2</sup> Executive Director of Strategy, Communications, Analysis & Governance (Jobshare)	20-25 plus a lump sum of 40-45	2.5-5 plus a lump sum of 5-7.5	352	294	44	-	-	-	-	-
Professor Welham Exec Chair BBSRC	20-25	2.5-5	326	264	38	15-20	2.5-5	264	196	37
Dr Campbell Exec Chair IUK	10-15	2-2.5	144	89	37	5-10	2.5-5	89	37	24
Professor Wingham Exec Chair NERC	25-30	2.5-5	484	406	47	20-25	2.5-5	406	321	42

This table includes senior staff who are members of the Research Councils' Pension Scheme (RCPS), the Medical Research Council Pension Scheme (MRCPS) or the Civil Service pension scheme arrangements (CSPS); secondees are not included.

### Notes

1. Emma Lindsell joined the Executive Committee on 5 August 2019.
2. Isobel Stephen joined the Executive Committee on 27 August 2019.

## Details of Pension Schemes

Most employees of UK Research and Innovation are members of one of three occupational pension schemes; RCPS, MRCPS and CSPS. These are all defined benefit schemes.

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 Civil Service pension scheme arrangements. Staff who are employed at the MRC institutes in Cambridge, London and Oxford are enrolled in the MRC Pension Scheme.

Staff who were previously employed by the BBSRC, AHRC, STFC, EPSRC, ESRC, NERC, Innovate UK, MRC or Research England, and 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

RCPS:	3,918 members
MRCPS:	1,171 members
CSPS:	1,728 members

### Research Councils' Pension Scheme (RCPS)

The RCPS is a defined benefit scheme funded from employer and employee contributions and annual grant-in-aid 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 RCPS. Separate accounts are published for the pension schemes.

Employees may be in one of four defined 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 Prices Index (CPI). Employees' contributions vary between 4.6 and 8.05% depending on the scheme. The employer's contribution is agreed by the RCPS Board of Management 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 2019-20:

Annualised Pensionable Earnings	Normal Member Contribution Rate (%)
Up to £21,636	4.60
£21,637 - £51,515	5.45
£51,516 - £150,000	7.35
£150,001 and above	8.05

The employer's contribution to the RCPS for 2019-20 was £46.3 million (2018-19: £51.9 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 last full

actuarial valuation undertaken for RCPS, which resulted in the current 26% employer contribution rate, was at 31 March 2006 and completed in 2008-09. An actuarial valuation as at 31 March 2010 was initiated but not completed due to HM Treasury suspending all public sector pension scheme valuations whilst reform policies were being developed. Although HM Treasury concluded its reform policy, which enabled the Government Actuary Department to start the process of completing a revised scheme valuation as at 31 March 2012, this was suspended due to ongoing RCPS reform discussions. The RCPS Management Board decided in February 2019 that a full actuarial valuation (as at 31 March 2018) should be completed. That valuation is in progress and a review of employer contributions will happen during 2020-21.

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 2019-20 was £311,202 (2018-19: £386,309). The employer's 0.8% death in service Partnership contribution for 2019-20 was £10,827 (2018-19: £14,708).

Further details of the Research Councils' Pension Scheme 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 12 of the Financial Statements.

### Civil Service Pension Schemes

UKRI began participating in the Civil Service pension scheme arrangements in April 2018. The Civil Service Pension arrangements comprise the Principal Civil Service Pension Scheme (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). Before April 2015 civil servants were enrolled in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one, Nuvos, providing benefits on a whole career basis with a normal pension age of 65.

These statutory arrangements are unfunded, with the cost 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% for members of premium, classic plus, Nuvos and Alpha.

#### Civil Service Employee Contribution Rates for 2019-20:

Annualised Pensionable Earnings	Normal Member Contribution Rate (%)
Up to £21,636	4.60
£21,637 - £51,515	5.45
£51,516 - £150,000	7.35
£150,001 and above	8.05

The employer contribution rate for the 2019-20 period was between 26.6 and 30.3% depending on the employee's salary.

Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In Nuvos a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to Nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8 and 14.75%, depending on the age of the member, into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary in addition to the employer's basic contribution. During 2019-20, employer contributions of £121,519 (2018-19: £49,389) were payable to partnership pension providers. Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover for death in service and ill health retirement, referred to as mini Accruing Superannuation Liability Charges (mini ASLCs); these totalled £4,285 for 2019-20 (2018-19: £1,735).

The accrued pension quoted is the pension the member is entitled to receive when they reach their scheme 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 accrued pension quoted is the pension 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 official 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.)

Further details about the Civil Service pension arrangements can be found at

[www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk)

During 2019-20, employer contributions of £11,794,842 (£3,317,326 in 2018-19) were payable to the Scheme at one of four rates in the range 26.6 to 30.3% of pensionable earnings, based on salary bands.

## Other Pension Schemes

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

- Principal Non-Industrial Superannuation Scheme (PNISS) of the United Kingdom Atomic Energy Authority (12 employees)
- National Employment Savings Trust (NEST), the Government's workplace pension scheme (9 employees)
- Merchant Navy Ratings' Pension Fund (3 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 particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's 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 relate to the benefits that the individual has accrued as a consequence 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, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement), and uses common market valuation factors for the start and end of the period.

## Staff Report

### Staff Numbers – number of persons employed at 31 March 2020 – Audited Information

	2019-20	2018-19
Permanent & Fixed Term Employees	7,176	7,790
Temporary & Contract Staff	229	227
Secondments*	58	28
<b>Total number of staff</b>	<b>7,463</b>	<b>8,100</b>

\* Secondments includes staff on secondment into UKRI and other senior appointments with off-payroll arrangements

### Staff Related Costs – Audited Information

	2019-20		2018-19	
	Permanently employed staff £000	Temporary Staff £000	Total £000	Total £000
Wages and Salaries	289,954	13,151	303,105	286,148
Social Security costs	32,658	-	32,658	31,470
Other Pension costs	94,912	-	94,912	84,677
Sub Total	417,524	13,151	430,675	402,295
Less recoveries in respect of outward secondments	(141)	-	(141)	(205)
	<b>417,383</b>	<b>13,151</b>	<b>430,534</b>	<b>402,090</b>

Year on year, staff costs have increased by £9.9 million despite a reduction in staff numbers between 31 March 2019 and 31 March 2020.

During 2019-20, the National Oceanographic Centre (NOC) and Centre for Ecology & Hydrology (CEH) were transitioned to fully independent status in November and December respectively, meaning that UKRI incurred staff costs for a significant portion of the year. Removing NOC and CEH staff from UKRI payroll in November and December respectively has impacted UKRI staff headcount as at 31 March 2020. In addition, UKRI recruited a significant number of temporary agency staff to support potential additional activity arising from the UK's exit from the European Union, generating staff costs during the year. These temporary agency staff



were exited prior to 31 March 2020, when UKRI no longer required them to support this activity.

## Sickness Absence

UKRI HR and management monitor employee sickness absences on an ongoing basis. Sickness absences are followed by a return to work interview in line with UKRI 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.

	Days	2019-20	2018-19
		Working Days	Working Days
Total days of absence	50,981	40,757	43,326
Frequency of absences lasting longer than 28 days	355	355	276
Total days of long-term absence	25,939	18,671	19,987
Average days of sick absence per person in UKRI	6	5	5

## Staff Numbers by Gender

Pay Bands	Head Count				FTE			
	Male	Female	Unknown	Total	Male	Female	Unknown	Total
Directors (X&Y)	73	37	1	111	66	34	1	101
Senior Managers (G & H)	309	134	1	444	291	127	1	419
Other Employees (A-F)	3,723	3,136	49	6,908	3,576	2,887	46	6,509
<b>Total</b>	<b>4,105</b>	<b>3,307</b>	<b>51</b>	<b>7,463</b>	<b>3,933</b>	<b>3,048</b>	<b>48</b>	<b>7,029</b>

## Staff Numbers by Ethnicity

Ethnic Group	Year End Number of Employees	Percentage
Black and minority ethnic (BME)	488	7%
Non BME	5,203	70%
Not disclosed	882	12%
Not captured	890	12%
<b>Total</b>	<b>7,463</b>	<b>100%</b>

## Staff Numbers by Disability

Disability	Year End Number of Employees	Percentage
Yes	154	2%
No	2,515	34%
Not disclosed	3	0%
Not captured	4,791	64%
<b>Total</b>	<b>7,463</b>	<b>100%</b>

Recognising that there is room for improvement in disclosure levels across our ethnicity and disability data we are actively engaging our EDI networks across UKRI to understand the reasons for this. To support this work, a soft communication campaign is also underway to reassure our employees and reinforce the positive message of why this data is important to us.

## Reporting of Civil Service and other Comprehensive Schemes – Exit Packages

### Audited Information

Redundancy 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.

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total no of exit packages by cost band	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
<£10k	2	7	7	22	9	29
£10k - £25k	2	31	23	25	25	56
£25k - £50k	3	5	12	18	15	23
£50k - £100k	3	0	7	10	10	10
£100k - £150k	0	0	0	1	0	1
<b>Total no by type</b>	<b>10</b>	<b>43</b>	<b>49</b>	<b>76</b>	<b>59</b>	<b>119</b>
<b>Total resource cost</b>	<b>£355,471</b>	<b>£781,152</b>	<b>£1,387,354</b>	<b>£2,119,867</b>	<b>£1,742,825</b>	<b>£2,901,019</b>

### Health and Safety

The UKRI Health and Safety (H&S) management system has continued to mature over the financial year. We have maintained a federated approach to H&S management within UKRI. Individual research council Executive Chairs have the delegated authority to put in place H&S management arrangements, proportionate to their council's hazard profile. These arrangements operate within an overarching UKRI H&S policy and arrangements established, maintained and developed by the corporate H&S function.

Specific achievements for the year include:

- The UKRI H&S policy, signed on behalf of the Board by the Chief Executive Officer, was reviewed, revised and reissued in July 2019;
- UKRI subject-specific H&S codes continue to be developed and published at a steady rate, with 14 codes now published;
- A draft UKRI H&S strategy has been ratified by the UKRI H&S Management Committee (HSMC) which will shape the development of the corporate H&S management arrangements over the next five years;
- Quarterly reporting of H&S matters and performance has been implemented using a standard template. The report is approved by the UKRI HSMC for release to the UKRI Executive Committee, the People, Finance and Operations Committee and the Audit, Risk, Assurance and Performance Committee on a quarterly basis and to the Board at least annually;
- An electronic H&S incident reporting and management system has been rolled out across UKRI and will remain in use for at least the next two years;
- The UKRI H&S governance structure continues to operate effectively. The H&S Management Committee and the H&S Consultation Committee have both met quarterly to oversee development of the UKRI H&S management system, and UKRI H&S Advisors meet approximately monthly to address detailed H&S matters and share learning and experience;
- The Government Internal Audit Agency undertook an audit of UKRI H&S assurance which delivered an assessment of moderate assurance. The recommendations from the audit have generated actions whose implementation will further strengthen the UKRI H&S management system;
- Audits undertaken by individual councils have not identified any major non-conformances;
- A H&S page on the UKRI information hub has been developed.

## Performance

Injury and non-injury incident data from across UKRI is consolidated in the quarterly H&S reports to the Executive Committee. Both injury and non-injury trends have remained steady over the FY, with an injury rate of 31 per 1000 staff and non-injury rate of 106 per 1000 staff. The clear majority of incidents are of a minor nature (87 and 83% respectively). Whilst some incidents required reporting to the Health and Safety Executive, there have been no enforcement actions or prosecutions as a result.

## Expenditure on Consultancy

There was no expenditure on strategic consultancy in 2019-20 (2018-19: £1 million). The expenditure incurred in 2018-19 was in relation to support for the UKRI transformation programme.

## Expenditure on Contingent Labour

During 2019-20, £13.1 million was spent on contingent labour (2018-19: £8.7 million). The increase year-on-year relates mainly to temporary staff recruited to support work associated with EU Exit preparations.

## Off Payroll Engagements of more than £245 per day and longer than six months

All payroll workers at UKRI are on arrangements in which the supplier agencies process their payments through PAYE to ensure full tax compliance. The only exception to this is in rare cases where the HMRC tool has shown that an off-payroll worker's engagement arrangements fall outside the scope of the intermediaries legislation IR35. This circumstance currently applies to just one off-payroll worker working through a limited company.

	Number
Number of existing engagements as of 31 March 2020	31
Of which, the number that have existed:	
For less than one year at the time of reporting	14
For between one and two years at the time of reporting	10
For between 2 and 3 years at the time of reporting	3
For between 3 and 4 years at the time of reporting	0
For 4 or more years at the time of reporting	4

For all new off-payroll engagements between 1 April 2019 and 31 March 2020, for more than £245 per day and that last longer than six months:

	Number
Number of new engagements, or those that reached six months in duration between 1 April 2019 and 31 March 2020	33
Of which:	
No. assessed as caught by IR35	13
No. assessed as not caught by IR35	20
No. engaged directly (via PSC contracted to department) and are on the departmental payroll	0
No. of engagements reassessed for consistency / assurance purposes during the year	0
No. of engagements that saw a change to IR35 status following the consistency review	0

For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2019 and 31 March 2020:

	Number
Number of off-payroll engagements of board members, and/or senior officials with significant financial responsibility, during the financial year	1
Total number of individuals on payroll and off-payroll who have been deemed "board members, and/or, senior officials with significant financial responsibility" during the financial year	26*

\*Includes all UKRI Board and Exec Co Members.

## Employee Engagement

People are central to the success of UKRI. 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 to 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 which represents staff on a range of matters including pay, benefits, pensions and organisational change.
- Regular updates to staff by senior executives which are accessible by all staff irrespective of their work location. These provide staff with updates on corporate initiatives and provide the opportunity for employees to ask challenging questions of the executive
- An Information Hub providing a central online portal for all UKRI staff covering news, events, and resources; complemented by additional material for each constituent Council.
- An annual People Survey. This is an analytical framework providing data on the level of employee engagement. 61% of employees completed the survey and we recorded an overall engagement score of 54%. Employees appear to be positive about their teams, their work and the way they are treated, but there was clear evidence that employees are discontented with the level of pay and there is room for improvement in leadership and management of change. We will work to address these issues as a part of our transformation programme, although public sector pay policy constrains our ability to meet pay expectations.

## Staff Policies

UKRI has implemented a revised HR policy framework, excluding the Reward policy. This ensures that HR policies are easy to use and can be reviewed and updated through an established consultation and agreement protocol with Trades Unions. Harmonisation of Reward policy is planned for 2020-21.

## Learning and Development

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

## Wellbeing

UKRI recognises that there is a correlation between wellbeing (including physical health and mental wellbeing) at work and job performance including attendance. UKRI has identified a number of co-ordinated initiatives across UKRI that employees can access and participate. This is a maturing area for UKRI and by the end of 2020 will have a strategy in place to formally signal our commitment in this space.

## Equality, diversity and inclusion (EDI)

UKRI has pledged to identify barriers and challenges to equality, diversity and inclusion, build knowledge of what works to improve outcomes in this area, and support the development and implementation of effective practices across the sector and internally for our own staff. UKRI holds Disability Confident Employer status, which is awarded to employers who have made a commitment to employ, keep and develop the abilities of disabled people. We continue to publish our Gender Pay Gap report alongside longer term plans to address pay gaps. Our institutes and centres continue their own EDI programmes, primarily but not exclusively focused on the participation of women in science.

## Trade Unions

UKRI has a recognition agreement with the following Trades Union: 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). 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.

The following tables are provided under section 172A of the Trade Union and Labour Relations (Consolidation) Act 1992 in connection with the imposition of requirements on public authorities to publish information on facilities time taken by trade union officials.

Trade Union Facility Time Report 2019-20	
Number of employees	Full time equivalent
58	55.7
% time	Number of employees
0 - 0.9%	18
1 - 50%	40
51 - 99%	0
100%	0
Total	58
Total cost facility time £	91,215
Total pay bill £	430,534
% of total pay bill	0.021
(Total time spent on TU activities / total facility time hours) x 100	2.7%

During 2019-20 Trade Union Representatives have been recording their facilities time using the centralised absence booking system, allowing a simple overview of the number of representatives and the time that they are taking for their union duties to ensure compliance with the terms of the recognition agreement.

## Senior Civil Servant Pay Structure

The pay bands for Senior Civil Servants (SCS) equivalent as of 31 March 2020 are as follows:

Minimum (£)	Maximum (£)	Number of Staff*
£50,001	£60,000	0
£60,001	£70,000	0
£70,001	£80,000	4
£80,001	£90,000	19
£90,001	£100,000	20
£100,001	£110,000	2
£110,000	£120,000	6
£120,001	£130,000	1
£130,001	£140,000	4
£140,001	£150,000	2
£150,001	£160,000	1
£160,001	£170,000	0
£170,001	£180,000	2
£180,001	£190,000	0
£190,001	£200,000	1
£200,001	-	1

\* This table sets out by banding numbers of SCS-equivalent staff (i.e. Band H or above) who report directly to the Chief Executive, Executive Chairs and Executive Directors. Staff to whom this applies and who are paid via an agency have been included in scope of this note. This data does not include those on secondment to UKRI or staff in Research Centres, Institutes or National Labs.

## Parliamentary Accountability and Audit Report

### Losses and Special Payments – Audited Information

UKRI had no payments over the reporting threshold classified within losses and special payments in the financial year 2019-20 (2018-19:1). The total losses and special payments incurred by UKRI in the year were £300,000 (2018-19: £1.1 million).

### Remote Contingent Liabilities – Audited Information

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

UKRI has one remote contingent liability as at 31 March 2020.

Through STFC, UKRI collaborates with a number of international partners in the funding, management and operation of technical facilities which are not owned by STFC. In the event of a decision to withdraw from any of these arrangements, it is likely that STFC 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 CERN and ESO. For both of these facilities there is the possibility that STFC would be obliged to contribute to decommissioning costs arising from a decision taken to discontinue operations. The decisions to decommission are not wholly within STFC's control.

### Audit Fees – Audited Information

The cost of the external audit for UKRI was £450k (2018-19: £490k), the statutory audit fee for STFC Innovations Ltd (SIL) was £18k (2018-19: £15k) and the statutory audit fee for Innovate UK Loans Limited was £96k (2018-19: £96k). During the year £18k was also paid for the statutory audit of those predecessor bodies not closed at 31 March 2019 and £9k has been accrued for the statutory audit of one predecessor body not closed at 31 March 2020. No remuneration was paid to the external auditors in respect of non-audit work in 2019-20 (2018-19: £nil).

### 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 two material items to which disclosure requirements apply in 2019-20.

### 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 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 actually incurred direct costs only, either by direct recharge of costs incurred retrospectively or via a formula contribution to direct costs; there is no use of standard unit costs to calculate charges.

Income item	£	Description
STFC – Other income	£33,677,239	Charged for facilities and goods & services
IUK – programme delivery recharge	£12,360,367	Recharges for grant delivery costs

There was no subsidy or overcharging arising from provisions of relevant facilities, goods and services.

**Dame Ottoline Leyser**  
**Chief Executive and Accounting Officer**  
13<sup>th</sup> July 2020

# 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 for the year ended 31 March 2020 under the Higher Education and Research Act 2017. The financial statements comprise: the Group and Parent Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

### In my opinion:

- the financial statements give a true and fair view of the state of the group's and of United Kingdom Research and Innovation's affairs as at 31 March 2020 and of the group's and the parent's net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Higher Education and Research Act 2017 and Secretary of State directions issued thereunder.

## Emphasis of matter – Disclosure in relation to the valuation of Property, Plant and Equipment

I draw attention to Note 8, Property Plant and Equipment, of the financial statements, which describes the material uncertainty in the valuation basis for Property as a result of COVID-19. My opinion is not modified in respect of this matter.

## 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 of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. 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 2016. I am independent of United Kingdom Research and Innovation in accordance with the ethical requirements that are relevant to my audit and 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

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- United Kingdom Research and Innovation's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- United Kingdom Research and Innovation has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about United Kingdom Research and Innovation's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## Responsibilities of United Kingdom Research and Innovation and the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, United Kingdom Research and Innovation and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.



## 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.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and United Kingdom Research and Innovation's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.
- conclude on the appropriateness of United Kingdom Research and Innovation's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on United Kingdom Research and Innovation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the United Kingdom Research and Innovation parent or group to cease to continue as a going concern.

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 that I identify during my audit.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

## Other Information

United Kingdom Research and Innovation and the Accounting Officer are responsible for the other information. The other information comprises information included in the annual report, but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, 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, 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 parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Higher Education and Research Act 2017;
- in the light of the knowledge and understanding of the group and the parent and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which I report by exception

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 or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

## Report

I have no observations to make on these financial statements.

**Gareth Davies**

**15<sup>th</sup> July 2020**

**Comptroller and Auditor General**

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP







# 4. Financial Statements

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## Consolidated Statement of Comprehensive Net Expenditure

	Notes	2019-20 UKRI £000	2019-20 Consolidated £000	2018-19 UKRI £000 Revised	2018-19 Consolidated £000 Revised
Total operating income	3	(347,522)	(348,129)	(330,555)	(331,112)
Staff costs	4	432,496	433,362	404,896	405,335
Purchase of Goods and services	5.1	589,822	590,443	562,110	563,418
Depreciation and impairment charges	5.2	188,669	190,659	242,722	247,246
Research and Innovation	5.3	6,800,666	6,801,120	6,438,797	6,439,076
Provision expense	5.4	73,670	73,670	(35,072)	(35,072)
Other operating expenditure	5.5	36,732	36,732	18,522	18,594
Notional service charge	-	24,517	24,517	21,444	21,444
		8,146,572	8,150,503	7,653,419	7,660,041
<b>Net operating expenditure</b>		<b>7,799,050</b>	<b>7,802,374</b>	<b>7,322,864</b>	<b>7,328,929</b>
Transfer of undertakings – net gain on absorption	6	-	-	(2,558,196)	(2,556,243)
Taxation	7	741	312	147,272	147,272
Finance income	-	(157)	(2,290)	(287)	(470)
Finance expenditure	-	(1,800)	(1,800)	(1,303)	(1,300)
<b>Net expenditure for the period</b>		<b>7,797,834</b>	<b>7,798,596</b>	<b>4,910,350</b>	<b>4,918,188</b>
<b>Other comprehensive expenditure</b>					
Net (gain) on revaluation of property, plant and equipment		(54,555)	(54,555)	(167,239)	(167,239)
Net (gain) on revaluation of intangible assets		(13,073)	(13,073)	(3,278)	(3,278)
Net (gain) on revaluation of investments		(13,621)	(15,493)	(29,671)	(29,671)
Net change in cashflow hedge		(11,770)	(11,770)	(12,337)	(12,337)
Net (gain) of revaluation of assets held for sale		-	-	(5,000)	(5,000)
Actuarial (gain)/loss on defined benefit pension plan		(65,794)	(65,794)	71,291	71,291
<b>Total net comprehensive expenditure for the period</b>		<b>7,639,021</b>	<b>7,637,911</b>	<b>4,764,116</b>	<b>4,771,954</b>

The notes on pages 99 to 134 form part of these accounts.

# Consolidated Statement of Financial Position

	Notes	2019-20 UKRI £000	2019-20 Consolidated £000	2018-19 UKRI £000 Revised	2018-19 Consolidated £000
<b>Non-current assets</b>					
Property, plant and equipment	8	2,513,380	2,513,380	2,409,371	2,409,371
Intangible assets	9	118,086	118,086	139,321	139,321
Investment property	10	4,270	4,270	4,470	4,470
Financial assets	11	747,796	784,203	752,323	766,839
Pension asset	12	98,692	98,692	44,335	44,335
Trade and other receivables	13	10,561	10,561	27,399	27,399
		<b>3,492,785</b>	<b>3,529,192</b>	<b>3,377,219</b>	<b>3,391,735</b>
<b>Current assets</b>					
Assets held for sale	14	5,183	5,183	20,359	20,359
Trade and other receivables	13	421,493	375,735	353,194	354,665
Cash and cash equivalents	16	204,368	207,934	103,424	104,058
		<b>631,044</b>	<b>588,852</b>	<b>476,977</b>	<b>479,082</b>
<b>Total assets</b>		<b>4,123,829</b>	<b>4,118,044</b>	<b>3,854,196</b>	<b>3,870,817</b>
<b>Current liabilities</b>					
Trade and other payables	17	(1,068,739)	(1,069,682)	(1,040,183)	(1,046,842)
Derivative financial instruments	15	-	-	(11,770)	(11,770)
Provisions	18	(7,869)	(7,869)	(3,997)	(3,997)
		<b>(1,076,608)</b>	<b>(1,077,551)</b>	<b>(1,055,950)</b>	<b>(1,062,609)</b>
Total assets less current liabilities		3,047,221	3,040,493	2,798,246	2,808,208
<b>Non-current liabilities</b>					
Trade and other payables	17	(10,684)	(10,684)	(3,514)	(3,514)
Provisions	18	(170,657)	(170,657)	(101,978)	(101,978)
		<b>(181,341)</b>	<b>(181,341)</b>	<b>(105,492)</b>	<b>(105,492)</b>
<b>Total assets less total liabilities</b>		<b>2,865,880</b>	<b>2,859,152</b>	<b>2,692,754</b>	<b>2,702,716</b>
<b>Taxpayers equity and other reserves</b>					
General fund		1,563,912	1,553,889	1,428,068	1,436,607
Revaluation reserve		1,135,152	1,138,447	1,150,904	1,152,327
Intellectual property reserve		68,124	68,124	69,447	69,447
Pension reserve		98,692	98,692	44,335	44,335
<b>Total reserves</b>		<b>2,865,880</b>	<b>2,859,152</b>	<b>2,692,754</b>	<b>2,702,716</b>

Dame Ottoline Leyser

Accounting Officer

UK Research and Innovation

13<sup>th</sup> July 2020

The notes on pages 99 to 134 form part of these accounts.

## Consolidated Statement of Cash Flows

	Notes	2019-20 UKRI £000	2019-20 Consolidated £000	2018-19 UKRI £000 Revised	2018-19 Consolidated £000
<b>Cash flows from operating activities</b>					
Net expenditure for the period	SoCNE	(7,797,834)	(7,798,596)	(4,910,350)	(4,918,188)
Transfer of undertakings	6	-	-	(2,558,196)	(2,556,243)
Adjustments for non-cash transactions	19	295,993	297,983	293,837	298,428
Decrease/(Increase) in trade and other receivables	13	(51,459)	(4,233)	(30,358)	(30,358)
Increase in trade and other payables	17	35,724	30,010	64,022	64,022
Increase/(decrease) in provisions	18	72,552	72,552	(36,860)	(36,860)
<b>Net cash outflow from operating activities</b>		<b>(7,445,024)</b>	<b>(7,402,284)</b>	<b>(7,177,905)</b>	<b>(7,179,199)</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	8	(197,628)	(197,628)	(202,856)	(202,856)
Purchase of intangible assets	9	(26,101)	(26,101)	(23,027)	(23,027)
Investment in joint ventures	11.1	(17,858)	(17,858)	(20,269)	(20,269)
Other investments	11.3	-	(715)	(990)	(990)
Investment in Loans	11.4	-	(21,293)	-	(15,872)
Proceeds of disposal of investments	-	735	735	-	-
Proceeds of disposal of assets held for sale	-	5,317	5,317	50	50
Proceeds of disposal of property, plant and equipment	-	15	15	519	519
<b>Net cash outflow from investing activities</b>		<b>(235,520)</b>	<b>(257,528)</b>	<b>(246,573)</b>	<b>(262,445)</b>
<b>Net cash outflow before financing activities</b>		<b>(7,680,544)</b>	<b>(7,659,812)</b>	<b>(7,424,478)</b>	<b>(7,441,644)</b>
<b>Cash flows from financing activities</b>					
Grant-in-aid received from BEIS		7,781,488	7,763,688	7,407,005	7,424,805
<b>Net cash inflows from financing activities</b>		<b>7,781,488</b>	<b>7,763,688</b>	<b>7,407,005</b>	<b>7,424,805</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>100,944</b>	<b>103,876</b>	<b>(17,473)</b>	<b>(16,839)</b>
Cash and cash equivalents at the beginning of the period		103,424	104,058	120,897	120,897
<b>Cash and cash equivalents at the end of the period</b>		<b>204,368</b>	<b>207,934</b>	<b>103,424</b>	<b>104,058</b>

The notes on pages 99 to 134 form part of these accounts.



## Consolidated Statement of Changes in Taxpayers' Equity

Consolidated	General reserve £000	Revaluation reserve £000	Pension reserve £000	Intellectual property reserve £000	Total reserves £000
<b>Balance at 1 April 2019</b>	<b>(1,436,607)</b>	<b>(1,152,327)</b>	<b>(44,335)</b>	<b>(69,447)</b>	<b>(2,702,716)</b>
Grant-in-aid from BEIS	(7,763,688)	-	-	-	(7,763,688)
Net expenditure for the period	7,798,596	-	-	-	7,798,596
<b>Movements in reserves:</b>					
Net gain on revaluation of property, plant and equipment	-	(54,555)	-	-	(54,555)
Net gain on revaluation of intangible assets	-	-	-	(13,073)	(13,073)
Cashflow hedge	-	(11,770)	-	-	(11,770)
Net gain on revaluation of investments	-	(15,493)	-	-	(15,493)
Actuarial gain in the pension scheme	-	-	(65,794)	-	(65,794)
Contributions from other employers in the pension scheme	-	-	(6,116)	-	(6,116)
Notional services charge	(24,517)	-	-	-	(24,517)
Transfers between reserves	(127,673)	95,698	17,553	14,396	(26)
<b>Balance at 31 March 2020</b>	<b>(1,553,889)</b>	<b>(1,138,447)</b>	<b>(98,692)</b>	<b>(68,124)</b>	<b>(2,859,152)</b>

Parent	General reserve £000	Revaluation reserve £000	Pension reserve £000	Intellectual property reserve £000	Total reserves £000
<b>Balance at 1 April 2019</b>	<b>(1,428,068)</b>	<b>(1,150,904)</b>	<b>(44,335)</b>	<b>(69,447)</b>	<b>(2,692,754)</b>
Grant-in-aid from BEIS	(7,781,488)	-	-	-	(7,781,488)
Net expenditure for the period	7,797,834	-	-	-	7,797,834
<b>Movements in reserves:</b>					
Net gain on revaluation of property, plant and equipment	-	(54,555)	-	-	(54,555)
Net gain on revaluation of intangible assets	-	-	-	(13,073)	(13,073)
Cashflow hedge	-	(11,770)	-	-	(11,770)
Net gain on revaluation of investments	-	(13,621)	-	-	(13,621)
Actuarial gain in the pension scheme	-	-	(65,794)	-	(65,794)
Contributions from other employers in the pension scheme	-	-	(6,116)	-	(6,116)
Notional services charge	(24,517)	-	-	-	(24,517)
Transfers between reserves	(127,673)	95,698	17,553	14,396	(26)
<b>Balance at 31 March 2020</b>	<b>(1,563,912)</b>	<b>(1,135,152)</b>	<b>(98,692)</b>	<b>(68,124)</b>	<b>(2,865,880)</b>

The notes on pages 99 to 134 form part of these accounts.

## Consolidated Statement of Changes in Taxpayers' Equity

Consolidated	General reserve £000	Revaluation reserve £000	Pension reserve £000	Intellectual property reserve £000	Total reserves £000
<b>Balance at 30 March 2018</b>	-	-	-	-	-
Transfer of undertakings	(2,556,243)	-	-	-	(2,556,243)
Transferred in from former bodies	1,159,766	(974,793)	(122,293)	(62,680)	-
Grant-in-aid from BEIS	(7,424,805)	-	-	-	(7,424,805)
Net expenditure for the period (excl transfer of undertakings)	7,474,431	-	-	-	7,474,431
<b>Movements in reserves:</b>					
Addition of associate undertaking	-	(13,180)	-	-	(13,180)
Addition of intangible asset	-	-	-	(15,558)	(15,558)
Net gain on revaluation of property, plant and equipment	-	(167,239)	-	-	(167,239)
Net gain on revaluation of intangible assets	-	-	-	(3,278)	(3,278)
Cashflow hedge	-	(12,337)	-	-	(12,337)
Net gain on revaluation of investments	-	(29,672)	-	-	(29,672)
Actuarial gain in the pension scheme	-	-	71,291	-	71,291
Contributions from other employers in the pension scheme	-	-	(4,682)	-	(4,682)
Notional services charge	(21,444)	-	-	-	(21,444)
Transfers between reserves	(68,312)	44,894	11,349	12,069	-
<b>Balance at 31 March 2019</b>	<b>(1,436,607)</b>	<b>(1,152,327)</b>	<b>(44,335)</b>	<b>(69,447)</b>	<b>(2,702,716)</b>

Parent	General reserve Revised £000	Revaluation reserve Revised £000	Pension reserve £000	Intellectual property reserve £000	Total reserves Revised £000
<b>Balance at 30 March 2018</b>	-	-	-	-	-
Transfer of undertakings	(2,558,196)*	-	-	-	(2,558,196)
Transferred in from former bodies	1,158,343*	(973,370)*	(122,293)	(62,680)	-
<b>Balance at 1 April 2018</b>	<b>(1,399,853)</b>	<b>(973,370)</b>	<b>(122,293)</b>	<b>(62,680)</b>	<b>(2,558,196)</b>
Grant-in-aid from BEIS	(7,407,005)	-	-	-	(7,407,005)
Net expenditure for the period (excl transfer of undertakings)	7,468,546*	-	-	-	7,468,546
<b>Movements in reserves:</b>					
Addition of associate undertaking	-	(13,180)	-	-	(13,180)
Addition of intangible assets	-	-	-	(15,558)	(15,558)
Net gain on revaluation of property, plant and equipment	-	(167,239)	-	-	(167,239)
Net gain on revaluation of intangible assets	-	-	-	(3,278)	(3,278)
Cashflow hedge	-	(12,337)	-	-	(12,337)
Net gain on revaluation of investments	-	(29,672)	-	-	(29,672)
Actuarial gain in the pension scheme	-	-	71,291	-	71,291
Contributions from other employers in the pension scheme	-	-	(4,682)	-	(4,682)
Notional services charge	(21,444)	-	-	-	(21,444)
Transfers between reserves	(68,312)	44,894	11,349	12,069	-
<b>Balance at 31 March 2019</b>	<b>(1,428,068)</b>	<b>(1,150,904)</b>	<b>(44,335)</b>	<b>(69,447)</b>	<b>(2,692,754)</b>

The notes on pages 99 to 134 form part of these accounts.

\* The transfer of undertakings, transferred in from former bodies and net expenditure figures are restated from the prior period disclosure due the change in the treatments on investments disclosed in note 11.

# Notes to the Accounts

## NOTE 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 2019-20 Government Financial Reporting Manual (FRoM) issued by HM Treasury. The accounting policies contained in the FRoM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FRoM 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.

### Transfer of functions

UK Research and Innovation was created as a legal entity on 30 March 2018.

Under the Higher Education and Research Act 2017, UKRI incorporated the assets, liabilities and functions of the seven Research Councils, Innovate UK and Research England (which comprises Government's funding of research in English higher education) from 1 April 2018.

This transfer of functions was accounted for as a transfer by absorption in accordance with the FRoM. The carrying value of the assets and liabilities of the predecessor bodies were not adjusted to fair value. There was no recognition of goodwill and no restatement of comparatives in the primary financial statements. The recorded amounts of net assets were brought into the financial statements of the predecessor bodies from 1 April 2018. The net asset carrying value was recorded as a non-operating gain from the transfer of function, through net expenditure. The revaluation reserves of the predecessor bodies were transferred in full, with the remaining balance transferred to the General Fund.

### Going concern

UKRI is dependent on funding from the Department of Business, Energy and Industrial Strategy (BEIS) to meet liabilities falling due within future years. Confirmation of UKRI's budget allocation for 2020-21 was received from BEIS in June 2020. UKRI has no reason to believe that future funding will not be forthcoming beyond 2020-21, particularly given the Government's commitment to increasing levels of research and development (R&D) to at least 2.4% of GDP by 2027.

It has accordingly been considered appropriate to adopt a going concern basis for the preparation of the financial statements. UKRI monitors future levels of commitment to ensure they remain within the anticipated budget.

### 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 pound sterling and all values are rounded to the nearest thousand (£'000), except where indicated otherwise.

### **NOTE 1.3 Presentational currency**

The consolidated financial statements are presented in pounds sterling, the functional currency of UKRI. 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
- STFC Innovations Limited
- Innovate UK Loans Limited

The consolidated bodies prepare financial statements in accordance with either the FReM or the Companies Act 2006 (for limited companies). 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**

There are no changes in accounting policies in the 2019-20 financial year, with the exception of a change in relation to how the parent organisation accounts for investments in joint ventures as noted in Note 11.

### **NOTE 1.6 New accounting standards adopted in the year, FReM changes and future accounting standards**

There have been no accounting standards adopted in the year and no changes in the FReM for financial year 2019-20.

#### **Future changes**

IFRS 16 Leases supersedes IAS 17 Leases and is effective in the public sector for periods beginning on or after 1 April 2021. IFRS 16 provides a single lessee accounting model and requires a lessee to recognise assets and liabilities for leases which last over 12 months, largely eliminating the current 'off-balance sheet' treatment of operating leases under IAS 17. There is an exemption if the underlying asset meets the IFRS 16 criteria to be classified as of "low value". This is deemed to be £10,000 for the group, which is the capitalisation threshold for UKRI.

IFRS 16 requires that assets and liabilities be recognised initially at the discounted value of the minimum lease payments, and that the assets, to be described as "right of use" assets, will be presented under Property, Plant and Equipment. The Group expects that its existing finance leases will continue to be classified as leases. All existing operating leases, or new leases identified, will fall within the scope of IFRS 16.

The Group has assessed the impact that the application of IFRS 16 will have on the Statement of Comprehensive Net Expenditure for the financial year ending 31 March 2021, and on the Statement of Financial Position at that date.

The standard is expected to increase total expenditure in 2020-21 by approximately £300,000. The right of use assets are expected to be increased by approximately £35.93 million, whilst the associated lease liability will increase by approximately £45.43 million.

### **NOTE 1.7 Grant-in-aid**

Grant-in-aid for revenue purposes and grants from BEIS (the controlling body) are 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 receivable and funding for collaborative projects are recognised as income over the period in which UKRI recognises the related costs for which the grant or funding is intended to compensate in accordance with IAS 20. This accounts for approximately 70% of UKRI income.

Commercial income is recognised in line with the satisfaction of performance obligations at a point in time in line with the terms of contract or license agreement, as per IFRS 15. Where the contract is for the supply of goods this will be at a point in time. Commercial income covers such income as royalties, rental of facilities for use by third parties, property rental or canteen/restaurant revenue. This represents approximately 30% of UKRI income.

### **NOTE 1.9 Deferred income**

UKRI receives funding for projects to support UKRI research. The majority of such funding is received from the UK public sector, charities, and from the European Commission (EC). Some of the funding may involve payment for projects a number of years 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.

### **NOTE 1.10 Staff costs**

Staff costs are recognised as expenses when UKRI becomes obliged to pay them, including the cost of any untaken 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. Where the grant documentation does not specify a pre-agreed payment profile or other matching considerations, obligations are recognised in full. 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.

#### **Innovate UK Technology Grants**

Technology grant expenditure is recognised in the period in which eligible activity creates an entitlement in line with the terms and conditions of the grant.

Accrued grants are charged to the Statement of Comprehensive Net Expenditure based on estimates (see Note 1.29 below) and are included in accruals in the Statement of Financial Position.

#### **Research England Formula-Based Grants**

Most grants are paid on agreed profiles, 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. Grants are recognised at the payment dates agreed with the organisations concerned.

For some other grants, such as the Strength in Places Fund, 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 20.

### **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.

### **NOTE 1.13 Notional UK SBS charge**

When the ownership of the UK SBS transferred from the Research Councils to BEIS, the cost of the services provided by UK SBS ceased to be a direct charge and instead was deducted from UKRI's funding allocation. In order to reflect the cost of using the services provided by UK SBS, the charge has been shown as a notional cost and has then been written back to the General Reserve.

### **NOTE 1.14 Taxation**

UKRI is subject to corporation tax on taxable profits. 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.

### **NOTE 1.15 Value added tax**

As UKRI is partially exempt for VAT purposes, all expenditure and non-current asset purchases are shown exclusive of VAT except:

- 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 1.16 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 material, 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 licences	Up to 10 years (subject to the length of the licence)
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 1.17 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 benefits, 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. Further, 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 as incurred.

Any capital funding provided by UKRI to BBSRC institutes is included within Research Grants in the Statement of Comprehensive Net Expenditure. Where these contributions result in a change in value of assets, this is accounted for as a non-current asset valuation addition in the Property, plant and equipment note based on the construction costs during the year up to the Statement of Financial Position date, with the corresponding entry to revaluation reserve.

### 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 capitalised as a decommissioning asset with a matching provision where an obligation to dismantle or remove the asset arises from its acquisition or usage. The decommissioning asset is depreciated over the life of the respective asset as the provision is unwound.

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. Indexation is not applied to assets under construction.

Specialised assets 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. 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 AUC into Property, plant and equipment) and any changes are estimated to be material, 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)
Major facilities (costing over £50,000)	Up to 15 years
Scientific equipment	3 to 15 years
IT equipment	Up to 10 years
Other plant and machinery	3 to 20 years
Furniture, fixtures and fittings	Up to 10 years
Motor vehicles	Up to 10 years
Polar research stations	Up to 35 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 1.18 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 1.19 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.

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.

Details of UKRI's investments in Joint Ventures and Associates can be found in Note 11.

### NOTE 1.20 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

Innovation Loans are designed to stimulate later stage innovation and are offered on non-commercial terms including a low rate of interest.

Innovation loans pass the business model test (where the objective of the business model is to hold the financial assets to collect the contractual cashflows) and the cash flow 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).

Interest income is calculated using the effective interest method and is recognised in the Statement of Comprehensive Net Expenditure.

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 Innovation 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.

#### **NOTE 1.21 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 1.22 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 1.23 Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand and other short-term highly liquid investments which are readily convertible to known amounts of cash, are subject to insignificant 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 1.24 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 are not held to change the risks facing UKRI in undertaking its activities.

UKRI is subject to foreign currency risk through the maintenance of bank accounts in foreign currencies to deal with day-to-day overseas transactions. The risk is low-level and not actively managed by UKRI.

#### **NOTE 1.25 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.

When a decommissioning provision is created, a decommissioning asset is established at the same time and depreciated over its useful life. The decommissioning provision is measured at present value with the discount unwound over the useful life of the asset.

#### **NOTE 1.26 Leases**

Leases are classified as finance leases when the risks and rewards of ownership are transferred substantially to the lessee; other leases are classified as operating leases.

##### **Finance leases – UKRI as lessor**

Amounts due from lessees under finance leases are recognised as receivables at the amount of UKRI's net investment in the lease. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on UKRI's net investment outstanding in respect of the leases.

##### **Finance leases – UKRI as lessee**

Assets subject to finance leases and the associated liabilities for future payments (if any) are recognised in the Statement of Financial Position.

## Operating leases – UKRI as lessor

Assets subject to operating leases are recognised in the Statement of Financial Position 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.

## Operating leases – UKRI as lessee

Rentals payable under operating leases, including benefits received and receivable as incentives to enter into the leases, are expensed on a straight-line basis over the term of the lease.

## NOTE 1.27 Pensions

Retirement benefits to employees of UKRI are provided by:

- the Research Councils' Pension Scheme (RCPS);
- the Principal Civil Service Pension Scheme (PCSPS);
- the Medical Research Council Pension Scheme (MRCPS);
- the Prudential and Scottish Widows Pension Scheme (PSWPS);
- and United Kingdom Atomic Energy Authority (UKAEA).

The RCPS, PCSPS, PSWPS and UKAEA are unfunded pension schemes and the MRCPS is a funded scheme. The treatment of the different pension schemes is explained below:

### Unfunded pension schemes

The RCPS, PCSPS 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 pension scheme

Employer superannuation costs are based on an actuarially-derived calculation under IAS 19: see Note 12. 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 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 aggregate is negative, the asset is measured at the lower of such 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.

### 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.

## NOTE 1.28 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 1.29 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 £385 million of property investments and approximately £365 million of unquoted equity investments which are estimates and are based on fund manager valuation reports as at 31/3/2020. See Note 12 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 1.17 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. Significant 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.

### **Grant Accrual**

The UKRI 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.

### **Innovate UK Technology Grant Accrual**

The technology grant accrual is based on participants' forecast of expenditure submitted with their latest claim, adjusted for the participants' historical forecasting accuracy. For a number of large non-core projects, the Knowledge Transfer Network (KTN) 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 technology grant accrual as at 31 March 2020 was £492.8 million (31 March 2019: £352.7 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 costs for STFC and NERC facilities constitutes a significant accounting estimate. External experts give insight into the current cost of the work to be undertaken and assumptions regarding inflation rates. Management translates these costs into a provision using knowledge of the timing of the decommissioning and the profiling of the expenditure. To reduce the risk of material misstatement, the estimates and assumptions are reviewed annually.

STFC's share of the Institut Laue-Langevin (ILL) decommissioning provision is taken from information included in the ILL financial statements. The provision was re-evaluated in 2019 by the Commissariat à l'Énergie Atomique (CEA) using information provided by ILL management.

## NOTE 2. Statement of Operating Expenditure by Operating Segment

### Analysis of UKRI information by business segment

	AHRC £000	BBSRC £000	EPSRC/ UKRI £000	ESRC £000	IUK £000	MRC £000	NERC £000	RE £000	STFC £000	Intra £000	Total £000
<b>2019-20</b>											
Total operating income	(15)	(7,285)	(16,209)	(10,555)	(101,263)	(89,312)	(55,252)	(626)	(67,612)	-	(348,129)
Staff costs	5,749	8,087	63,415	8,395	34,131	92,347	97,774	4,078	119,386	-	433,362
Purchase of Goods and services	1,277	3,628	66,884	1,995	44,210	80,672	72,852	2,440	316,485	-	590,443
Depreciation and impairment charges	12	11,284	555	100	8,953	25,739	32,066	-	111,950	-	190,659
Research and Innovation	133,971	455,928	1,101,728	253,531	1,238,815	696,998	286,631	2,383,394	250,124	-	6,801,120
Provision expense	-	-	4,104	-	-	536	290	-	68,740	-	73,670
Other operating expenditure	-	(975)	(2,248)	-	284	12,143	33	-	26,169	-	35,406
Notional service charge	943	1,779	2,610	1,464	566	5,117	6,063	26	5,949	-	24,517
<b>Net expenditure</b>	<b>141,937</b>	<b>472,446</b>	<b>1,220,839</b>	<b>254,930</b>	<b>1,225,696</b>	<b>824,240</b>	<b>440,457</b>	<b>2,389,312</b>	<b>831,191</b>	<b>-</b>	<b>7,801,048</b>

	AHRC £000	BBSRC £000	EPSRC/ UKRI £000	ESRC £000	IUK £000	MRC £000	NERC £000	RE £000	STFC £000	Intra £000	Total £000
<b>2018-19</b>											
Total operating income	(1,667)	(6,956)	(19,331)	(18,119)	(80,489)	(88,152)	(64,955)	(711)	(75,283)	24,551	(331,112)
Staff costs	9,326	10,589	25,745	7,728	29,022	91,860	114,920	3,424	116,402	(3,681)	405,335
Purchase of Goods and services	(7,269)	(10,144)	32,793	(7,801)	42,312	59,333	84,723	3,388	289,699	76,384	563,418
Depreciation and impairment charges	21	11,522	3,970	96	8,506	77,019	48,505	-	97,607	-	247,246
Research and Innovation	124,135	456,630	1,174,445	254,334	1,091,148	700,869	213,019	2,269,800	252,013	(97,317)	6,439,076
Provision expense	3	(218)	258	-	-	(893)	2,001	-	(36,223)	-	(35,072)
Other operating expenditure	-	(5,051)	(522)	-	(230)	(1,662)	(27)	-	26,086	-	18,594
Notional service charge	930	1,481	2,214	975	74	5,942	5,568	-	4,260	-	21,444
<b>Net expenditure</b>	<b>125,479</b>	<b>457,853</b>	<b>1,219,572</b>	<b>237,213</b>	<b>1,090,343</b>	<b>844,316</b>	<b>403,754</b>	<b>2,275,901</b>	<b>674,561</b>	<b>(63)</b>	<b>7,328,929</b>

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.

In 2018-19 the Intra-UKRI transactions are shown. These have been removed from 2019-20 and shall hereafter be shown net.

### NOTE 3. Total operating income

	2019-20 UKRI £000	2019-20 Consolidated £000	2018-19 UKRI £000	2018-19 Consolidated £000
Current grants from Central Government	(70,560)	(70,560)	(80,948)	(80,948)
Current grants from European Commission	(18,991)	(18,991)	(21,829)	(21,829)
Capital Grants	(5,286)	(5,286)	(3,075)	(3,075)
Current grants from private sector	(53,864)	(53,864)	(59,067)	(59,067)
Income from private sector	-	-	(16)	(16)
Income from other government departments and public sector	(94,571)	(94,571)	(77,449)	(77,449)
Rental income	(7,328)	(7,328)	(5,419)	(5,419)
Sales of goods and services	(32,984)	(33,182)	(27,687)	(27,955)
Other income	(63,938)	(64,347)	(55,065)	(55,354)
	<b>(347,522)</b>	<b>(348,129)</b>	<b>(330,555)</b>	<b>(331,112)</b>

### NOTE 4. Staff costs

	2019-20 UKRI £000	2019-20 Consolidated £000	2018-19 UKRI £000	2018-19 Consolidated £000
Wages and salaries	303,105	303,830	286,148	286,489
Social security costs	32,658	32,714	31,470	31,504
Other pension costs	94,912	94,997	84,677	84,741
	430,675	431,541	402,295	402,734
Staff severance costs	1,821	1,821	2,601	2,601
	<b>432,496</b>	<b>433,362</b>	<b>404,896</b>	<b>405,335</b>

### NOTE 5.1 Purchase of goods and services

	2019-20 UKRI £000	2019-20 Consolidated £000	2018-19 UKRI £000	2018-19 Consolidated £000
Rentals under operating leases	6,067	6,067	6,546	6,546
Finance, HR, IT and support costs	4,953	5,056	9,919	9,919
Accommodation and office equipment costs	143,264	143,382	129,272	129,282
Consultancy and legal expenditure	-	-	3,143	3,401
Training and other staff costs	5,045	5,081	4,958	4,977
Travel and subsistence costs	27,159	26,187	28,906	28,977
Advertising and publicity	6,937	6,982	17,492	17,723
Professional services	79,927	80,937	38,806	39,063
Auditors remuneration	450	591	490	555
Programme management and administration of grants and awards	4,890	4,890	5,872	5,872
Professional and international subscriptions	243,187	243,187	231,643	231,650
Recharges	24,809	24,948	31,091	31,535
Other purchase of goods and services cost	43,134	43,135	53,972	53,918
	<b>589,822</b>	<b>590,443</b>	<b>562,110</b>	<b>563,418</b>

## NOTE 5.2 Depreciation and impairment charges

	2019-20 UKRI £000	2019-20 Consolidated £000	2018-19 UKRI £000	2018-19 Consolidated £000
Depreciation	130,305	130,305	153,755	153,755
Amortisation of intangible assets	58,161	58,161	37,931	37,931
Impairment of PPE	5	5	48,673	48,673
Impairment of financial assets	-	-	71	71
Impairment of joint Ventures	-	-	713	713
ECL	198	2,188	1,579	6,103
	<b>188,669</b>	<b>190,659</b>	<b>242,722</b>	<b>247,246</b>

## NOTE 5.3 Research and Innovation

	2019-20 UKRI £000	2019-20 Consolidated £000	2018-19 UKRI £000	2018-19 Consolidated £000
Research and Innovation grants	1,401,130	1,401,130	1,493,505	1,493,505
QR	1,626,332	1,626,332	1,634,301	1,634,301
Talent	441,240	441,240	418,234	418,234
Institutes, centres, facilities & catapults (ESA10)	641,840	642,294	567,083	567,362
Knowledge exchange	153,887	153,887	148,263	148,263
HEIF	210,000	210,000	210,000	210,000
International	15,902	15,902	16,322	16,322
Managed Programmes	319,749	319,749	337,669	337,669
Other costs	23,226	23,226	37,686	37,686
ISCF	437,648	437,648	299,113	299,113
NPIF	338,487	338,487	85,417	85,417
GCRF	279,584	279,584	235,117	235,117
Newton	64,587	64,587	72,864	72,864
Infrastructure	751,406	751,406	843,215	843,215
Competitive	93,670	93,670	33,623	33,623
Administration	1,978	1,978	6,385	6,385
	<b>6,800,666</b>	<b>6,801,120</b>	<b>6,438,797</b>	<b>6,439,076</b>

In March 2020, BEIS provided UKRI with permission to pay an additional £95 million (2018-19 £74 million) of QR funding. As a consequence, the QR grant allocations for 2020-21 have been reduced by £95 million (2018-19 £74 million). Over the two financial years the changes in funding cancel each other out so there is no impact on the funding provided to Higher Education Institutions in academic year 2019/20.

## NOTE 5.4 Provision expense

	2019-20 UKRI £000	2019-20 Consolidated £000	2018-19 UKRI £000	2018-19 Consolidated £000
Provision expense – Early retirement	29	29	1,306	1,306
Provision expense – Environmental damage	-	-	-	-
Provision expense – Other provisions	4,094	4,094	947	947
Provision expense – Decommissioning	69,547	69,547	(37,325)	(37,325)
	<b>73,670</b>	<b>73,670</b>	<b>(35,072)</b>	<b>(35,072)</b>

Included within decommissioning provisions are the decommissioning costs of ILL (in France) and ISIS (at the

Harwell site).

The relative figures are ILL £60.2 million (2018-19 £1.6 million) and ISIS £8.6 million (2018-19 (£37.5) million). The main movement is due to an increase in the ILL provision this year, reflecting the outcome of a detailed study into the cost of decommissioning the site. Last year's reduction in provision was mainly caused by a change in the discount rate.

#### NOTE 5.5 Other operating expenditure

	2019-20 UKRI £000	2019-20 Consolidated £000	2018-19 UKRI £000 Revised	2018-19 Consolidated £000
Revaluation – asset held for sale	(1)	(1)	(5,000)	(5,000)
Revaluation – Investment Property	200	200	(230)	(230)
Loss on disposal – assets held for sale	(17)	(17)	-	-
Profit on disposal – PPE	(10)	(10)	(65)	(65)
Loss on disposal – PPE	554	554	65	65
Share of profits on joint venture and associates	(4,000)	(4,000)	(5,753)	(5,753)
Share of losses on joint venture and associates	40,006	40,006	29,505	29,577
	<b>36,732</b>	<b>36,732</b>	<b>18,522</b>	<b>18,594</b>

#### NOTE 6. Transfer of Undertakings

On 30 March 2018 the Higher Education Research Act 2017 created a new body, UK Research and Innovation (UKRI).

UKRI brings together the Arts and Humanities Research Council; Biotechnology and Biological Sciences Research Council; Engineering and Physical Sciences Research Council; Economic and Social Research Council; Innovate UK; Medical Research Council; Natural Environment Research Council; Research England; and Science and Technology Facilities Council.

The assets of the former bodies were transferred into the new body in the Statement of Comprehensive Net Expenditure under the absorption method as described in the FReM. These were then transferred to the relevant reserve in the Statement of Changes in Taxpayers Equity.

These adjustments were made to the 2018-19 figures upon the creation of UKRI and there is no effect in 2019-20.

#### NOTE 7. Taxation

	2019-20 UKRI £000	2019-20 Consolidated £000	2018-19 UKRI £000	2018-19 Consolidated £000
Current tax	741	312	5,000	5,000
Corporation Tax on Transfer of Assets	-	-	142,272	142,272
	<b>741</b>	<b>312</b>	<b>147,272</b>	<b>147,272</b>

During 2018-19, UKRI was required to pay corporation tax on the chargeable gain arising on the transfer of assets from the predecessor Councils into UKRI. The total value of this payment was £142 million. Additional funding was received from HM Treasury to fund this payment.



## NOTE 8. Property Plant and equipment

	Land £000	Buildings £000	Plant, equipment, fixtures and fittings £000	IT equipment £000	Transport £000	Assets under construction £000	Total £000
<b>Cost or Valuation</b>							
<b>At 1 April 2019</b>	<b>197,938</b>	<b>1,901,973</b>	<b>1,240,653</b>	<b>172,436</b>	<b>324,102</b>	<b>365,652</b>	<b>4,202,754</b>
Additions	1,167	2,688	33,358	9,881	1,864	167,551	216,509
Disposals	-	(862)	(110,046)	(28,746)	(64,258)	(7,168)	(211,080)
Transfers	13,755	17,262	10,853	2,826	5,007	(39,874)	9,829
Revaluation	11,720	19,126	18,591	-	8,632	-	58,069
Impairment	-	-	(5)	-	-	-	(5)
<b>At 31 March 2020</b>	<b>224,580</b>	<b>1,940,187</b>	<b>1,193,404</b>	<b>156,397</b>	<b>275,348</b>	<b>486,160</b>	<b>4,276,076</b>
<b>Depreciation</b>							
<b>At 1 April 2019</b>	<b>(7,200)</b>	<b>(646,459)</b>	<b>(800,092)</b>	<b>(122,468)</b>	<b>(217,164)</b>	<b>-</b>	<b>(1,793,383)</b>
Charged in period	(744)	(39,802)	(59,916)	(18,565)	(11,278)	-	(130,305)
Disposals	-	424	92,341	26,602	64,004	-	183,371
Transfers	(22,020)	22,073	41	65	(151)	-	8
Revaluation	2,374	(8,685)	(11,177)	-	(4,899)	-	(22,387)
Impairment	-	-	-	-	-	-	-
<b>At 31 March 2020</b>	<b>(27,590)</b>	<b>(672,449)</b>	<b>(778,803)</b>	<b>(114,366)</b>	<b>(169,488)</b>	<b>-</b>	<b>(1,762,696)</b>
<b>Net book value</b>							
<b>Carrying value at 31 March 2020</b>	<b>196,990</b>	<b>1,267,738</b>	<b>414,601</b>	<b>42,031</b>	<b>105,860</b>	<b>486,160</b>	<b>2,513,380</b>
Carrying value at 31 March 2019	190,738	1,255,514	440,561	49,968	106,938	365,652	2,409,371
<b>Asset financing:</b>							
Owned	143,575	1,252,106	414,601	42,031	105,860	486,160	2,444,333
Finance leased	53,415	15,632	-	-	-	-	69,047
<b>Carrying value at 31 March 2020</b>	<b>196,990</b>	<b>1,267,738</b>	<b>414,601</b>	<b>42,031</b>	<b>105,860</b>	<b>486,160</b>	<b>2,513,380</b>
<b>Cost or Valuation</b>							
<b>At 30 March 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Transferred in from former bodies	242,730	1,648,661	1,211,804	153,440	323,297	284,607	3,864,539
<b>At 1 April 2018</b>	<b>242,730</b>	<b>1,648,661</b>	<b>1,211,804</b>	<b>153,440</b>	<b>323,297</b>	<b>284,607</b>	<b>3,864,539</b>
Additions	3,380	2,699	26,812	2,244	3,795	163,926	202,856
Disposals	-	-	(19,502)	(6,265)	(1,295)	-	(27,062)
Transfers	(6)	59,935	6,911	22,231	945	(92,489)	(2,473)
Revaluation	(7,217)	197,868	9,597	786	2,925	9,608	213,567
Impairment	(40,949)	(7,190)	5,031	-	(5,565)	-	(48,673)
	<b>197,938</b>	<b>1,901,973</b>	<b>1,240,653</b>	<b>172,436</b>	<b>324,102</b>	<b>365,652</b>	<b>4,202,754</b>
<b>Depreciation</b>							
<b>At 30 March 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Transferred in from former bodies	(6,599)	(565,234)	(750,228)	(106,276)	(191,946)	-	(1,620,283)
<b>At 1 April 2018</b>	<b>(6,599)</b>	<b>(565,234)</b>	<b>(750,228)</b>	<b>(106,276)</b>	<b>(191,946)</b>	<b>-</b>	<b>(1,620,283)</b>
Charged in period	(285)	(47,065)	(66,112)	(22,071)	(18,222)	-	(153,755)
Disposals	-	-	19,447	6,248	1,277	-	26,972
Transfers	-	29	59	11	(88)	-	11
Revaluation	(316)	(34,189)	(3,258)	(380)	(8,185)	-	(46,328)

	Land £000	Buildings £000	Plant, equipment, fixtures and fittings £000	IT equipment £000	Transport £000	Assets under construction £000	Total £000
Impairment	-	-	-	-	-	-	-
<b>At 31 March 2019</b>	<b>(7,200)</b>	<b>(646,459)</b>	<b>(800,092)</b>	<b>(122,468)</b>	<b>(217,164)</b>	<b>-</b>	<b>(1,793,383)</b>
Net book value							
<b>Carrying value at 31 March 2019</b>	<b>190,738</b>	<b>1,255,514</b>	<b>440,561</b>	<b>49,968</b>	<b>106,938</b>	<b>365,652</b>	<b>2,409,371</b>
Carrying value at 1 April 2018	236,131	1,083,427	461,576	47,164	131,351	284,607	2,244,256
<b>Asset financing:</b>							
Owned	146,238	1,240,045	440,561	49,968	106,938	365,652	2,349,402
Finance leased	44,500	15,469	-	-	-	-	59,969
<b>Carrying value at 31 March 2019</b>	<b>190,738</b>	<b>1,255,514</b>	<b>440,561</b>	<b>49,968</b>	<b>106,938</b>	<b>365,652</b>	<b>2,409,371</b>

During 2019-20, two institutes previously within UKRI became independent organisations. The National Oceanographic Centre (NOC) became independent on 1 November 2019 and the Centre for Ecology and Hydrology (CEH) became independent on 1 December 2019. Disposals include £21.1 million of Property, Plant and Equipment transferred to NOC and £6.1 million of Property, Plant and Equipment transferred to CEH on these dates.

Included in Assets under construction is £246.2 million (2018-19 £212.4 million) for the RRS Sir David Attenborough and associated projects, £46.0 million (2018-19 £28.0 million) for BBSRC institute work, £28.4 million (2018-19 £5.7 million) for the Rosalind Franklin Institute Building and £23.2 million (2018-19 £5.5 million) for National Satellite Test Facility construction projects.

Due to the Covid-19 pandemic and resulting lockdown, with consequential impacts on the economy, we anticipate an effect on the indices that we use to revalue the land and buildings element of property, plant and equipment in between professional valuations. Plant and equipment and transport revaluations are immaterial to UKRI, so any potential impact of the pandemic on those revaluations will similarly be immaterial. We have therefore only considered further the potential impact of the pandemic on the valuation of land and buildings.

We have estimated the potential financial impact of changes to those indices that are available as close to the year end as possible. The results all indicate some reduction in asset value ranging from 1.5% to the extreme case removing all upward revaluations in the year. This results in a potential movement of between £19.5 million and £52.4 million. Because of the unclear reliability of indices over the period and the coming months, and management's view that any fall in values for our land and buildings is likely to be temporary, we have maintained our current valuations and not adjusted for any uncertain potential reduction. However, the Royal Institution of Chartered Surveyors (RICS) have noted a shortage of evidence to support valuations in light of the COVID-19 pandemic giving rise to material uncertainty, including for their published indices. We therefore consider the property valuations at 31 March are subject to material uncertainty.

The former MRC and some of the former STFC land and buildings were revalued professionally during 2018-19. The former MRC assets were professionally revalued as at 31 December 2018 by Powis Hughes 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. The former STFC assets were professionally revalued as at 30 November 2018 by GVA Grimley 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.

Impairments in 2018-19 include £40.9 million for the impairment of the Crick land, which was professionally revalued in the period and £5.6 million for the impairment of a specialised aeroplane on an open-market value basis, it was previously held at cost. This also includes a reversal of £5.0 million for assets, which were impaired in a prior organisation but have been re-instated.

## NOTE 9. Intangible assets

	Patents and Licences £000	Information technology £000	Software licences £000	Assets under construction £000	Total £000
<b>Cost or Valuation</b>					
<b>As at 1 April 2019</b>	<b>316,559</b>	<b>46,094</b>	<b>77,515</b>	<b>6,374</b>	<b>446,542</b>
Additions	-	3,766	19,964	2,371	26,101
Disposals	-	(7,276)	(2,756)	(1,872)	(11,904)
Transfers	-	2,009	254	(2,216)	47
Revaluation	13,073	-	-	-	13,073
Impairment	-	-	-	-	-
<b>As at 31 March 2020</b>	<b>329,632</b>	<b>44,593</b>	<b>94,977</b>	<b>4,657</b>	<b>473,859</b>
Amortisation					
<b>As at 1 April 2019</b>	<b>(247,133)</b>	<b>(27,836)</b>	<b>(32,252)</b>	-	<b>(307,221)</b>
Charged in period	(14,396)	(11,084)	(32,681)	-	(58,161)
Disposals	-	7,197	2,420	-	9,617
Transfers	-	(8)	-	-	(8)
Revaluation	-	-	-	-	-
Impairment	-	-	-	-	-
<b>As at 31 March 2020</b>	<b>(261,529)</b>	<b>(31,731)</b>	<b>(62,513)</b>	-	<b>(355,773)</b>
Net book value					
<b>As at 31 March 2020</b>	<b>68,103</b>	<b>12,862</b>	<b>32,464</b>	<b>4,657</b>	<b>118,086</b>
<b>As at 31 March 2019</b>	<b>69,426</b>	<b>18,258</b>	<b>45,263</b>	<b>6,374</b>	<b>139,321</b>
<b>Cost or Valuation</b>					
<b>As at 30 March 2018</b>	-	-	-	-	-
Transferred in from former bodies	297,723	46,390	48,543	10,032	402,688
<b>As at 1 April 2018</b>	<b>297,723</b>	<b>46,390</b>	<b>48,543</b>	<b>10,032</b>	<b>402,688</b>
Additions	15,558	-	7,839	15,188	38,585
Disposals	-	(13)	(469)	-	(482)
Transfers	-	(283)	21,602	(18,846)	2,473
Revaluation	3,278	-	-	-	3,278
Impairment	-	-	-	-	-
<b>As at 31 March 2019</b>	<b>316,559</b>	<b>46,094</b>	<b>77,515</b>	<b>6,374</b>	<b>446,542</b>
Amortisation					
<b>As at 30 March 2018</b>	-	-	-	-	-
Transferred in from former bodies	(235,064)	(19,413)	(15,283)	-	(269,760)
<b>As at 1 April 2018</b>	<b>(235,064)</b>	<b>(19,413)</b>	<b>(15,283)</b>	-	<b>(269,760)</b>
Charged in period	(12,069)	(8,423)	(17,439)	-	(37,931)
Disposals	-	11	470	-	481
Transfers	-	(11)	-	-	(11)
Revaluation	-	-	-	-	-
Impairment	-	-	-	-	-
<b>As at 31 March 2019</b>	<b>(247,133)</b>	<b>(27,836)</b>	<b>(32,252)</b>	-	<b>(307,221)</b>
Net book value					
<b>As at 31 March 2019</b>	<b>69,426</b>	<b>18,258</b>	<b>45,263</b>	<b>6,374</b>	<b>139,321</b>
<b>As at 31 March 2018</b>	<b>62,659</b>	<b>26,977</b>	<b>33,260</b>	<b>10,032</b>	<b>132,928</b>

## NOTE 10. Investment properties

	Investment property £000	Held for sale £000	Total £000
<b>As at 1 April 2019</b>	<b>4,470</b>	-	<b>4,470</b>
Revaluation	(200)	-	<b>(200)</b>
Disposal	-	-	0
<b>As at 31 March 2020</b>	<b>4,270</b>	-	<b>4,270</b>
<b>As at 30 March 2018</b>	-	-	-
Transferred in from former bodies	4,240	477	4,717
<b>As at 1 April 2018</b>	<b>4,240</b>	<b>477</b>	<b>4,717</b>
Revaluation	230	-	<b>230</b>
Disposal	-	(477)	<b>(477)</b>
<b>As at 31 March 2019</b>	<b>4,470</b>	-	<b>4,470</b>

Investment properties are measured using the fair value model. The investment properties are valued at £4.3 million (2018-19 £4.5 million) and the cumulative changes in fair value recognised for the period ending 31 March 2020 in the Statement of Comprehensive Net Expenditure (SoCNE) amounted to a net loss of £0.2 million (2018-9 £0.2 million loss). Of the total property value, £0.0 million (2018-19 £0.5 million) relates to a proportion that is held for sale as at 31 March 2020. The properties were valued on 31 March 2020 by independent valuers Avison Young, in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors (MRICS). This valuation has been adopted at the reporting date. Avison Young confirm in their valuation report that they have sufficient current knowledge of the relevant markets, and the skills and understanding to undertake the valuation competently. They confirm that individual with overall responsibility for the valuation is in a position to provide an objective and unbiased valuation and is competent to undertake the valuation.

## NOTE 11. Financial assets

	Notes	2020 UKRI £000	2020 Consolidated £000	Amended 2019 UKRI £000 Revised	2019 Consolidated £000
Investments in joint ventures	11.1	701,026	701,026	712,227	712,227
Investments in associates	11.2	24,847	24,847	21,526	21,526
Other investments	11.3	11,795	17,551	8,442	11,610
Loans	11.4	10,128	40,779	10,128	21,476
		<b>747,796</b>	<b>784,203</b>	<b>752,323</b>	<b>766,839</b>

## NOTE 11.1 Investments in joint ventures

	FCI £000	DLSL £000	ILL £000	HSIC £000	Other £000	Total Joint Ventures £000
<b>At 1 April 2019</b>	<b>303,315</b>	<b>331,969</b>	<b>40,771</b>	<b>34,556</b>	<b>1,616</b>	<b>712,227</b>
Additions	-	17,859	-	-	-	17,859
Transfers	-	-	-	-	(115)	(115)
Revaluation	8,152	(1,331)	3,447	-	-	10,268
Impairments	-	-	-	-	-	-
Share of joint venture profit/(loss)	(12,148)	(28,249)	-	1,188	(4)	(39,213)
<b>At 31 March 2020</b>	<b>299,319</b>	<b>320,248</b>	<b>44,218</b>	<b>35,744</b>	<b>1,497</b>	<b>701,026</b>
<b>At 30 March 2018</b>	-	-	-	-	-	-
Transferred in from former bodies	253,817	360,591	41,204	29,130	2,185	686,927
<b>At 1 April 2018</b>	<b>253,817</b>	<b>360,591</b>	<b>41,204</b>	<b>29,130</b>	<b>2,185</b>	<b>686,927</b>
Additions	-	18,369	-	1,900	-	20,269
Transfers	-	-	-	-	152	152
Revaluation	47,792	(17,414)	(433)	-	(8)	29,937
Impairments	-	-	-	-	(713)	(713)
Share of joint venture profit/(loss)	1,706	(29,577)	-	3,526	-	(24,345)
<b>At 31 March 2019</b>	<b>303,315</b>	<b>331,969</b>	<b>40,771</b>	<b>34,556</b>	<b>1,616</b>	<b>712,227</b>

UKRI has not shown the parent as separate figures in 2019-20 because we now use the equity method for investment in joint ventures for both the parent and group.

The impacts of this change on the 2018-19 parent figures are: FCI – increase of £34.2 million; DLS – decreased of £236.7 million; ILL – increase of £41.2 million; and HSIC – increase £16.4 million.

### The Francis Crick Institute (FCI) Limited

The Francis Crick Institute 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 Francis Crick Institute'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 Francis Crick Institute Ltd 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:**

	2019-20 £000	2018-19 £000
<b>Summarised financial information</b>		
Current asset	55,631	84,806
Non-current assets	560,715	559,167
Current Liabilities	(35,131)	(33,915)
<b>Net assets</b>	<b>581,215</b>	<b>610,058</b>
Revenue	162,167	153,235
(Loss)/Profit from continuing activities	(28,574)	4,071

	2019-20 £000	2018-19 £000
<b>Other financial information</b>		
Cash and cash equivalents	30,322	33,934
Depreciation and amortization	(38,608)	(38,898)

	2019-20 £000	2018-19 £000
<b>Other information</b>		
Capital commitments	2,527	3,691
Grant commitments	-	-

A lease dated 7th June 2012 between the original founders and the Francis Crick Institute Ltd grants land at Brill Place, Camden, London (site of the Francis Crick Institute) to the Francis Crick Institute Ltd. The lease term is for a period of 55 years at peppercorn rent. The land had been revalued by Powis Hughes, Chartered Surveyors at 31 December 2018. 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 £6 million (2019 £6 million) and reflected in the financial statements accordingly.

## Diamond Light Source Limited (DLS)

UKRI has an 86% interest in DLS, a company incorporated and operating in the UK. DLS 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.

DLS 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 DLS. 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.

DLS is consolidated using the equity method based on UKRI's net share of the ordinary and preference shares and after adjusting DLS financial statements for differences in accounting policy.

### Summarised financial information relating to the DLS is presented below:

	2019-20 £000	2018-19 £000
<b>Summarised financial information</b>		
Current asset	30,384	22,123
Non-current assets	348,481	369,028
Current Liabilities	(27,100)	(21,196)
Non-current liabilities	(56,269)	(57,976)
	<b>295,496</b>	<b>311,979</b>

Revenue	74,647	72,135
Profit/(loss) from continuing activities	(32,847)	(34,187)

	2019-20 £000	2018-19 £000
<b>Other financial information</b>		
Cash and cash equivalents	22,675	14,721
Depreciation and amortization	(36,146)	(36,081)

	2019-20 £000	2018-19 £000
<b>Other information</b>		
Capital commitments	-	6,874
Grant commitments	-	-

## Institut Laue-Langevin (ILL)

UKRI has a 33% shareholding and 27.5% net interest (31 March 2018: 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.

	2019-20 £000	2018-19 £000
<b>Summarised financial information</b>		
Current asset	477,955	279,287
Non-current assets	143,651	134,809
Current Liabilities	(55,721)	(64,609)
Non-current liabilities	(391,446)	(186,455)
	<b>174,439</b>	<b>163,032</b>
Revenue	-	100,363
Profit/(loss) from continuing activities	-	-

	2019-20 £000	2018-19 £000
<b>Other financial information</b>		
Cash and cash equivalents	49,029	57,874
Depreciation and amortization	(10,696)	(9,841)

	2019-20 £000	2018-19 £000
<b>Other information</b>		
Capital commitments	-	-
Grant commitments	-	-



## Harwell Science and Innovation Campus Public Sector Limited Partnership (HSIC PUBSP)

UKRI has a 46% (31 March 2017: 51%) 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 the joint venture is to manage and develop the Harwell Oxford Campus as a partner in the Harwell Science and Innovation Campus LP.

	2019-20 £000	2018-19 £000
<b>Summarised financial information</b>		
Current asset	26,786	26,090
Non-current assets	57,114	54,723
Current Liabilities	(25)	(27)
Non-current liabilities	-	-
	<b>83,875</b>	<b>80,786</b>

Revenue	-	-
Profit/(loss) from continuing activities	3,090	9,164

	2019-20 £000	2018-19 £000
<b>Other financial information</b>		
Cash and cash equivalents	24,373	-
Depreciation and amortization	-	-

	2019-20 £000	2018-19 £000
<b>Other information</b>		
Capital commitments	-	-
Grant commitments	-	-

## NOTE 11.2 Investments in associates

	2020 UKRI	2020 Consolidated	2019 UKRI	2019 Consolidated
Opening balance	21,526	21,526	7,824	7,824
Transfers	115	115	13,180	13,180
Profit/loss	3,206	3,206	522	522
	<b>24,847</b>	<b>24,847</b>	<b>21,526</b>	<b>21,526</b>

### UK Shared Business Services Ltd (Registered in England)

UKRI holds one Non-Government Department (NGD) £1 share in UK Shared Business Services Ltd. BEIS holds one Government department (GD) £1 share carrying 51% of the votes. All other stakeholders, including UKRI, each hold 1NGD share with a combined vote of 49%.

### The UK Innovation & Science Seed Fund LP (UKISF)

The UKISF is an independently managed capital venture fund established to invest in technologies developed from publicly funded research. UKRI is a limited partner in the fund and has provided £10 million in total as a capital contribution to the fund.

### Rothamsted Centre for Research and Enterprise (RoCRE)

UKRI holds one ordinary share at 100p, representing 20% of the issued share capital (with voting rights) of RoCRE. Lawes Agricultural Trust and Rothamsted Research each hold two ordinary shares, or 40%, of the remaining issued share capital. RoCRE is incorporated in England and Wales. RoCRE's primary aim is to promote collaboration and innovation through partnering with commercial agricultural technology businesses and opening up the research process. [www.rocre-rothamsted.com/](http://www.rocre-rothamsted.com/)

### Roslin Biocentre Ltd

49 ordinary shares at £1 each, representing 49% of the issued share capital of Roslin Biocentre Ltd fully paid. Roslin Biocentre Ltd is incorporated in Scotland. [www.roslinbiocentre.com/](http://www.roslinbiocentre.com/)

### Leaf Systems International Ltd

30 ordinary shares at 100p each, representing 30% 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](http://www.leafexpressionsystems.co.uk)

## NOTE 11.3 Other investments

	2020 UKRI	2020 Consolidated	2019 UKRI	2019 Consolidated
Opening balance	8,442	11,610	11,108	11,108
Additions	-	715	-	990
Revaluation	3,353	5,226	105	(265)
Impairment	-	-	-	(71)
Transfer	-	-	(2,771)	(152)
	<b>11,795</b>	<b>17,551</b>	<b>8,442</b>	<b>11,610</b>

## NOTE 11.4 Loans

	2020 UKRI	2020 Consolidated	2019 UKRI	2019 Consolidated
Opening balance	10,128	21,476	10,128	10,128
Additions	-	22,293	-	15,872
Loans repaid	-	(1,000)	-	-
Expected credit loss	-	(1,990)	-	(4,524)
Impairment	-	-	-	-
	<b>10,128</b>	<b>40,779</b>	<b>10,128</b>	<b>21,476</b>

### NOTE 11.4.1 Loans analysis

The loans are further split 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 interest on the loan is 3%.

	UKRI			Consolidated		
	DSIC £000	IUKLL £000	Total £000	DSIC £000	IUKLL £000	Total £000
<b>At 1 April 2019</b>	<b>10,128</b>	<b>-</b>	<b>10,128</b>	<b>10,128</b>	<b>11,348</b>	<b>21,476</b>
Additions	-	-	-	-	22,293	22,293
Loans repaid	-	-	-	-	(1,000)	(1,000)
Expected credit loss	-	-	-	-	(1,990)	(1,990)
Impairment	-	-	-	-	-	-
<b>At 31 March 2020</b>	<b>10,128</b>	<b>-</b>	<b>10,128</b>	<b>10,128</b>	<b>30,651</b>	<b>40,779</b>
<b>At 30 March 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Transferred in from former bodies	10,128	-	10,128	10,128	-	10,128
<b>At 1 April 2018</b>	<b>10,128</b>	<b>-</b>	<b>10,128</b>	<b>10,128</b>	<b>-</b>	<b>10,128</b>
Additions	-	-	-	-	15,872	15,872
Expected credit loss	-	-	-	-	(4,524)	(4,524)
<b>At 31 March 2019</b>	<b>10,128</b>	<b>-</b>	<b>10,128</b>	<b>10,128</b>	<b>11,348</b>	<b>21,476</b>

## NOTE 11.5 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.

SIL is consolidated in UKRI's financial statements in accordance with IFRS 10. In 2019-20 SIL recorded a profit of £0.4 million (2018-19 £1.5 million). Its net deficit of capital and reserves at 31 March 2020 was £0.4 million (2019 £0.5 million).

### Innovate UK Loans Limited

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.

IUKLL is consolidated in UKRI's financial statements in accordance with IFRS10. In 2019-20 IUKLL recorded a loss of £0.5 million. Its net deficit of capital and reserves at 31 March 2020 was £(4.8) million.

## NOTE 12. Funded Pension Scheme

The MRC operates a funded pension scheme (MRCPS) providing benefits based on service and salary. The scheme is a defined benefit scheme that prepares its own scheme statements. For members pre-April 2018, benefits are based on final pensionable pay at the normal pension age of 65 and accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a tax-free lump sum equivalent to three years' pension is payable on retirement. For new members from 1st April 2018, benefits are based on career average salary accruing at the rate of 1/60th of pensionable salary for each year of service, and pension age is linked to the state pension age. A tax-free lump sum is available in exchange for giving up some pension. Most members pay contributions of 6.5% of pensionable earnings to the Scheme.

Due to the number of MRC units transferred to universities in recent years, a university section has been set up to account for the obligations to those former employees employed by universities and who remain in the MRC pension scheme. During the year obligations of £6.0 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.

The required MRCPS contribution rate is assessed every three years in accordance with advice of the Government Actuary. The latest actuarial assessment of the MRCPS was at 31 December 2016, and showed a surplus of £160.3 million (2013 valuation £160.1 million) and the market value of the assets of the MRCPS was £1,406 million (2013 = £1,054 million), an ongoing funding level of 113% (2013 valuation 118%). The actuarial value of the assets was sufficient to cover 113% of the benefits that had accrued to members after allowing for expected future increases in earnings. Triennial valuations are conducted under the Pensions Act 2004 on a scheme-specific funding basis. The present MRCPS employers' contribution rate rose to 15% in 2018-19.

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 7 December 2017 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 2019. The work of this actuarial valuation is ongoing and the results will be available in the next annual report.

The following payments are due in 2020-21:

### MRC Section

By the members:	6.5% of pensionable pay
By MRC:	15.0% of pensionable pay
By other employers:	15.9% of pensionable pay

The total contribution expected to be paid into the MRC section in 2019-20 is £14 million.

### University Section

By the members:	6.5% of pensionable pay
By the universities:	15.9% of pensionable pay
By MRC:	23.6% of pensionable pay

The total contribution expected to be paid into the university section in 2020-21 is £12 million.

As at 31 December 2019 the average maturity of the scheme as a whole was around 20 years.

The valuation used for IAS 19 disclosures has been based on the data for the most recent actuarial valuations as at 31 December 2016 and updated to take account of the requirements of IAS 19 in order to assess the liabilities of the scheme at 31 March 2020. The mortality assumptions included within the figures are that male (female) members who retire at typical ages will live to approximately age 87(89).

### a. Financial assumptions used to calculate scheme liabilities

	2019-20 %	2018-19 %
Rate of increase on pensionable salaries	3.00	3.45
Rate of increase on pension payments	2.00	2.45
Discount rate	2.30	2.40
Inflation rate	2.00	2.45
Expected return on equities	2.30	2.40
Expected return on bonds	2.30	2.40
Expected return on overall fund	2.30	2.40

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 2020 of changes to the main actuarial assumptions.

Change in assumption		Approximate effect on total liability	
Discount rate	-½%	+10.0%	+£147m
Rate of increase in earnings	-½%	-1.0%	-£20m
Rate of increase in pensions	-½%	-7.0%	-£104m
Removing age rate for pensioner mortality	-	+3.0%	+£40m

### b. Analysis of Actuarial gain/(loss)

	2019-20 £000	2018-19 £000
Actual return less expected return on pension scheme assets	(99,022)	49,693
Experience gains/(losses) arising on the scheme liabilities	16,537	(604)
Changes in demographic assumptions	52,552	-
Changes in financial assumptions	95,726	(120,380)
<b>Actuarial gain/(loss)</b>	<b>65,793</b>	<b>(71,291)</b>

### c. Analysis of actuarial (loss) expressed as a percentage of the scheme's assets and liabilities at the statement of financial position date

	2019-20 %	2018-19 %
Actual return less expected return on pension scheme assets	(6.33)	3.01
Experience gain/(loss) arising on the scheme liabilities	1.13	(0.04)
<b>Actuarial gain/(loss)</b>	<b>0.90</b>	<b>(4.44)</b>

#### d. The assets and liabilities in the scheme

	2019-20 £000	2018-19 £000
<b>Assets</b>		
Equities	903,909	1,000,045
Property	384,631	366,689
Bonds	218,461	216,696
Cash	56,287	65,430
	1,563,288	1,648,860
<b>Actuarial value of liability</b>	<b>(1,464,596)</b>	<b>(1,604,525)</b>
	<b>98,692</b>	<b>44,335</b>

Equities and bonds contain assets that have a quoted market price in an active market. As at March 2020, the value of those assets within equities is £539 million (2018-19 £451 million) and £123 million (2018-19 £129 million) within bonds.

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

	2019-20 £000	2018-19 £000
<b>Surplus at the start of the period</b>	44,335	122,293
Current service costs net of employee contributions	(37,439)	(35,393)
Employer contributions	25,086	25,683
Other finance income (note 12f)	917	3,043
Actuarial gain/(loss) (note 12b)	65,793	(71,291)
<b>Surplus at end of period</b>	<b>98,692</b>	<b>44,335</b>

#### f. Other finance income

	2019-20 £000	2018-19 £000
Expected return on pension scheme assets	39,265	40,825
Interest on pension scheme liabilities	(38,348)	(37,782)
<b>Net return – other finance income (note 12e)</b>	<b>917</b>	<b>3,043</b>

## NOTE 13. Trade and other receivables

	2020 UKRI £000	2020 Consolidated £000	2019 UKRI £000	2019 Consolidated £000
<b>Due within one year</b>				
Trade receivables	98,525	97,113	63,790	63,237
Other receivables	64,211	19,770	59,326	61,294
Prepayments	159,788	159,788	133,542	133,542
Accrued income	78,367	78,462	79,332	79,388
Contract assets	20,602	20,602	17,204	17,204
<b>Total receivables</b>	<b>421,493</b>	<b>375,735</b>	<b>353,194</b>	<b>354,665</b>
<b>Due after more than one year</b>				
Other receivables	-	-	17,093	17,093
Prepayments	10,561	10,561	10,306	10,306
	<b>10,561</b>	<b>10,561</b>	<b>27,399</b>	<b>27,399</b>

## NOTE 14. Assets held for sale

	2019-20 £000	2018-19 £000
<b>At 1 April</b>	<b>20,359</b>	<b>15,359</b>
Valuation changes	-	-
Revaluation	-	5,000
Reclassification	(9,876)	-
Disposal	(5,300)	-
<b>At 31 March</b>	<b>5,183</b>	<b>20,359</b>

The 2018-19 opening balance represents land and two dwellings that have been identified as surplus to our requirements at our Roslin site. The assets were revalued in year to bring the figure in line with current market value and under IFRS 5 this valuation has been shown in the SOCNE rather than revaluation reserves.

## NOTE 15. Derivative Financial Instruments

Derivative financial liabilities

	2019-20 £000	2018-19 £000
Forward foreign exchange contracts – cash flow hedges	-	(11,770)
Of which:		
Current	-	(11,770)
Non-current	-	-

The notional principal amounts of outstanding forward foreign exchange contracts at 31 March 2020 were £0 (2018-19 £181.1 million). Their fair value is £0 (2018-19 £11.8 million net liability).

Gains and losses recognised in the general reserve on forward foreign exchange contracts as at 31 March 2019 are recognised in the SoCNE when the hedged forecast transactions affect the SoCNE.

## NOTE 16. Cash and cash equivalents

	2019-20 UKRI £000	2019-20 Consolidated £000	2018-19 UKRI £000	2018-19 Consolidated £000
<b>Balance at 1 April</b>	<b>103,424</b>	<b>104,058</b>	<b>120,897</b>	<b>120,897</b>
Net change in cash and cash equivalent balances	100,944	103,876	(17,473)	(16,839)
<b>Balance at 31 March</b>	<b>204,368</b>	<b>207,934</b>	<b>103,424</b>	<b>104,058</b>
The following balances at 31 March were held at:				
Government Banking Service	176,552	180,027	81,695	81,834
Commercial banks and cash in hand	27,816	27,907	21,729	22,224
<b>Total</b>	<b>204,368</b>	<b>207,934</b>	<b>103,424</b>	<b>104,058</b>

## NOTE 17. Trade and other payables

	2019-20 UKRI £000	2019-20 Consolidated £000	2018-19 UKRI £000	2018-19 Consolidated £000
<b>Amounts falling due within one year:</b>				
VAT	(21,635)	(21,606)	(3,173)	(3,165)
Other taxation and social security	(7,437)	(7,437)	(12,343)	(12,343)
Trade and other payables	(144,774)	(144,109)	(137,823)	(144,299)
Accruals	(156,280)	(157,917)	(206,576)	(206,767)
Grant accruals	(702,115)	(702,115)	(645,997)	(645,997)
Deferred income	(32,043)	(32,043)	(29,197)	(29,197)
Contract liabilities	(4,455)	(4,455)	(4,942)	(4,942)
Current part of finance leases	-	-	(132)	(132)
	<b>(1,068,739)</b>	<b>(1,069,682)</b>	<b>(1,040,183)</b>	<b>(1,046,842)</b>
<b>Amounts falling due after more than one year:</b>				
Accruals	(3,191)	(3,191)	(3,514)	(3,514)
Grant accruals	(7,493)	(7,493)	-	-
	<b>(10,684)</b>	<b>(10,684)</b>	<b>(3,514)</b>	<b>(3,514)</b>



## NOTE 18. Provisions for liabilities and charges

	2019-20 £000	2018-19 £000
<b>At 30 March</b>		
Transferred in from former bodies	-	141,933
<b>Balance at 1 April</b>	<b>105,975</b>	<b>141,933</b>
Provided in the period	73,715	4,692
Provisions not required written back	(50)	(1,323)
Provisions utilised in the year	(1,900)	(2,104)
Change in the discount rate	5	(38,440)
Unwinding of discount	781	1,217
<b>Balance at 31 March</b>	<b>178,526</b>	<b>105,975</b>

### Analysis of expected timing of cash flows

Not later than one year	7,869	3,997
Later than one year and not later than five years	7,148	8,413
Later than five years	163,509	93,565
<b>Balance at 31 March</b>	<b>178,526</b>	<b>105,975</b>

### Analysis of provisions

Decommissioning	-	-
ISIS	54,757	35,329
ILL	100,887	40,702
Other	15,875	26,001
Early retirement	1,950	2,201
Other provisions	5,057	1,742
	<b>178,526</b>	<b>105,975</b>

The ILL decommissioning provision has been derived from UKRI's share of the provision disclosed in ILL's Financial Statements for the year ended 31 December 2019, produced in accordance with French accounting rules and principles. This provision has been calculated using a discount rate of 3.75% (2019: 3.97%). The provision is subject to a range of variables, the key ones being:

The methodology applied to estimate the total cost of decommissioning of the ILL facility.

End of Life (EoL) – no decision has yet been made on the EoL of the ILL facility. The timing of the EoL will both impact the start date of the overall decommissioning plan, and hence discounting of the value, and the overall cost since delivery of the decommissioning plan assumes preparatory actions have been taken. This is under active consideration by ILL.

Discount rate – if the HM Treasury PES (2019) discount rate for general provisions of 1.99% had been used the provision would increase by £40 million.

Exchange rate – a change of 10% in the EUR:GBP exchange rate is estimated to have an impact in the order of £10 million on the provision.

## NOTE 19. Adjustments for non-cash transactions

	2019-20 UKRI £000	2019-20 Consolidated £000	2018-19 UKRI £000	2018-19 Consolidated £000
Depreciation and impairment charges	188,669	190,659	242,722	247,246
Capital grant of assets	29,435	29,435	-	-
Other operating expenditure	35,819	35,819	18,522	18,389
IAS19 Pension costs	17,553	17,553	11,349	11,349
Notional service charge	24,517	24,517	21,444	21,444
	<b>295,993</b>	<b>297,983</b>	<b>294,037</b>	<b>298,428</b>

## NOTE 20. Commitments

### NOTE 20.1 Capital commitments

	2019-20 £000	2018-19 £000
Contracted capital commitments at 31 March 2019 not otherwise included in these accounts	-	-
Property, plant and equipment	488,300	230,725
Intangible assets	389	13,990
	<b>488,689</b>	<b>244,715</b>

### NOTE 20.2 Grant commitments

	2019-20 £000	2018-19 £000
Not later than one year	4,814,767	2,600,475
Later than one year but not later than five years	5,062,827	3,752,026
Later than five years	254,137	190,766
	<b>10,131,731</b>	<b>6,543,267</b>

### NOTE 20.3 International subscriptions

UKRI had the following commitments in respect of membership of international collaborations

#### 2019-20

	Within one year £000	Between one year and five years £000	After five years £000	Total £000
<b>Organisation</b>				
CERN	158,660	95,517	-	254,177
ESO	28,802	14,571	-	43,373
ESRF	9,345	38,544	7,109	54,998
ILL	19,655	60,379	-	80,034
XFEL	2,400	22,000	14,000	38,400
Other	10,323	-	-	10,323
	<b>229,185</b>	<b>231,011</b>	<b>21,109</b>	<b>481,305</b>

#### 2018-19

	Within one year £000	Between one year and five years £000	After five years £000	Total £000
<b>Organisation</b>				
CERN	149,224	82,596	-	231,820
ESO	27,681	13,601	-	41,282
ESRF	8,945	22,537	-	31,482
ILL	18,620	77,648	-	96,268
XFEL	2,825	-	-	2,825
IODP	1,950	-	-	1,950
IIASA	920	-	-	920
Other	562	-	-	562
	<b>210,727</b>	<b>196,382</b>	<b>-</b>	<b>407,109</b>

## **NOTE 21. Contingent liabilities**

Prior to the creation of UKRI, the Research Councils paid levels of tax consistent with charitable status, although they were not registered as charities. HMRC have confirmed that, due to changes in legislation, Research Councils should not have been applying charitable tax reliefs after 1 April 2012 without registering as charities. To this end, UKRI has included £19.6 million of VAT and £4.1 million of Corporation tax within these financial statements in respect of charges from HMRC for prior periods. UKRI is reviewing other reliefs associated with charitable status, from which the Research Councils benefitted from 1 April 2012 to 31 March 2018. The maximum value of the contingent liability in respect of these reliefs is thought to be around £45 million.

Prior to 31 March 2018, some staff at BBSRC strategically funded institutes were on BBSRC terms and conditions. Whilst their direct salary costs are paid by the institutes, BBSRC is liable for any exit costs for these staff. The date and number of staff to take exit packages in any one year is unknown; however, if all staff were to take exit packages, the maximum liability is estimated at £31 million, with the amount declining on an annual basis up to March 2022.

UKRI is responsible for Institut Laue-Langevin (ILL) staff related commitments and costs associated with reprocessing fuel elements. The contingent liability is estimated to be £11.8 million (2018-19 £13.6 million).

## **NOTE 22. Related party transactions**

UKRI is a non-departmental public body sponsored by BEIS. For the purposes of International Accounting Standard 24, BEIS is regarded as a related party. During the year UKRI has had various material transactions with BEIS and other bodies for which BEIS is regarded as the parent department, namely UK Space Agency and UK Atomic Energy Authority. In addition, UKRI had a number of related transactions with UK SBS Limited.

UKRI had transactions with other government departments and with other central government bodies, such as:

Intellectual Property Office; Foreign and Commonwealth Office; Department for International Development; Department for Environment, Food & Rural Affairs; Department of Health and Social Care; Department for Transport; and Ministry of Defence. UKRI also had transactions with devolved administrations, such as the Scottish Government and the Welsh Government.

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 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 (£)
Cancer Research UK	Professor Sir Leszek Borysiewicz	Chair	3,589,041
	Emma Lidsell* (Parent)	Board Member	
Early Diseases Detection Research Projects UK	Professor Fiona Watt	Board Member	360,400
Foundation for Science and Technology	Lord (David) Willetts of Havant	Chair	79,962
	Professor Andrew Thompson	Board Member	
Imperial College London	Professor Alice Gast	President	194,254,863
Kings College, London	Professor Fiona Watt	Director, Centre for Stem Cells and Regenerative Medicine	166,696,575
Lancaster University	Professor Sir Ian Diamond	Council Member	61,466,826
London School of Economics and Political Science	Professor Julia Black	Strategic Director of Innovation and Professor of Law	45,536,558
National Centre for Universities and Business	Professor Max Lu	Council Member	1,941,040
National Gallery	Sir John Kingman	Deputy Chair	43,703
Natural History Museum	Sir Peter Bazalgette* (Spouse)	Board Member	2,204,657
National Institute for Economic and Social Research	Lord (David) Willetts of Havant	Governor	16,109
National Physics Laboratory	Professor Max Lu	Director	41,076
Royal Opera House	Sir John Kingman	Trustee	23,297
Sirius Constellation Ltd	Lord (David) Willetts of Havant	Director	219,149
The Courtauld Institute of Art	Lord (John) Browne of Madingley	Governor, Director and Charity Trustee	2,889,085
The Francis Crick Institute	Lord (John) Browne of Madingley	Chair	52,030,576
	Professor Fiona Watt* (Spouse)	Group Leader	
The National Film School	Sir Peter Bazalgette	Deputy Chair	1,910,057
The Royal Society	Professor Sir Leszek Borysiewicz	Council Member	884,283
University of Cambridge	Professor Dame Sally Davies	Master, Trinity College	382,072,781
University of Oxford	Professor Dame Sally Davies	Non-Executive Director, Blavatnik School of Government	397,039,131
	Lord (John) Browne of Madingley	Chairman, International Advisory Board, Blavatnik School of Government	
	Professor Andrew Thompson	Co-Chair Global and Imperial History Chair	
University of Leicester	Lord (David) Willetts of Havant	Chancellor	56,119,336
University of Manchester	Harpal Kumar	Honorary Chair	267,511,697
University of Surrey	Professor Max Lu	President and Vice-Chancellor	44,845,046
Wellbeing Community Interest Company	Professor Jennifer Rubin* (Spouse)	Chief Executive	85,075
Wellcome Trust	Professor Fiona Watt* (Spouse)	Director of Science	14,800,362
Wessex Academic Health Science Network	Fiona Driscoll	Non-Executive Director	3,536

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	52031/(65)	33/(2,030)
DLSL	Sale and Purchase of goods and services	127/(1,707)	148
	Operations funding	58,378	-
	Purchase of shares	17,277	-
Daresbury SIC LLP	Sale and Purchase of goods and services	520/(4)	1/(0)
HSIC (PubSP)	Purchase of goods and services	9	-

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 each institute's activities.

	Type of transaction	Transaction amount Expense/ (Income) £000	Balance Debtor/ (Creditor) £000
<b>Transactions with UKRI-sponsored Institutes</b>			
Babraham Institute	Operations funding	13,898	(31)
The Pirbright Institute	Operations funding	45,739	(1,902)
Quadrum Institute Bioscience	Operations funding	12,631	(324)
John Innes Centre	Operations funding	38,629	(681)
Rothamstead Research	Operations funding	20,611	(1,779)
The Earlham Institute	Operations funding	10,786	(127)
UK Biobank Limited	Operations funding	24,048	-
UK Dementia Research Institute	Operations funding	17,069	(159)
Health Data Research UK	Operations funding	12,088	(473)
<b>Transactions with other related parties</b>			
LifeArc Limited	Operations funding	3,550/(110)	132/(3,012)
Babraham Bioscience Technologies Ltd	Operations funding	204	(1)
Anglia Innovation Partnership	Operations funding	1,086	-
Leaf Systems International Ltd	Operations funding	-	-
Institute Laue-Langevin	Sale and purchase of Goods and Services	71/(331)	-
	Operations funding	18,268	-
Alan Turing Institute	Project income	(1,783)	-
	Operations funding	11,419	-
UK Centre for Ecology and Hydrology	Sale and purchase of Good and Services	61/(523)	-(56)
	Grants	5,634	(2,241)
	Operations funding	6,552	(71)
National Oceanography Centre	Sale and purchase of Good and Services	2/(547)	106/-
	Grants	7,241	(1,950)
	Operations funding	19,131	(274)

### NOTE 23. 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 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. Because 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 on 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.

### **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 the Government Banking Service banking framework, and 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 pays in Euros and Swiss Francs for the UK's membership of the international collaborations 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 BEIS approval. BEIS may consider aspects beyond UKRI's immediate financial considerations in evaluating the business case for hedging e.g. sector reform and related budgetary uncertainty, and the potential to manage risks across the department.

Therefore, the risk attached to holding foreign currency denominations is not considered to be material.

### **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 is 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 UKRI in undertaking its activities. Of current outstanding trade debt 34% is greater than 30 days old. The majority of receivables are with other government bodies and research institutions, therefore the expected credit losses are not material.

### **NOTE 24. Events after the reporting period**

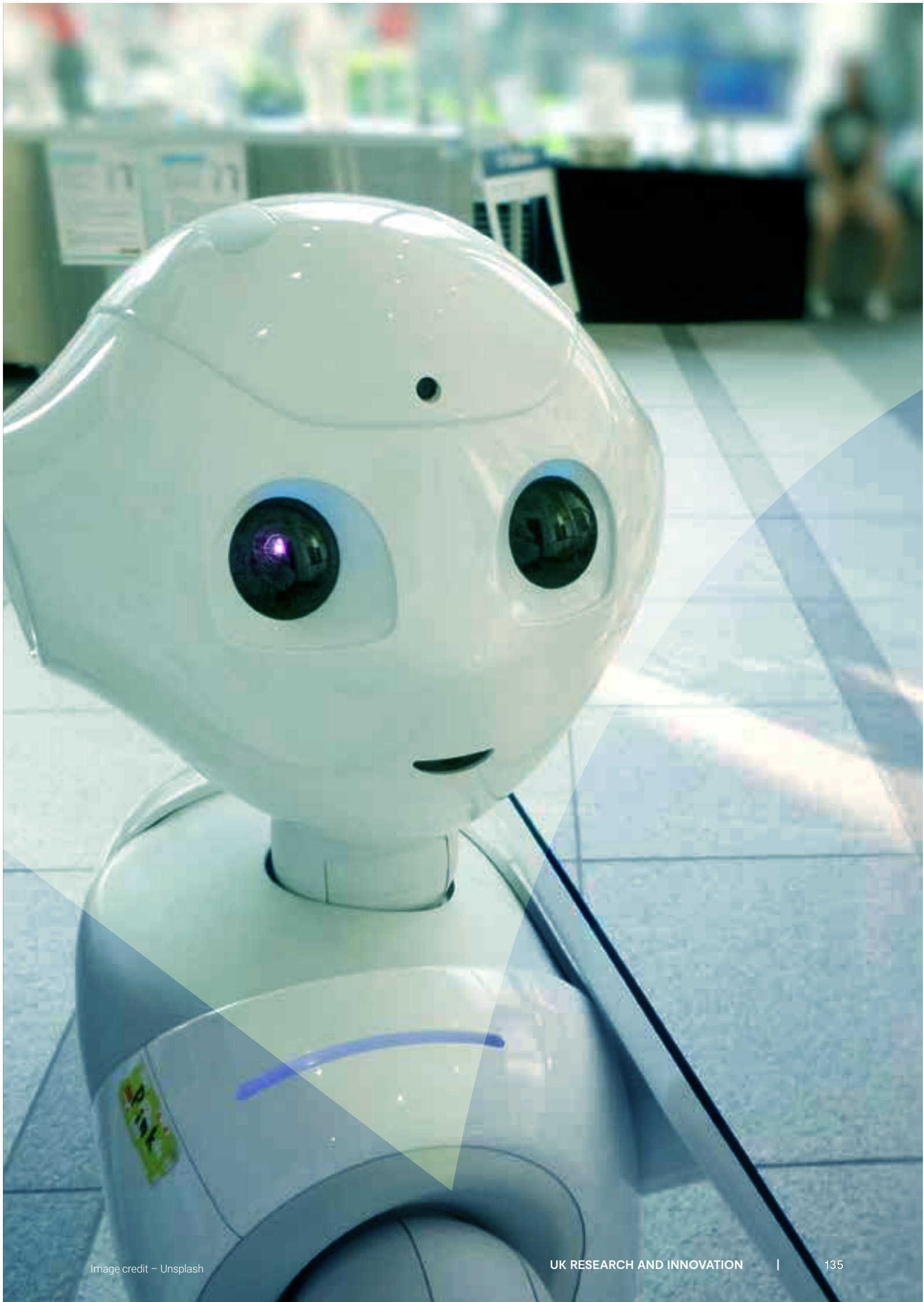
In accordance with the requirements of IAS 10 Events after the Reporting Period, post Statement of Financial Position events are considered up to the date on which the Accounts are authorised for issue. This is interpreted as the same date as the date of the Certificate and Report of the Comptroller and Auditor General.

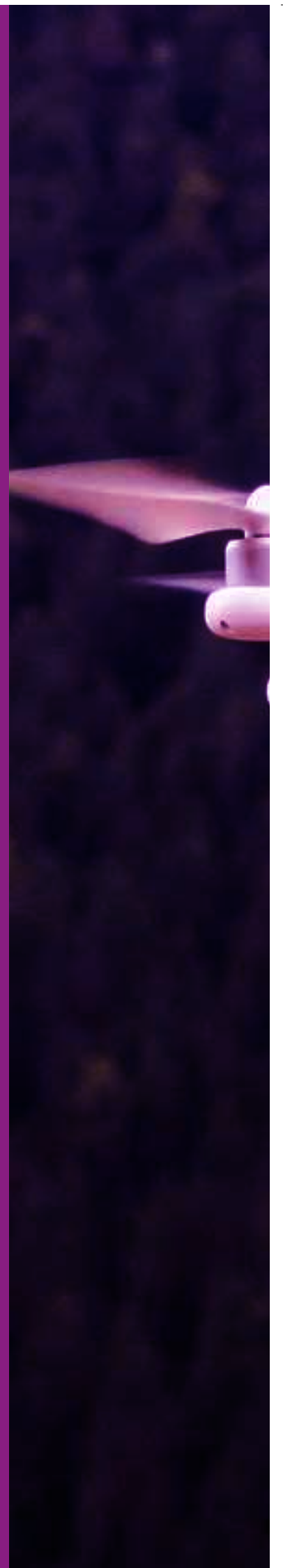
In March 2020 the United Kingdom entered lockdown during the COVID-19 virus pandemic. The lockdown and events subsequently arising may have an effect on:

- Valuations as at the year-end on property, plant and equipment, and on the pension assets,
- The recoverability of debts, and
- Payments of grant funding due to the temporary shutdown of Research Institutions and Universities.

The full impact of these items is not currently known.

UKRI continues to monitor the impact of the pandemic on the research and innovation sectors and more information regarding UKRI's response can be found here: <https://www.ukri.org/research/coronavirus/>







# 5. Annex



# Annex – Performance Metrics

## Inputs: Research and Innovation Grants, Fellowships and Studentships

Inputs include competitive funding data for Research Councils, Innovate UK, and Research England. It includes activity from 1st April 2019 to 31st March 2020. The data are collected from: Joint electronic Submission system (Je-S) for the Research Councils; Innovation Funding Service for Innovate UK; Research England's application process; Additional funding decisions captured outside core funding systems.

The data from the different systems have been brought together with a singular methodology using similar data fields available.

The data is presented below in a series of tables showing: the demand from the sector with the number of applications received in a year; the number of successful funding decisions and the value of that commitment, with the contribution made by project partners; who our funding actively supported over the year with the number of grants, people, organisations, and types of organisations supported and the studentships that are supported.

**Table 1: Applications received in 2019-20**

Grant Category	Applications	Lead Organisations	Applied Value (£m)
Research and Innovation Grants	18,635	8,482	10,839
Fellowships	2,255	259	1,496
<b>Overall total across the categories</b>	<b>20,890</b>	<b>8,614</b>	<b>12,336</b>

- The number of applications and organisations are unique instances.
- Applications received may include multiple organisations; the count is of lead organisations.
- Total count of lead organisation is lower than the sum of those applying for grants and fellowships, as some will be counted under both categories.

**Table 2: Funding decisions in 2019-20**

		Decisions Made	Successful Decisions	Award Rate (%)
Research and Innovation Grants	By Number	15,450	3,829	25
	By Value (£m)	8,325	2,566	31
Fellowships	By Number	2,042	441	22
	By Value (£m)	1,352	252	19
<b>Total</b>	<b>By Number</b>	<b>17,492</b>	<b>4,270</b>	<b>24</b>
	<b>By Value (£m)</b>	<b>9,676</b>	<b>2,819</b>	<b>29</b>

- There are rounding errors when totalling the value of Research and Innovation Grants and Fellowships.

**Table 3: Project partner contributions on awarded grants in 2019-20**

This shows the project partner contributions for successful decisions:

Project Partner Sector	Awards	Total Partnerships	Project Partner Organisations	Total Contribution (£m)
Academic/University/Learned Society	533	1,261	657	97
Charity/Non-Profit	112	156	143	2
Private	1,187	2,485	1,872	470
Public (including NHS Trusts)	304	457	280	179
Other (including unknown)	674	1,153	1,072	212
<b>Overall total across the sectors</b>	<b>1,887</b>	<b>5,512</b>	<b>4,018</b>	<b>961</b>

- Project partner organisations is the count of unique organisations involved in partnerships; organisations may be involved in more than one partnership.
- Research England do not attribute co-investment to a project partner so are unable to count the organisations involved.
- Total awards are lower than the sum of awards across sectors, as one award can involve many project partners from different sectors.

**Table 4: Who our funding actively supported in 2019-20**

Grant Category	Grants	People (Individuals)	Organisations
Research and Innovation Grants	14,897	24,755	3,939
Fellowships	1,622	1,655	105
Studentships	28,357	28,056	118
<i>Of which started in 19-20</i>	<i>5,475</i>	<i>5,433</i>	<i>99</i>
<b>Overall total across the grant categories</b>	<b>44,876</b>	<b>54,006</b>	<b>3,942</b>

- Lead organisations as reported at the application stage of the award.
- Research England and Innovate UK track the organisations they fund, not the people involved, so are unable to count the individuals involved.
- The figures are distinct instances of grant reference, people and organisations under all categories.
- The figures are distinct instances of grant reference, people and organisations under all categories. The overall total for grants will add up to the value of the grant categories. Individuals and organisations can hold more than one type of grant so the overall total will not equal the sum of the individual categories.

**Table 5: Organisations supported in 2019-20**

Organisation Type	Number of Organisations
Academic/University/Learned Society	255
<i>Of which UK HEI</i>	<i>135</i>
Charity/Non-Profit	64
Other (including unknown)	429
Private	3,107
<i>Of which SME</i>	<i>2,507</i>
Public (including NHS Trusts)	87
<b>Total</b>	<b>3,942</b>

- HEI indicates a Higher Education Institution as defined by HESA  
<https://www.hesa.ac.uk/support/providers>

## Studentships

**Table 6: Number of Research Council funded PhDs submitted by calendar year**

Year Submitted	Number of PhDs Submitted
2015	4,482
2016	4,338
2017	4,411
2018	4,348
2019	1,244

- There is a time lag between a student submitting their PhD and the student submission survey to be completed.

## Outputs: Research and Innovation Grants and Fellowships

Outputs include data for Research Councils and Innovate UK. Research England are currently not included. The data are collected using researchfish® for the Research Councils and by annual survey for Innovate UK.

Research Councils have consistently used the researchfish® system to collect outcomes since 2014. Recipients of funding are required to report emerging outputs, outcomes, and impacts for the duration of their award and for at least 5 years beyond. Once a year there is a formal submission period when researchers are required to confirm that their outcomes information is accurate and up to date. The data in this report are taken from the submission period that closed March 2020.

Innovate UK has used an online survey tool since February 2018. It is used to collect outcome information from all project participants when the project nears completion. Each participant is routed through the survey depending on their organisation type, role in the project, and responses to questions. The outcome survey is completed once for each project.

Data from the two collections has been combined and is presented below in a series of tables showing numbers of outcomes by year of award starting. The data are self-reported and not meant to be exhaustive of all outcomes realised, but indicative of data reported over time.

Awards starting in more recent years are expected to have fewer outputs than older awards due to the nature of research and the time lag of realising outputs and outcomes. Therefore, later years will have less outcomes.

**Table 7: Number of Awards in each system**

Year Award Started	2015	2016	2017	2018	2019
researchfish®	3,631	3,685	3,827	3,603	2,295
Innovate – Project Completion Form	148	422	781	536	246
<b>Total</b>	<b>3,779</b>	<b>4,107</b>	<b>4,608</b>	<b>4,139</b>	<b>2,541</b>

**Table 8: Collaborations and type of collaborators**

Year Award Started	2015	2016	2017	2018	2019	
Instances of Collaborations	5,978	5,822	5,948	3,580	1,479	
Instances of Collaborators	8,700	7,734	8,785	5,018	2,238	
Types of Collaborators	Academic / University / Learned Society	4,496	3,790	4,142	2,427	981
	Charity / Non-Profit	852	791	815	385	176
	Other (inc. unknown)	661	803	1,444	954	616
	Private	1,563	1,362	1,359	652	195
	Public (inc hospitals)	1,128	988	1,025	600	270
Number of Awards reporting ≥1 collaboration	1,866	1,907	1,796	1,348	664	
% of Total Awards reporting ≥1 collaboration	51	52	47	37	29	
<b>Total Number of Awards</b>	<b>3,631</b>	<b>3,685</b>	<b>3,827</b>	<b>3,603</b>	<b>2,295</b>	

- Research Councils only.
- Definition of collaboration is: partnership between awarded organisation and other organisations to collaborate on the research; collaborator is the organisation involved in the collaboration (other than the awarded organisation)
- Total count of collaborations will be lower than the count of collaborators, as one collaboration can involve many collaborators.

**Table 9: UK and International Collaborations**

Year Award Started	2015	2016	2017	2018	2019
Number of Awards with only UK collaborators	581	588	562	467	220
Number of UK collaborators involved	1,349	1,756	1,150	1,032	439
Number of awards with only International collaborators	518	599	536	425	232
Number of International collaborators involved	1,062	1,130	1,072	776	344
Number of awards with both UK and International collaborators	720	649	602	333	147
Number of UK collaborators involved	3,300	2,594	3,047	1,283	455
Number of International collaborators involved	2,912	2,180	2,877	1,134	411

- Research Councils only.
- Data only includes collaborators where the location of the collaboration is known.

**Table 10: Engagement Activities**

Year Award Started	2015	2016	2017	2018	2019
Instances of Engagement Activities	30,631	28,548	27,762	12,292	2,607
Awards reporting $\geq 1$ Engagement Activity	2,345	2,417	2,387	1,872	668
% of Total Awards reporting	65	66	62	52	29
<b>Total Awards</b>	<b>3,631</b>	<b>3,685</b>	<b>3,827</b>	<b>3,603</b>	<b>2,295</b>

- Research Councils only.

**Table 11: Knowledge Generation**

Year Award Started	2015	2016	2017	2018	2019
Instances of Publications	56,953	37,647	33,763	16,481	3,580
Books	538	465	287	137	35
Book Chapters	1,630	1,181	769	343	87
Journal Articles	44,887	29,958	26,390	13,362	2,765
Other Publications	9,909	6,049	6,322	2,639	693
Awards with $\geq 1$ Publication	3,220	3,186	3,069	2,319	786
% of Total Awards	85	78	67	56	31
<b>Total Awards</b>	<b>3,779</b>	<b>4,107</b>	<b>4,608</b>	<b>4,139</b>	<b>2,541</b>

- Instances of publications is not a count of unique publications. Duplicate publications may occur where different researchers have entered similar information independently of one another. Publications may also occur from more than one award. Efforts have been made to remove some duplications using Digital Object Identifier (DOI), but not all publications have DOI.
- Other publications include for example, edited book, conference paper, policy briefing.

**Table 12: Other Types of Knowledge Generation**

Year Award Started	2015	2016	2017	2018	2019
Instances of Other Knowledge Generation	4,616	4,232	4,637	2,509	838
Artistic and Creative	898	1,096	1,153	444	288
Medical Products, Interventions and Clinical Trials	177	86	79	73	18
Research Models and Databases	1,706	1,451	1,529	863	245
Research Tools and Methods	957	942	1,175	681	183
Software and Technical Products	878	657	701	448	104
Awards with ≥1 Other Knowledge Generation	1,428	1,482	1,444	1,068	416
% of Total Awards	39	40	38	30	18
<b>Total Awards</b>	<b>3,631</b>	<b>3,685</b>	<b>3,827</b>	<b>3,603</b>	<b>2,295</b>

■ Research Councils only.

**Table 13: Awards that have obtained further funding**

Year Award Started	2015	2016	2017	2018	2019
Instances of Further Funding	6,841	6,428	6,278	2,957	771
Awards reporting ≥1 instance of Further Funding	1,931	2,120	2,248	1,422	504
% of Total Awards	51	52	49	34	20
<b>Total Awards</b>	<b>3,779</b>	<b>4,107</b>	<b>4,608</b>	<b>4,139</b>	<b>2,541</b>

**Table 14: Awards that have resulted in instances of Intellectual Property**

Year Award Started	2015	2016	2017	2018	2019
Instances of IP	270	236	212	98	16
Awards reporting ≥1 IP	166	143	138	72	13
% of Total Awards	5	4	4	2	1
<b>Total Awards</b>	<b>3,631</b>	<b>3,685</b>	<b>3,827</b>	<b>3,603</b>	<b>2,295</b>

■ Research Councils only.

**Table 15: Awards reporting a spinout**

Spinout Status	Number of Spinouts	Number of Awards Attributed to the Spinouts
Total Spinouts	881	1,296
<i>Of which Active in March 2020</i>	760	1,178

■ Spinouts reported through researchfish® that have incorporated since 2004 combined with spinouts reported through the 2019 and 2020 Innovate Project Completion Form.

**Table 16: FTE jobs created**

Year Award Started	Number of Awards	FTE Jobs created
2015	37	282
2016	96	266.45
2017	327	1,125.75
2018	500	910.47
2019	233	190,187

■ Innovate UK only.

**Table 17: Number of new products, services and processes**

Year Award Started	Planned Production within a year
2015	39
2016	70
2017	342
2018	482
2019	217

■ Innovate UK only.

■ Planned production within a year of project end.

## Notes

### Inputs

#### Applications received

Applications received is the volume of funding applications submitted to UKRI in 2019-20, the number of organisations leading on the application for funding and the value of the funding requested.

The number and value of applications received is not directly comparable to awarded grants in 2019-20. The decisions on applications received in 2019-20 may not be made in the same financial year.

#### Funding decisions

The number of funding decisions made in 2019-20, the number awarded, and the award rate. This is not directly comparable to applications received in 2019-20 as there is a time delay between receiving an application and a funding decision.

#### Project partner contributions

Project partners are reported at the point of application with the financial value of their contribution to the research. The type of organisation shows the breadth of organisations that our supported researchers are working with and the financial contribution to the partnership; this includes direct investment and in-kind contributions.

#### Who we actively supported in 2019-20

Who we support demonstrates the number of people and organisations who received funding in 2019-20. We support individual people as Principal Investigators, Co-Investigators, Fellows, and Students.

#### Type of organisations supported

The type of organisation supported shows the variety of organisations receiving funding across the research and innovation landscape.

#### PhD submitted

Research Councils conduct a yearly submission survey, which captures those students who have been submitted for qualification within 2019.

## Outputs

### Collaborations

Research collaborations might take the form of joint funding, exchanging expertise, access to wide ranging facilities and equipment, accessing datasets, working across different sectors and bringing together inter-disciplinary teams required to tackle complex problems. This indicator relates to new collaborations as reported after the award has started. Researchers may also report collaborations that were in place at the point of application. Collaborations are only included in the indicator for the year the award started but the collaboration may continue for several years after this date.

International collaboration shows that researchers are collaborating with organisations around the world and gaining access to internationally competitive facilities and infrastructure.

### Engagement Activities:

Researchers engage with a wide variety of audiences and stakeholders to communicate research outcomes, disseminate knowledge, stimulate public awareness, and encourage public engagement and dialogue. The engagement activities indicator helps demonstrate the extent to which researchers are engaging with others including audiences outside academia.

### Knowledge Generation

Publications are a mechanism used to disseminate the findings of research to a wider audience; increasing the visibility of research, the diffusion of knowledge and the advancement of research.

### Further Funding

Researchers also obtain funding to continue or advance their work. This data includes additional funding from UKRI and other funders.

### Intellectual Property

This indicator includes the generation of patents, copyrights and trademarks as an output of the research. This data does not include Innovate UK, as its current online survey collects data on IP used as part of the project.

### Spinouts

Researchers are asked to provide details of links between their research and the establishment of new private sector organisations, including for profit and not-for-profit organisations. Data provided in researchfish® have been verified using supplementary information to identify duplicate spin-out companies where applicable, for example Companies House IDs for UK companies.

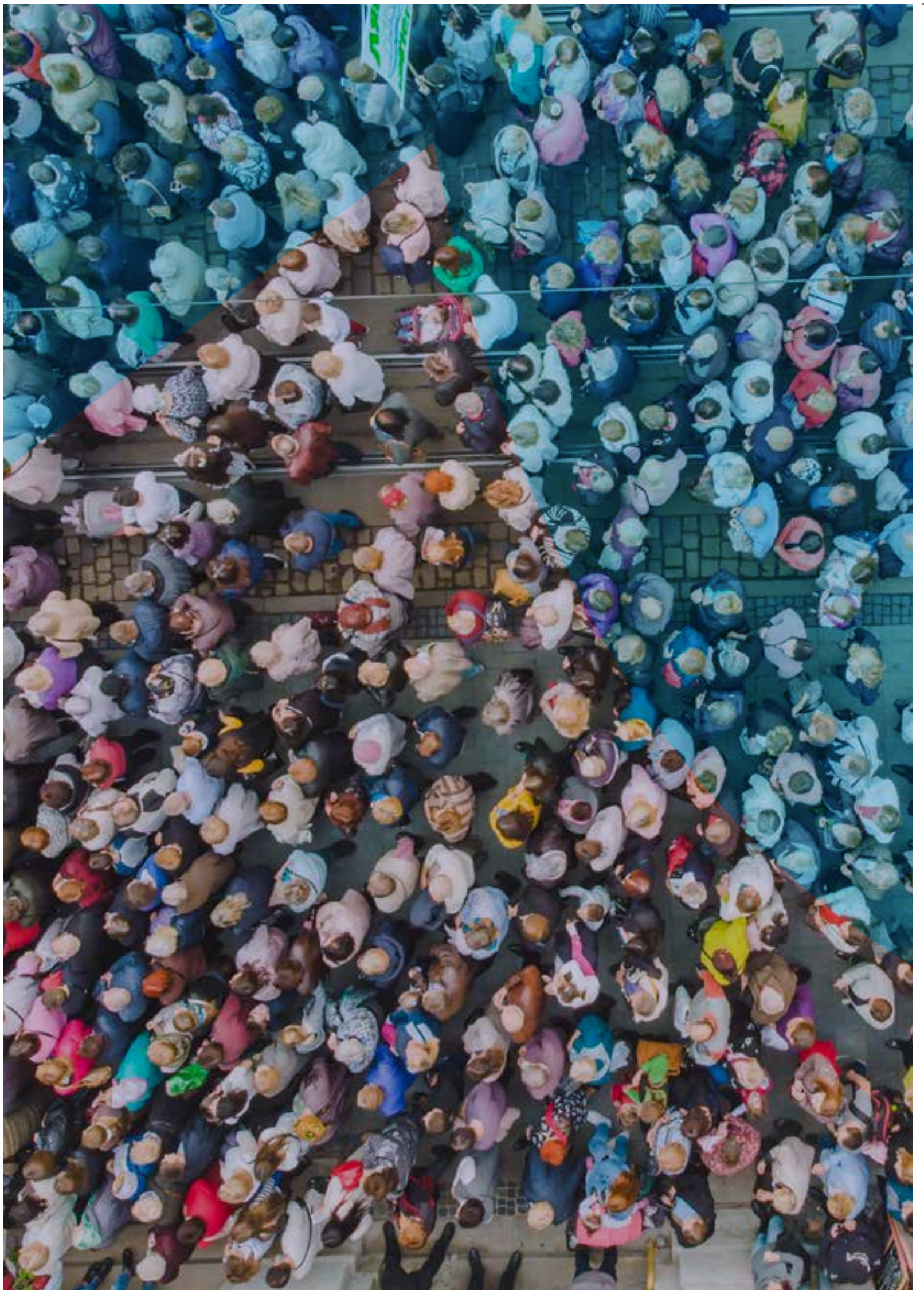
### FTE jobs created

This the number of full-time equivalent jobs created as a result of the project funding.

### New products, services and processes

This is an indication of market impact as a result of the project.







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