



UK Research
and Innovation

Annual Report and Accounts 2023-24

Transforming tomorrow together





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and Innovation**

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1

1. Introduction

Introduction by the Chair



Sir Andrew Mackenzie (Chair)

I am delighted to introduce UK Research and Innovation (UKRI) Annual Report and Accounts (ARA) for 2023-24.

This marks the end of the second year of our ambitious five-year Strategy, Transforming Tomorrow Together and I am inspired by the way the organisation has risen to the challenges set out within it. By engaging broadly and deeply as a trusted partner across our communities and across the whole of government, we have continued to deliver transformative impacts across the UK from public investment in research and innovation (R&I).

Our record in delivering on the promise of R&I year after year is rooted in our core commitment to research excellence and to the long-term investments in infrastructure and skills that make our goals achievable. Whether through the new interdisciplinary programmes we have launched this year; our continued commitment to experimentation in the way we invest, led through the new Metascience unit set up in partnership with the Department for Science, Innovation and Technology (DSIT), or the work to harmonise and improve our studentship and fellowship programmes, we have strengthened our ability to continue this trend in the years and decades to come.

The breakthroughs from R&I are a crucial driver of long-term growth and play a foundational role in improving lives and helping to tackle societal challenges. UKRI has a duty as a smart investor to deliver value and to maximise the economic impact of every pound of public money entrusted to us. Over the last year UKRI has invested innovatively, responding with agility as a single organisation, to systematically shape our portfolio to deliver against the national priorities detailed in the UK Science and Technology Framework and the five critical technologies it outlines.

Additionally, we have made good progress in partnership with organisations across public and

financial sectors to develop a more cohesive and actionable framework to attract more private investment into all stages of innovation, with a particular focus on scale-up.

I thank Professor Dame Ottoline Leyser for continuing to inspire and lead the organisation through a year of extensive change and challenges, as UKRI's organisational change programmes accelerated. Through her leadership we have embedded the recommendations of the independent review of UKRI led by Sir David Grant and improved the organisation.

The recommendations from this review and the wider reviews carried out by Professor Adam Tickell and Professor Sir Paul Nurse have made sure that UKRI is effectively positioned as the UK's largest public investor in R&I which delivers value to the taxpayer. We unlock increased productivity and innovation across the UK R&I ecosystem both through direct investments, and through our unique role across the R&I ecosystem with DSIT and wider departments to create opportunities for the whole of government to deliver on our shared strategic agenda for R&I.

I thank Professor Julia Black and Lord David Willetts who stepped down from the Board this year for their invaluable contributions to the success of UKRI. I also warmly welcome the Baroness Bull and Professor Sir Ian Chapman to the Board of UKRI from April 2024. Their experience and expertise will be invaluable and will further strengthen the board's important work to help guide UKRI in the coming years.

Nationally and globally, we face a period of intense change. The whole of the R&I system is going through a period of significant financial challenge and uncertainty and will need to make difficult decisions in the years ahead. I am reassured that, as UKRI continues to mature and improve its organisational effectiveness, and through the dedication of its talented staff, we are in the best position to rise to the challenge.

Introduction by the CEO



Professor Dame Ottoline Leyser (Chief Executive)

There is now a critical window for the UK to harness our outstanding strengths in research and innovation to deliver prosperity across the UK. Research and innovation underpin the high-productivity, innovative businesses and world-class public services that we need, creating high-quality jobs and empowering people and communities to thrive. UKRI is a key national asset in this endeavour, which is at the heart of our five year 2022-2027 strategy, [Transforming Tomorrow Together](#). I am delighted to report on progress in implementing our strategy, as set out in our [Corporate Plan](#) and [Council Strategic Delivery Plans](#).

This year, I have continued to engage broadly with our communities across the UK, for example, through our UKRI Connect programme, providing a valuable national platform for discussion. I have been privileged to see first-hand some of the extraordinary work UKRI enables, and how this is driving forward new knowledge and delivering real-world benefits.

This has been the first full year of operation of our new sponsoring department, the Department for Science, Innovation and Technology (DSIT), and of the [Science and Technology Framework](#), creating unprecedented opportunities to maximise the impact of UKRI's work in delivering for the UK and beyond.

Reflecting these opportunities, this year has seen significant investment in the five critical technologies set out in the Science and Technology Framework. In line with the Framework and with our strategy, our investments span skills, infrastructure, cutting-edge discovery research development, innovation and support for adoption and diffusion across the full research and innovation landscape.

Another highlight this year has been the launch of new programmes to support interdisciplinary research and

innovation. This includes our cross-research council responsive mode programme, allowing researchers and innovators to secure funding to pursue ideas that transcend disciplinary boundaries. The programme has proved extremely popular, with 976 outline applications, and 1,300 researchers and innovators from across our communities applying to join our Interdisciplinary Assessment College.

Interdisciplinarity is also a cornerstone of our five Strategic Themes, which seek to address major national and global challenges. The themes amplify and connect disciplinary investments through targeted investments to bridge gaps, capture synergies and build partnerships with departments across government, and international funding agencies. Examples from this year include a £9.5 million programme co-funded with the Foreign, Commonwealth and Development Office to explore opportunities for equitable nature-based climate resilience in Sub-Saharan Africa, and £11.5 million of funding with the Department for Environment, Food and Rural Affairs to enhance the resilience, health and wellbeing of UK coastal communities and seas. Through the themes we have also partnered with Malaysia's Ministry of Higher Education, Thailand's Agricultural Research Development Agency and other Southeast Asian leading funders, in a £21 million funding opportunity to support research on infectious diseases with epidemic or antimicrobial resistance (AMR) potential.

Our work with departments across government has been greatly facilitated by the welcome boost to their research and development (R&D) budgets at the last spending review. Beyond UKRI's budget allocated through DSIT, we are delivering a wide range of collaborative and managed programmes with government departments and agencies totalling approximately £2 billion across the current spending review period. The creation of DSIT, with its cross-government remit, along with our close relationships with the network of Chief Scientific Advisors, offers the opportunity of a much more joined-up and effective approach to public R&D investment.

International collaboration has also received a major boost this year with the welcome news of the UK's association with Horizon Europe, the EU's €95.5 billion R&D programmes. UKRI's delivery of the UK government's Guarantee programme, allowing UK researchers and innovators to participate in the programme from its inception, is helping to smooth our transition to capturing the full benefits of association.

Collective working across UKRI on our studentship and fellowship programmes has also made significant

progress this year, for example, by simplifying and harmonising our PhD studentship programmes. UKRI's unique power to catalyse and convene is demonstrated by the unprecedented levels of partnership underpinning this year's £1 billion investment in doctoral training support across engineering and the physical sciences. The investment has leveraged partnerships with more than 1,400 companies, higher education institutions, charities and civic organisations, which will develop the UK's researchers and innovators of the future. We are on track to achieve our commitment to increase investment in our people and careers portfolio by 26% in this spending review period. High inflation, and the need to provide adequate support for early career researchers, has underpinned our decision to support fewer people better.

In this highly challenging economic environment, our ability to build a balanced, connected investment portfolio, with every pound we invest delivering on multiple objectives, is more important than ever. This kind of coordinated, expert, evidence-based investment is essential in shaping the diverse, connected, resilient and engaged research and innovation system needed for success. To build the evidence base for effective, efficient R&I investment we have been supporting the Research and Innovation Caucus. Extending this work, this year saw the establishment of the new Metascience unit, in collaboration with DSIT, through which we will enhance our work to experiment with new approaches to investment, for example, by testing some of the ideas set out in our Review of Peer Review published this year.

All of this work is of course dependent on UKRI's extraordinary staff. I would like to take this opportunity to thank them all, across our national labs and institutes and our professional service teams. Our staff continue to work tirelessly, serving R&I in the UK as we deliver our strategy. I continue to be inspired by their dedication as we implement significant organisational change, replacing our main digital platforms including the antiquated JeS grant application system, and changing the way we work together through our new operating model. We are delivering this change in parallel with meeting challenging targets in operational expenditure for our professional service activities. This is driving workload pressures on the organisation, and I recognise the significant impact this is having on our staff.

A high point in the year for me was the showcase event held to celebrate our Leadership Through Change programmes to develop 177 leaders across the organisation to support the adoption of the changes we are implementing, and the new ways of working

at the heart of our operating model. It was inspiring to hear of the great ideas being implemented to create an environment where everyone feels valued and empowered to work together to deliver on our strategy.

Through our change programmes, this year has also seen major progress in delivering on the recommendations of the Grant and Tickell reviews. Both reviews endorsed our existing plans for organisational change and provided advice on how we can work in partnership with the sector to go further, which we have incorporated into our work. We are already one of the world's most efficient funding agencies with operational expenditure 3.3% of budget, despite the complexity of our investment portfolio. Our ambition is for continuous improvement, tackling key performance indicators such as the time from application to award for our research grants, which currently stands at a mean of 156 days.

I want to thank Sir Andrew Mackenzie for his role in UKRI's success and would like to echo his thanks to our outgoing Board members for their immense contribution to UKRI. This has been a year of much change across UKRI's senior leadership, and I would like to express my deepest gratitude to Professor Sir Duncan Wingham, Professor Dame Lynn Gladden and Professor Dame Melanie Welham, for their many years of contributions to UKRI's senior leadership as Executive Chair for Natural Environment Research Council (NERC), Engineering and Physical Sciences Research Council (EPSRC), and Biotechnology and Biological Sciences Research Council (BBSRC), respectively. I also wish to thank Professor Alison Park, Professor Guy Poppy, Professor Sir John Iredale, Professor Miles Padgett and Professor Peter Liss for their contributions throughout last year as Interim Executive Chair for the Economic and Social Research Council (ESRC), BBSRC, Medical Research Council (MRC), EPSRC and NERC, respectively.

I also thank Emma Lindsell, Isobel Stephen and Tim Bianek for their crucial work as Directors of Strategy, Performance and Engagement, and Chief Operating Officer, respectively.

I have been delighted to welcome Professor Charlotte Deane, Professor Louise Heathwaite, Professor Patrick Chinnery and Stian Westlake as Executive Chair for EPSRC, NERC, MRC and ESRC, respectively, and Christine Ashton, as UKRI's new Chief Information Officer.

This coming year will be another year of much change. The work we have done together puts us in a strong position to capture the opportunities and navigate the challenges it will bring, transforming tomorrow together.

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2. Performance Report

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

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

Performance Overview

UK Research and Innovation (UKRI) is the largest public funder of research and innovation (R&I) in the UK, spanning all disciplines and all sectors. We invest in people, places, ideas, innovation and impacts, empowering researchers, innovators and entrepreneurs to turn the many challenges we face into opportunities.

We leverage our breadth and depth of knowledge of R&I to harness the full potential of the UK's talent and creativity.

We work with partners to transform tomorrow together, creating tangible benefits: advancing knowledge, improving lives and creating the industries and jobs of the future. Some examples are shared below.

Accelerating biomedical research

Biobank, funded from conception by the Medical Research Council (MRC), enables research to improve the prevention, diagnosis and treatment of diseases. For example, Biobank data was used in a study showing that smartwatch data has the potential to predict Parkinson's disease seven years before diagnosis. This year, the whole genome sequencing data for Biobank's 500,000 participants was added to the database, allowing genetic and physiological links to conditions such as heart disease and cancer to be explored.

Addressing big industrial and societal challenges

Our Challenge Fund is testament to our ability to collaborate with UK businesses and researchers to shape and deliver comprehensive programmes that addresses major industrial and societal challenges. The fund has supported cross-sector R&I, creating over 4,400 jobs and retaining another 8,240 to date. With co-investment reaching £4.9 billion—far exceeding the initial £2.8 billion target—the business-led programmes within the fund demonstrate our unique ability to design and deliver large-scale initiatives. We effectively leverage diverse sectors and disciplines across the UK, collaborating with businesses, policymakers, and academia to implement complex, often mission-oriented projects.

Tackling economic crime

Insights from a team of researchers supported by the Economic and Social Research Council (ESRC) are helping counteract the UK's vulnerability to illegal trade and threats to national security. UKRI research into the impact of organised and economic crime informs government policy, helping introduce reforms to the legal system and the introduction of new anti-corruption sanctions. Economic crime, driven by kleptocratic sources, costs the UK economy billions every year.

Case Studies



Transforming how we monitor wildlife

Early career Impact Award 2023 winner Dr Hannah Cubaynes and colleagues from the Natural Environment Research Council's (NERC) British Antarctic Survey (BAS), developed techniques using high-resolution satellite technology to survey polar wildlife from space. Along with the charity WWF, more than 26,000 citizen scientists scoured 500,000 satellite images. Risks to researchers were reduced, as were costs, emissions and disturbances to wildlife. This project inspired government agencies, businesses and wildlife organisations in the UK, US, Canada and Germany to invest millions in further development of satellite imagery to study whales.

Reducing flood risk

CAFlood rapidly and accurately assesses flood risk to inform protection measures and reduce flood damage. Developed through funding from the Engineering and Physical Sciences Research Council (EPSRC), CAFlood helps governments and industries quickly coordinate emergency responses, with the artificial intelligence tool used by businesses in the UK, Taiwan and Italy. In Torbay, a £3.4 million flood defence is estimated to have prevented £78 million worth of potential damage and protected 3,000 people.

The six strategic objectives in our strategy, Transforming Tomorrow Together, will ensure that the UK has the people, institutions, infrastructures and partnerships to support a thriving R&I system. Our vision is for an

outstanding research and innovation system in the UK to which everyone can contribute and from which everyone benefits, enriching lives locally, nationally and globally.

Our purpose – transforming tomorrow together

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

Our strategy sets out how we will work with our many partners and stakeholders to foster an outstanding research and innovation system in the UK that drives economic, social, environmental and cultural benefits for all citizens, transforming tomorrow together.

Our principles for change – we will embed these principles across all our work, to drive change and create the conditions for an outstanding research and innovation system

Diversity of ideas, people, activities, skills, institutions and infrastructures advances knowledge, increases quality and creativity.	Resilience ensures the agility, capability, and flexibility needed to withstand shocks, deliver long-term goals and capture new opportunities.
Connectivity across disciplines, sectors and borders catalyses new ideas and approaches to deliver impact.	Engagement shapes research and innovation to reflect the needs, perspectives and motivations of diverse stakeholders and the public.

Our strategic objectives provide the framework for how we will achieve our vision and realise our principles, through world-class:

People and careers	Places	Ideas	Innovation	Impacts
Making the UK the most attractive destination for talented people and teams from the UK and around the world.	Securing the UK’s position as a globally leading research and innovation nation with outstanding institutions, infrastructures, sectors and clusters across the breadth of the country.	Advancing the frontiers of human knowledge and innovation by enabling the UK to seize opportunities from emerging research trends, multidisciplinary approaches and new concepts and markets.	Delivering the government’s vision for the UK as an innovation nation, through concerted action of Innovate UK and wider UKRI.	Focusing the UK’s world-class science and innovation to target global and national challenges, create and exploit tomorrow’s technologies, and build the high-growth business sectors of the future.

Supported by a **world-class organisation** – making UKRI the most efficient, effective and agile organisation it can be.

UKRI shapes and supports a diverse and connected R&I landscape that is resilient and deeply engaged with society. We enrich lives by increasing our understanding of ourselves and the world around us, supporting innovative businesses and public services, and creating high-quality jobs throughout the UK.

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

will help to create the conditions for the UK’s research and innovation system to flourish.

This 2023-24 Annual Report and Accounts sets out the progress we have made against our ambitions and activities as laid out in our 2022-25 Corporate Plan. The Corporate Plan and its annual updates, alongside the nine Strategic Delivery Plans of our councils, describe the ways in which we deliver through the current spending review period (2022-25) and how we monitor our progress in delivering against our six strategic objectives, which underpin the analyses presented in this Performance Report.



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

Key reports throughout the year provide regular monitoring of how we are delivering the activities and near-term outputs identified in our Corporate Plan and Strategic Delivery Plans, as well as reviewing longer-term trends and how we are enabling the outcomes and impact identified within our Strategy using a balanced scorecard approach. Our refreshed Corporate Plan will set out our activities for 2024-25 as we continue to deliver against our strategic objectives and ambitions.



How we are organised and governed

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

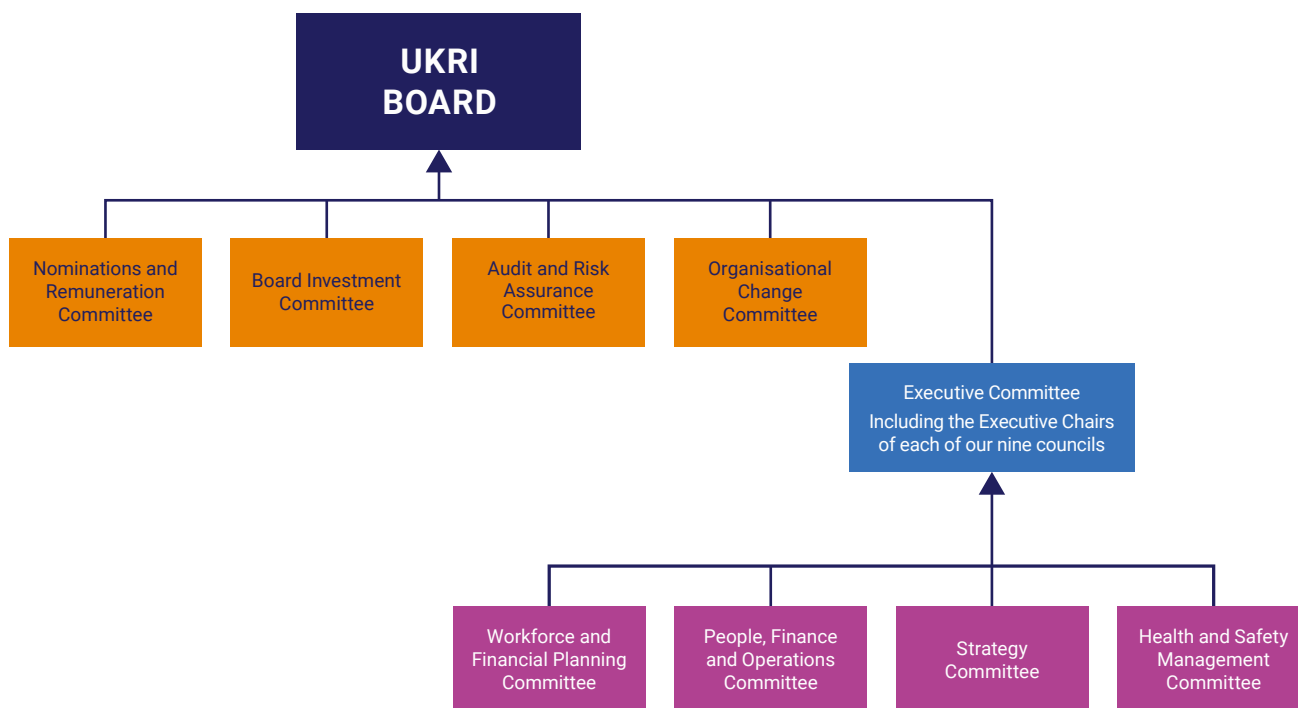
We are nine councils, working individually and collectively across all disciplines and sectors. We use our broad reach and deep expertise to support a dynamic investment portfolio with aligned incentives.

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

Our Executive Committee (ExCo) provides strategic advice to the Board and is responsible for delivering the Board's vision by overseeing the organisation's overall performance and delivery.

ExCo comprises primarily of the Executive Chairs of each of our nine councils, each of whom is advised by a Council of external members.

Further details of each of the committees shown can be found in our Governance Statement on page 66.



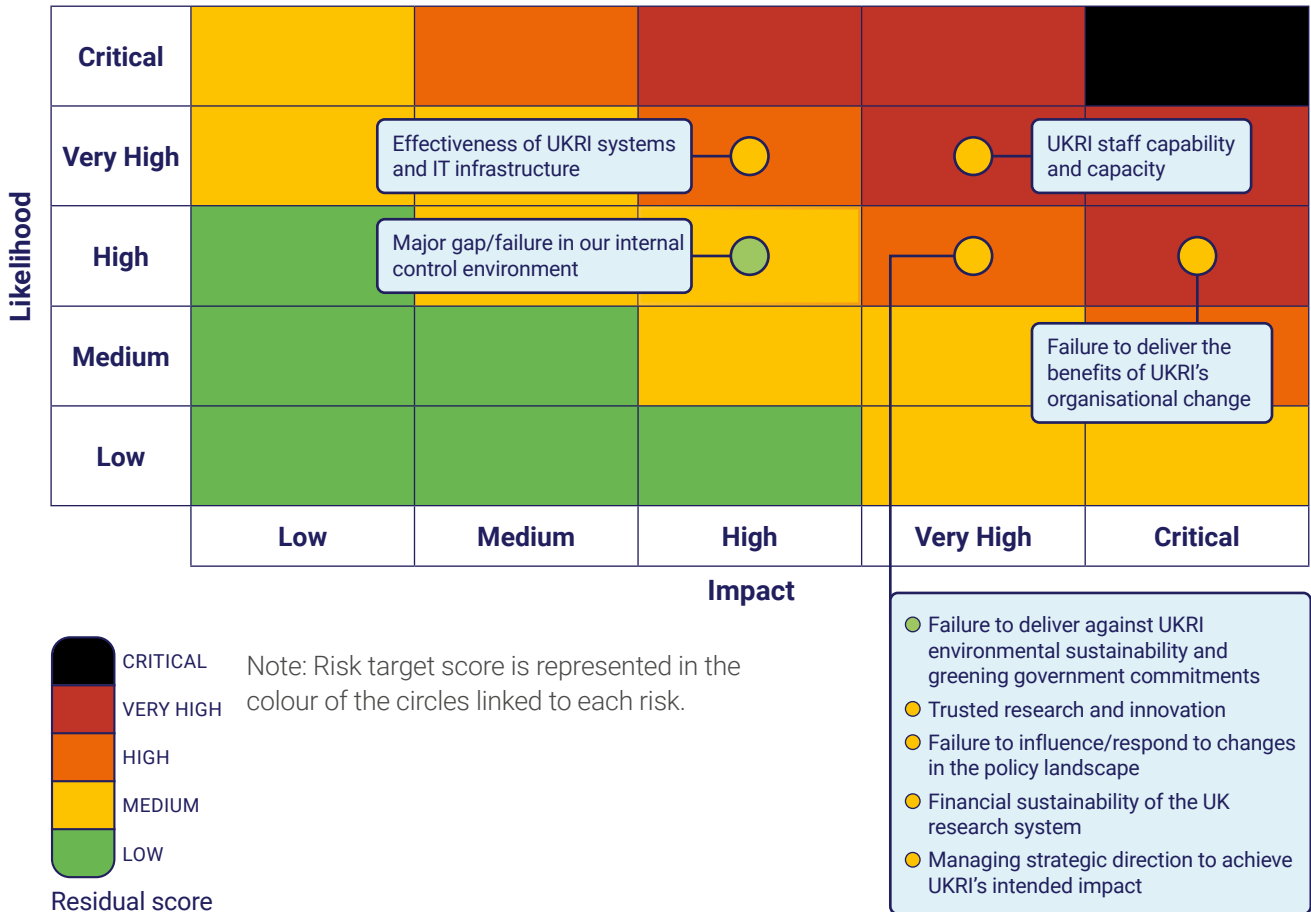
Risk summary

We use effective risk management to support delivery of the objectives and priorities identified in our strategy. Our goal, through early identification and active management of risks, is to anticipate uncertainties that may impact the delivery of priorities, undertake relevant and timely assessments, plan mitigations and manage issues (should they arise) with an agile and effective response.

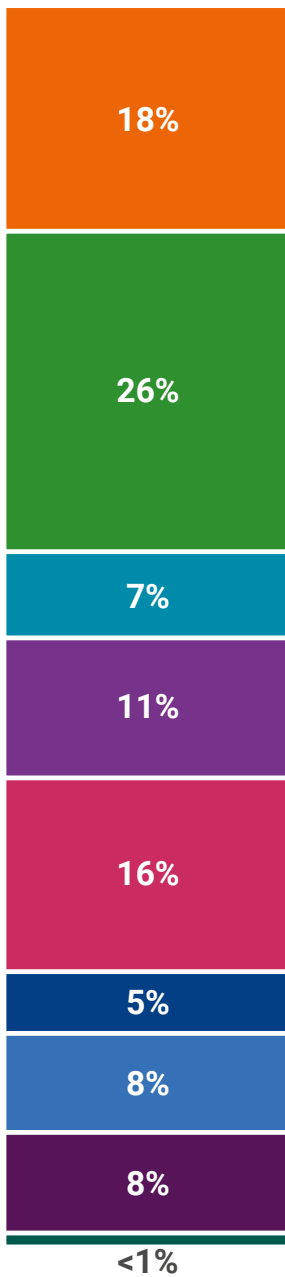
Our approach to managing our principal risks includes a robust schedule of deep dive evaluations of each of our principal risks in our monthly ExCo meetings.

These deep dives enable the ExCo to scrutinise the risk elements and the measures we are taking to reduce risk. Through these dives, we analyse the flight path of each risk and track the planned activity from residual score through to our target, where the risk is expected to come within our risk appetite.

A summary of our principal risks is presented in the heatmap below, including risk titles to indicate the types of risk. The Risk and Performance section of this reports provides more information about the nature of these risks and how they are being managed (page 46).



Performance summary



In the 2023-24 financial year, we invested £9.3 billion including:

- £1,578 million (18%)** in our rolling portfolio of research and development grants, including fully open funding opportunities and strategically targeted opportunities focused on specific priorities (£1,514 million in 2022-23)
- £2,309 million (26%)** strategic institutional funding to higher education providers in England for research and knowledge exchange (£2,204 million in 2022-23)
- £636 million (7%)** in dedicated skills investments for the next generation of researchers, innovators and technicians, noting that almost all our investments involve significant people and skills development (£647 million in 2022-23)
- £946 million (11%)** in infrastructure, from laboratory equipment to major international research facilities (£1,120 million in 2022-23)
- £1,427 million (16%)** towards specialist institutes, centres, facilities and Catapults that provide national capabilities in specific R&I areas, including specialist equipment, expertise and knowledge (£1,340 million in 2022-23)
- £472 million (5%)** in collaborative challenge-led funding to address specific national and global priorities (£472 million in 2022-23)
- £729 million (8%)** in innovation project grants that support innovative small and medium-sized enterprises (SMEs) (£523 million in 2022-23)
- £688 million (8%)** in international partnerships funding to enable specific opportunities for UK researchers to collaborate with their peers globally (£580 million in 2022-23)
- In addition, we also invested **£12 million (<1%)** in public engagement activities to involve wider society in R&I, ensure that its benefits are widely shared, and inspire and engage the next generation of researchers and innovators (£12 million in 2022-23)

For details of our £9.3 billion total capital allocation see page 20. More information on our R&I grant investment portfolio is available through our explainer series: <https://www.ukri.org/who-we-are/about-uk-research-and-innovation/ukri-explainers/> and data on our awards and outputs are published here: <https://www.ukri.org/what-we-do/what-we-have-funded/>

In 2023-24 we:

Assessed over

29,160

applications for R&I funding (2022-23: 22,300) and made **6,145** new awards (2022-23: 6,118)

Supported

5,032

organisations (2022-23: 3,661), including **138** universities, our **61** institutes, centres and Catapults, and **3,912** small and medium-sized enterprises

56,099

(2022-23: 57,889) individuals, including principal investigator, co-investigators, fellows, researcher co-investigators and students

Delivering our strategic objectives

UK Biobank announced £127.6 million move to a new purpose-built facility in Manchester, supported by the UKRI Infrastructure Fund, replacing outdated infrastructure and promoting academic, commercial and public health links in the Manchester region and beyond.

We announced a £6 million investment to help the fashion and textile industry integrate more sustainable and responsible practices.

The interim evaluation report on Innovate UK's Future Flight Challenge demonstrates that the visionary £300 million programme has led to collaboration at a scale that would not have occurred otherwise, and widely supported and informed government policy.

We celebrated 15 years of our North America Office and its evolution and impact in the key relationships and partnerships that have been nurtured.

We published plans to improve support for students studying towards doctorates and other research degrees, through a new deal for postgraduate research.

April 23

May

June

July

August

September

£1 billion milestone reached by the Horizon Europe Guarantee fund, delivered by UKRI, which enabled UK-based researchers and innovators to participate in Horizon Europe during the delay to association.

NERC's British Geological Survey delivered an assessment of the UK's geological potential for critical raw materials, meeting a key priority of the government's Critical Minerals Strategy. Materials such as lithium and cobalt are essential components of many modern technologies and are vital to our wellbeing, security and journey to net zero.

EPSRC and Innovate UK unveiled a suite of AI investments during London Tech Week, bringing academic and industry partners together to continue to build and expand the UK's global strengths in AI.

Four new research facilities were announced, supported by £52 million investment from our UK Research Partnership Investment Fund and a further £113 million leveraged by the projects from industry partners, charitable organisations, and philanthropic donors, boosting UK research into childhood mental health, the rail industry, and the manufacture of medicines.

An evaluation of Innovate UK's Knowledge Transfer Partnerships (KTPs) estimated that for every pound of public and private investment, KTPs generated a return of £4.20-£5.50 in net economic benefits between 2010-20.

A new £4 million transatlantic initiative, supported by MRC, was announced to enable UK researchers to undertake placements at leading US cancer research institutions.

The scale of UKRI investments and its focus on multiple critical themes has underpinned wide-ranging and substantive impacts' according to an independent evaluation of our response to COVID-19.

Innovate UK launched a £32 million competition to develop Collaborative AI solutions to improve productivity in key sectors.

We announced £177 million investment for doctoral training in AI, ensuring that the UK has the skills needed to seize the potential of the AI era.

We embraced government's response to the independent review of the UK's research, development and innovation organisational landscape, including announcing £10 million Metascience unit, supporting our role as an expert, evidence-based, innovative investor.

We announced two new Innovation and Knowledge Centres, supported by EPSRC and Innovate UK to deliver new semiconductor technologies to market, boosting UK industry and enhancing our workforce capability.

State-of-the-art MRC Laboratory of Medical Sciences building opened, heralding new 'team science' era.

Image credit: MRC LMS



Launched STFC's Cluster Strategy, in parallel with the DSIT Cluster Mapping Tool, identifying and describing UK innovation clusters.

We announced the UK's largest investment of over £1 billion to support critical engineering and physical sciences skills through EPSRC's Centres for Doctoral Training, including in critical technologies such as AI, quantum technologies, semiconductors, telecoms, engineering biology.

October

November

December

January

February

March 24

The Regional Innovation Fund boosted support for universities to engage with businesses, investing £48.8 million to grow local economies.

UKRI celebrated 5,000 Global Talent visa endorsements, helping attract outstanding scientists and researchers to pursue their careers in the UK.

A report showed the significant impact of BBSRC funding in driving economic value through the UK spin-out community, estimating a real net Gross Value Added of over £5 billion.

We announced £100 million investment to unlock the potential of engineering biology through six new Engineering Biology Mission Hubs and 22 Mission Awards, funded through BBSRC and the UKRI Technology Mission Fund to transform solutions in areas like vaccine, textile and food production.

We launched the first phase of a new AI Research Resource, a national facility to provide world-leading AI-specialised compute capacity to public researchers, academia and industry, through a landmark collaboration between UK government, UKRI, the University of Cambridge, the University of Bristol, Intel and Dell.

We supported growth of the UK's creative economy by launching a national network of labs through AHRC's CoSTAR programme, powering up major industry names and SMEs across the creative industries with new facilities, partnerships and technological approaches, from virtual production to AI.



Financial overview

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

1. The Consolidated Statement of Comprehensive Net Expenditure (page 115) presents net expenditure of £9.4 billion for the UKRI Group. The expenditure is calculated following accounting standards and guidance which are explained in more detail in Note 1 to the Financial Statements and on a similar basis to those rules applied by organisations internationally.
2. The outturn against budget is £9.6 billion. These figures are calculated in accordance with HM Treasury's budgeting framework. The figures used in this Annual Report have been prepared on this basis. There is a difference between these two bases primarily due to additions to Property, Plant and Equipment of £239 million that are capitalised, rather than being in the Statement of Comprehensive Net Expenditure, but which have a budgetary impact.

Outturn against Budget 2023-24

UKRI 2023-24 Budget Allocation	Full year Outturn £m	Full Year Budget £m	Variance to Outturn £m	UKRI Variance to Outturn %
UK Research Base, of which:	7,372.3	7,209.8	(162.3)	(4.3%)
Core Research	5,515.9	5,390.1	(125.8)	(2.3%)
Non-Core Research	1,856.2	1,819.7	(36.5)	(2.0%)
R&D Other	555.0	525.7	(29.3)	(5.6%)
Core Innovation	838.8	867.4	28.7	3.3%
Core Capital Allocation	8,765.9	8,603.0	(163.0)	(1.9%)
Core Innovation: DfT Zero emission HGV technologies	14.7	11.2	(3.5)	(31.1%)
ODA	51.1	63.5	12.4	19.5%
DSIT Managed Programmes	150.0	174.7	24.7	14.2%
EU Programmes	359.3	405.8	46.5	11.5%
Ringfenced Capital Allocation	575.1	655.3	80.1	12.2%
Grand Total Capital Allocation	9,341.1	9,258.2	(82.9)	(0.9%)
Innovation Loans	21.7	19.0	(2.7)	(14.3%)
Other Financial Transactions	(1.3)	5.5	6.8	123.2%
Ringfenced Resource Budget	252.0	234.2	(17.8)	(7.6%)
Annually Managed Expenditure	(29.7)	91.7	121.4	132%
Total Allocation	9,583.8	9,608.6	24.8	0.3%

The table above provides a summary of UKRI's outturn against budget. UKRI has a financial management target to deliver an outturn that is within 1% of its capital allocation.

The table above includes a £181 million balance within UK Research Base, where UKRI increased expenditure by reprofiling quality-related funding payments to higher education institutions at the request of DSIT. Additionally, DSIT agreed for UKRI to deploy a total spend of £11.4 million to CERN and Square Kilometre Array Observatory to utilise Horizon Europe underspends. If these two elements are removed from outturn numbers, UKRI can report an underspend of £29 million against the Core Capital allocation (0.3% variance).

The following table sets out outturn since 2018-2019:

Financial overview

Outturn since 2018-19¹

UKRI Allocation Headings	Full Year Outturn 2023-24 £m	Full Year Outturn 2022-23 £m	Full Year Outturn 2021-22 £m	Full Year Outturn 2020-21 £m	Full Year Outturn 2019-20 £m	Full Year Outturn 2018-19 £m
UK Research Base, of which:	7,372.2	7,034.3	6,821.3	7,204.1	6,021.1	6,011.0
Core Research	5,515.9	5,121.2	4,968.5	4,959.2	4,447.8	4,555.2
Non-Core Research	1,856.2	1,913.0	1,852.9	2,244.9	1,573.2	1,455.8
R&D Other	555.0	485.7	461.4	474.1	481.5	306.7
Core Innovation	838.8	678.6	643.4	553.0	546.4	563.5
Core Capital Allocation	8,765.9	8,198.7	7,926.2	8,231.2	7,048.9	6,890.8
Core Innovation: DfT Zero emission HGV technologies	14.7	0.1	0.0	0.0	0.0	0.0
ODA	51.1	118.6	131.9	387.7	347.5	301.9
DSIT Managed Programmes	150.0	445.7	378.0	294.9	268.2	268.7
EU Programmes	359.3	524.9	5.9	0.0	0.0	0.0
Ringfenced Capital Allocation	575.1	1,089.1	515.8	682.5	615.7	570.5
Grand Total Capital Allocation	9,341.1	9,287.8	8,442.0	8,913.8	7,664.6	7,461.3
Innovation Loans	21.7	5.3	62.3	37.7	23.7	15.9
Other Financial Transactions	(1.3)	(11.4)	(20.3)	(3.0)	(17.5)	(18.0)
Ringfenced Resource Budget	252.0	198.2	203.5	192.6	190.0	233.2
Annually Managed Expenditure	(29.7)	(57.6)	120.0	23.6	88.0	(20.1)
UK Research Base, of which:	9,583.8	9,437.5	8,807.5	9,164.8	7,948.8	7,672.2

UK Research Base outturn grew by £1.2 billion in 2020-21 due to the additional spend on COVID-19 interventions, a single-year increase in World Class Labs expenditure of £293 million designed to support the sector during the COVID-19 pandemic and reprofiling of quality-related payments to higher education institutions to manage the overall UKRI Core Capital position. The Strategic Priorities fund also started in 2020-21 which contributed to this increase in spend when compared to 2019-20. The overall UK Research Base position has remained broadly balanced since 2020-21. The increase of £338 million in UK Research Base in 2023-24 compared to 2022-23 has been driven by Core Research spend, in particular a £206 million increase in International and £109 million increase in quality-related (QR) research funding.

The research and development (R&D) Other ringfence has increased spend in 2023-24, mainly driven by increases within the Technology Missions Fund, Levelling Up Programme and Faraday Institution compared with last year. The Industrial Strategy Challenge Fund spend has reduced slightly in 2023-24 compared to prior years as the fund draws to a close.

In Spending Review 2021, our Core Innovation budget received a significant, specific uplift in funding; it is expected that Core Innovation spend will be £2.4 billion between 2022-23 and 2024-25. The total Core Innovation spend in this period to date is £1.5 billion, with a £160 million more spent in 2023-24 compared to 2022-23.

¹ Each year excludes outturn where UKRI increased expenditure by reprofiling quality-related funding payments to higher education institutions at the request of DSIT, for which DSIT did not transfer UKRI any budget cover.

Part of Core Innovation, Department for Transport (DfT) Zero emission heavy goods vehicle (HGV) technologies is strictly ringfenced and is reported separately. This has been reported within the Core Capital allocation in prior years but has been moved to Ringfenced Capital in 2023-24 as any under or overspends cannot be used against other allocation headings. Spend in this area has increased in 2023-24 due to the projects being encouraged to pull forward spend to reduce the risk of overspend against the DfT allocation in 2025-26.

Managed Programmes outturn increased in 2020-21 due to the COVID-19 package awarded to Innovate UK specifically in relation to the Vaccines Task Force. Funding further increased in 2021-22 by £88 million mainly due to increases in programmes funded by the Vaccines Task Force, with £54 million increase in spend when compared to 2020-21 and new funding of £17 million and £8 million for the Low Cost Nuclear and Industrial Energy Transformation Funds. In 2022-23 funding increased for Low Cost Nuclear by a further £67 million. The Centre for Aerodynamics funding also increased by £75 million. This was partially offset by a reduction in funding for the Vaccines Task Force of £42 million compared to 2021-22 as the programme winds down. In 2023-24 the Department for Energy, Business and Industrial Strategy (BEIS) was split into three new Departments, with the Department for Science, Innovation and Technology (DSIT) continuing the majority of UKRI's funding. As a result of this, the cost of most programmes managed by Department for Business and Trade (DBT) and DSIT are recovered via invoicing as opposed to DSIT transferring budget to UKRI, which shows in our outturn as a decrease in spend in 2023-24. £64 million of the DSIT Managed Programme spend is in relation to new funding for the AI Research Resource (AIRR).

In addition, Innovate UK loans expenditure increased in 2020-21 and 2021-22 following the introduction of Innovation Continuity Loans in response to the COVID-19 pandemic. This reduced significantly in 2022-23 due to the combined impact of lower-than-expected loan issuance and the beginning of capital repayment in earlier competitions of the loan portfolio. Innovation Loans spend has increased again in 2023-24 due to an increased portfolio. The Innovation Loans variance of £2.7 million represents solely the drawdown of new loans but excludes capital repayments. Capital repayments of £5 million are shown under the other financial transactions budget line. These two lines combined would be an underspend of £4 million against budget.

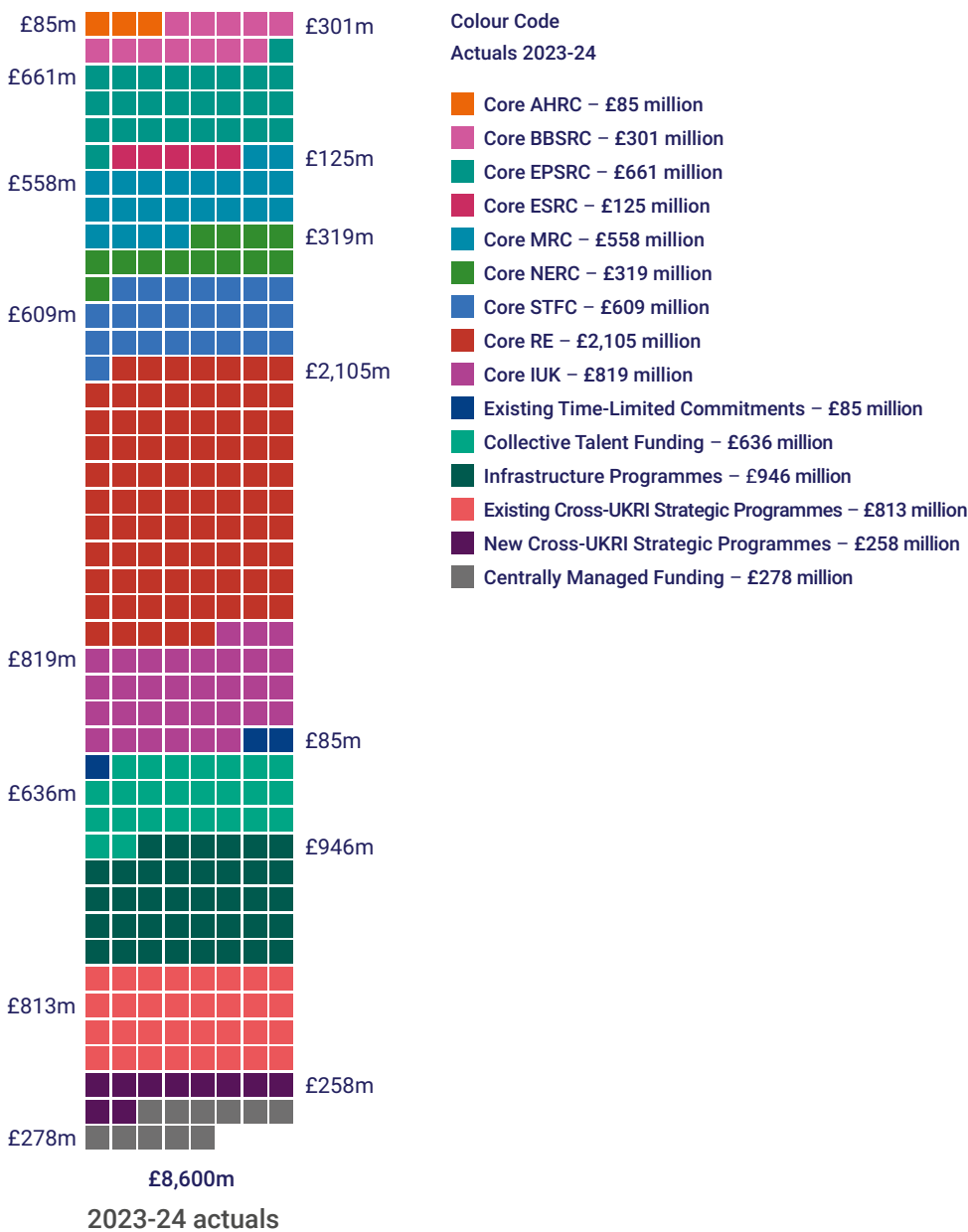
UK association to the Horizon Europe programme was granted in September 2023. Association means that UK organisations will be able to bid into Horizon Europe, certain that all successful UK applicants will be covered for the remainder of the programme either through the UK's association, or through the UK guarantee which is being delivered by UKRI. In 2023-24, UKRI increased its spend under the Horizon Europe Guarantee to £291 million, due to the significant increase in the onboarding of grants from Horizon Europe.

Funding for Earth Observation (Copernicus) also sits under the EU Programmes ringfence and spend continued in 2023-24, increasing to £22 million.

Official Development Assistance (ODA) expenditure decreased by £256 million in 2021-22 following the Government's decision to reduce ODA funding announced in March 2021, triggered by the impact of the COVID-19 pandemic on the UK economy. Funding continued at this level for 2022-23 but halved again in 2023-24 to £63.5 million. In 2022, the government announced that both the Global Challenges Research Fund (GCRF) and Newton programme would be discontinued. The replacement was also announced as the International Science Partnerships Fund (ISPF) which is a blend of ODA/non-ODA funding and sits under the DSIT Managed Programmes ringfence. The reduction in ODA expenditure in 2023-24 is reflective of GCRF and Newton portfolios coming to an end and in line with expectation, although the underspends being recognised on the ending grants are much higher than anticipated.

Full detail on changes in UKRI's Consolidated Statement of Financial Position in 2023-24 is contained in the Financial Statements and notes at pages 115-119. Explanations for year-on-year variances in balances can be found in the notes to the financial statements.

UKRI Councils' and Programmes Investments in 2023-24



Budgets have been rounded to nearest £25 million to represent in squares. The sum of planning allocations to individual budgets and councils is £815 million higher cumulatively over 2022-23 to 2024-25 than the UKRI budget limit to mitigate the risk of underspends and ensure best use of available funding. Figures presented are in nominal terms.

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

Note that the outturn data in this table takes into account actual, audited spend which has been mapped, as far as possible, to headings that are consistent with other UKRI publications. However there will be

some differences in how some spend lines have been mapped between headings in this document and previously published documents. Please also be aware that UKRI's budgets change throughout any given year due to a combination of day-to-day financial management including the reprofiling of budgets between years and the adjustment of budgets between programme lines in-year. During the course of 2023-24 UKRI also received some additional allocations from DSIT to deliver on priorities. If comparing the figures in this document with other documents, any lower numbers will be due to slippage or mapping changes, and will not impact on total investment across multi-year programmes.

Our website includes more information about how we manage our [budget](#) and [what we have funded](#).

The Mid-Infrared Instrument (MIRI) on the James Webb Space Telescope allows it to see the redshifted light of distant galaxies, newly forming stars, and faintly visible comets as well as objects in the Kuiper Belt. The MIRI was developed by a major international consortium including scientists from STFC's UK Astronomy Technology Centre and RAL Space, the University of Leicester, and Airbus UK. Credit: NASA, ESA, CSA, STScI, J. DePasquale (STScI), A. Pagan (STScI)

Performance Analysis

This section describes in detail how we have delivered over the year.

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

Objective 1: People and careers

We invest across the full R&I skills spectrum, building a portfolio that covers the breadth and depth needed to make the UK the destination of choice for talented people, teams and businesses. In our [Corporate Plan](#), we committed to increase investment in our people, culture and talent portfolio, to boost career path diversity and connectivity, and to enable a wide range of exciting careers and a vibrant UK R&I culture. To deliver these commitments in 2023-24 we:

Developed and delivered our UKRI-wide talent programme in line with our [Collective Talent Funding roadmap](#), by:

- simplifying and harmonising our talent-focused investments by launching our new UKRI doctoral investment framework which included developing a 'core offer' for all postgraduate research (PGR) students in receipt of UKRI funding. The first funding opportunity under the framework is already [live](#)
- setting out actions we will take in response to the outcomes of the [PGR New Deal Call for input](#)
- convening more than 1,400 companies, higher education institutions, charities and civic organisations to underpin the UK's largest investment of over £1 billion to support skills across engineering and physical sciences through EPSRC's centres for doctoral training

Incentivised diverse career paths and mobility between sectors, and ensured we attract a diverse range of global R&I talent with different skills and backgrounds, by:

- supporting the mobility and development of bioscience researchers and technical staff through partnerships and secondments through BBSRC's £3.4 million investment in [Flexible Talent Mobility Accounts](#)
- updating our [Global Mobility evidence report](#), including new evidence on international researchers in R&D businesses, leading to improved information available via the [GREAT Talent campaign](#)

Championed and fostered a diverse, inclusive and connected R&I system, and developed our understanding of future R&I workforce skills and knowledge needs, by:

- developing the evidence base on EDI barriers to PGRs through [commissioned analyses](#) from AdvanceHE, including an [analysis of the UKRI training grants terms and conditions](#)
- connecting innovators and businesses across the UK to talent and skills opportunities through Innovate UK's [No Limits](#) platform

Implemented our people and teams action plan, and piloted, modelled and adopted good practice for improving R&I culture, by:

- better recognising the wide range of roles that contribute to the delivery of R&I through our new [roles in funding applications policy](#) and implementing a narrative CV format, [Résumé for Research and Innovation \(R4RI\)](#), on our new digital Funding Service platform
- empowering technical leadership through Research England's investment to support the Institute of Technical Skills and Strategy's three [technical leadership programmes](#)

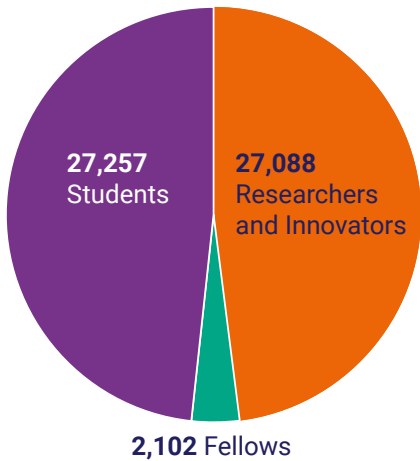
Worked with a wide range of partners to develop and influence responsible national and international R&I policy and culture, driving the adoption of good practice, by:

- launching our new [position statement on research involving animals](#), demonstrating our commitment to the 3Rs (replacement, reduction and refinement of the use of animals in research), and ensuring excellent welfare standards for animals involved in R&I we fund

In addition to our Corporate Plan commitments for 2023-24, we also:

- supported the [National Centre for Universities and Business's mobility task force](#) launch, to explore how greater movement of researchers between sectors can positively impact economic growth
- worked with the [MESSAGE](#) initiative to co-design a framework to embed sex and gender considerations into UK health and biomedical research, building on MRC's new [policy on embedding diversity in research design](#), which is regarded as an example of best practice
- announced a further £7 million Innovate UK investment in the [Workforce Foresighting Hub](#), ensuring we embed the skills needed in the UK to harness the impact of our world-leading innovation

Developing the breadth of skilled people and teams essential for the future R&D workforce



Who our funding supported in 2023-24

Across our full portfolio of investments active in 2023-24
 Students 27,257; Fellows 2,102; Researchers and Innovators 27,088

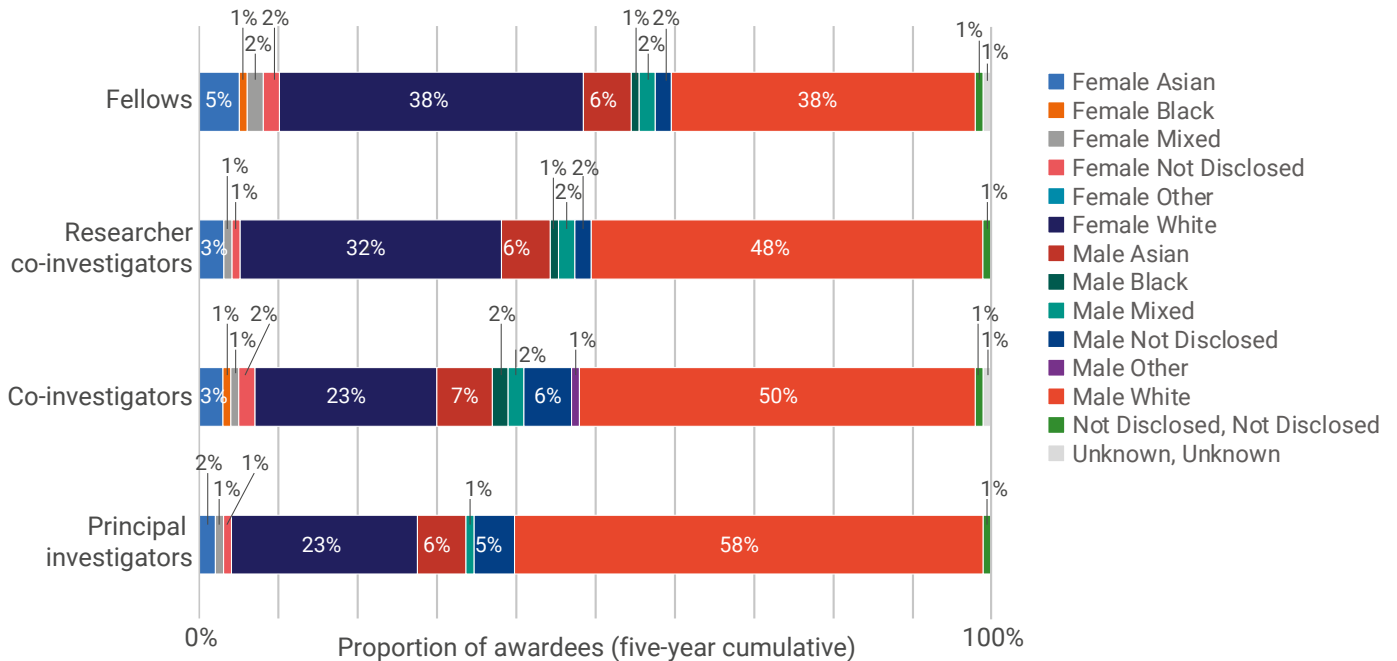
2022-23: Students 27,944; Fellows 2,129; Researchers and Innovators 27,459

2021-22: Students 29,301; Fellows 2,074; Researchers and Innovators 28,008

The number of students supported by UKRI has decreased due to anticipated factors such as the end of additional support, including extending studentships, to mitigate the impacts of COVID-19, as well as factors such as the increase in our UKRI stipend.

Our award holders

Our 2024 diversity data report has detailed analyses of UKRI's applicants and awardees in 2021-22. Totals for each category may not equal 100%, reflecting data suppression methods where groups of four or fewer individuals were not included in the analyses. Our Funding Service details role descriptions and responsibilities.



Attracting and retaining talented people and teams from the UK and around the world

Over **2,595** Global Talent Visas endorsed by UKRI in 2023-24 (2022-23: 1,967*), attracting excellent researchers and team members to work on peer-reviewed grants from a breadth of UK and international funders

£100 million awarded to **72 new R&I fellows** in 2023-24 through Future Leaders Fellowships (FLF)
556 FLF fellowships awarded since the scheme launched in 2018, through investing a total of **£650 million**

FLF has successfully retained in or attracted to the UK **228 international fellows** (including 60 in 2023-24) and retained in or attracted back to the UK **307 UK national fellows** (87 in 2023-24)**

* The 2022-23 figure has been revised from that reported in the 2022-23 Annual Report and Accounts, reflecting lags in the applications data

** 21 fellows did not disclose their nationality

Shifting research culture to support talented people and teams to pursue their ideas

44 policy fellows to work in government and the What Works Network, putting some of the UK's outstanding researchers at the heart of government, to help inform the way policy is made, more than doubling the programme's scale and expanding the range of research disciplines

11 projects offering a range of interdisciplinary platforms to support research technical professionals to develop and nurture specialist skills

UKRI enables cross-disciplinary scientists to develop their leadership skills

The support given in Cross-Disciplinary Fellowships (XDF) to early career scientists at the University of Edinburgh is helping foster leadership. The XDF programme helps physicists, chemists, mathematicians, statisticians, engineers and computer scientists move into interdisciplinary areas, for example, applying AI and machine learning in cancer biology. The programme, supported by MRC funding, has recently appointed its fourth cohort of fellows who are becoming leaders in data-driven computational biomedicine.



Highlights

Spearheading public dialogue on digital technologies, science and AI

We actively involve the public in discussion about science and technology through initiatives like Sciencewise. In 2023, Sciencewise partnered with the UKRI Responsible AI programme to gather public perspectives to shape the development of governance and standards for digital services and technologies. Sciencewise is a renowned public

engagement programme led by UKRI, which ensures that research and innovation policies consider the concerns and hopes of the public. It has facilitated groundbreaking dialogues on climate adaptation, and identified areas where public input is crucial such as the health applications of Engineering Biology, to maximise the societal benefits of R&I.

Improving efficiency across vaccine supply chains

Novel technology is improving vaccine safety and reducing wastage. UKRI Future Leaders Fellowship (FLF) holder Dr Izabela Jurewicz, Chief Scientific Officer at Advanced Material Development Ltd, won the inaugural FLF R&I Impact Award for her work using novel colour-changing materials to develop small stickers for vaccine vials which change colour

when exposed to heat, indicating if vaccine doses have been exposed to temperatures during transit that could render the vaccine inactive. The stickers have the potential to save millions of pounds across global communities, making it possible to safely distribute vaccines across challenging and ever-growing global supply chains.

Objective 2: Places

We take a strategic and coordinated approach to investment across the UK in outstanding people and teams, institutions, infrastructures, sectors and clusters. In our [Corporate Plan](#), we committed to enabling collaboration locally, regionally, nationally and internationally by deepening our engagement with local and regional authorities and devolved administrations, delivering substantial strategic investment in R&I infrastructure, and working to understand the financial challenges the R&I system faces. To deliver these commitments in 2023-24 we:

Sought new opportunities and partnerships to support collaboration and knowledge exchange to deliver impactful outcomes, by:

- boosting support to grow local economies through Research England's [Regional Innovation Fund](#) and supporting research clusters to scale up and sustainably enhance their research capacity through Research England's [Expanding Excellence in England \(E3\) fund](#)
- supporting the growth of business-led innovation clusters through Innovate UK's new [Launchpads](#), and enhancing the adoption of supercomputing, data science and artificial intelligence in regional small businesses through four new [engagement hubs](#) as part of the Hartree National Centre for Digital Innovation programme
- addressing local challenges, driving sustainable and inclusive economic growth and reducing regional disparities in the UK by bringing together devolved governments, local authorities, local businesses and local communities by launching our four [Local Policy Innovation Partnerships](#)
- partnering with local authorities through Innovate UK's Local Action Plans across the [Glasgow City Region](#), [Liverpool City Region](#), [New Anglia](#), [Wales](#), [West Midlands](#), [West Yorkshire](#), and [West of England](#), and through a new landmark agreement with [Greater Manchester](#)
- investing in projects to accelerate the growth of three high-potential innovation clusters in Glasgow, Greater Manchester and the West Midlands through Innovate UK's new [Innovation Accelerators programme](#), and enhancing R&I clusters through EPSRC's [Place-based Impact Acceleration Accounts](#)

Strengthened our evidence base on the financial resilience of the R&I system to embed it in our work and decision-making, by:

- working with DSIT to develop policy options for the Government's response to the [Research, Development and Innovation Organisational Landscape review](#)
- publishing high-level [data and analysis](#) of the financial pressures on the UK R&I system, which include increases to the cost base due to inflation, and the reliance on income from international students to cross-subsidise university research activity and, increasingly, publicly-funded teaching. This provided a clear description of the flows of funding and income in universities and the scale of the financial challenges facing the R&I system
- working with stakeholders, funders and participants in the R&I system to understand how these issues can be addressed in the current fiscal environment in the UK to create a more resilient and sustainable system for the future

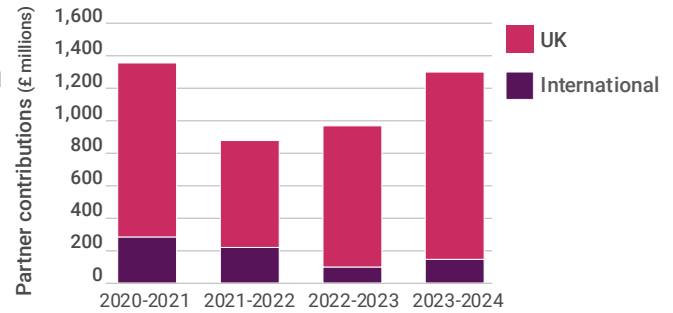
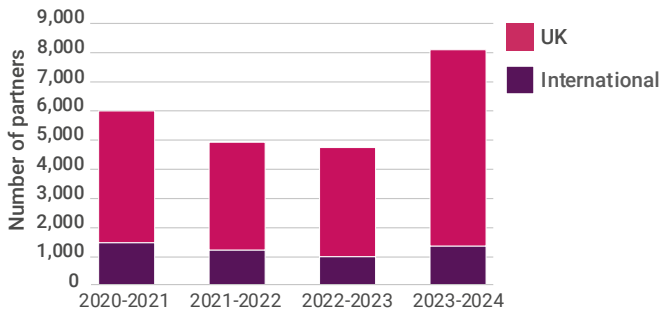
Ensured that UK researchers have access to world-leading laboratory facilities, equipment and digital resources by:

- expanding and upgrading the UK's world-class research infrastructure, including digital infrastructure, through investment of £103 million in [World Class Labs](#)
- enabling the acceleration of data-driven approaches through increased [bioinformatics capabilities](#) and launching [Smart Data Research UK](#) through investments via our [Infrastructure Fund](#)
- supporting critical improvements in digital services as well as software and skills training across the UK through the [Digital Research Infrastructure programme](#)

In addition to our Corporate Plan commitments for 2023-24, we also:

- broadened support for [heritage science](#) research in the UK through Research Infrastructure for Conservation and Heritage Science (RICHeS), an £80 million AHRC programme enabling technological innovation to build on the national footprint of our existing heritage programmes
- launched a £90 million programme of improvements and instruments to boost the capacity and capability of STFC's [ISIS Neutron and Muon Source](#)

Strengthening clusters and partnerships – locally, nationally, and globally



Financial Year	UK	International
2020-2021	4,594	1,457
2021-2022	3,755	1,202
2022-2023	3,814	962
2023-2024	6,855	1,342

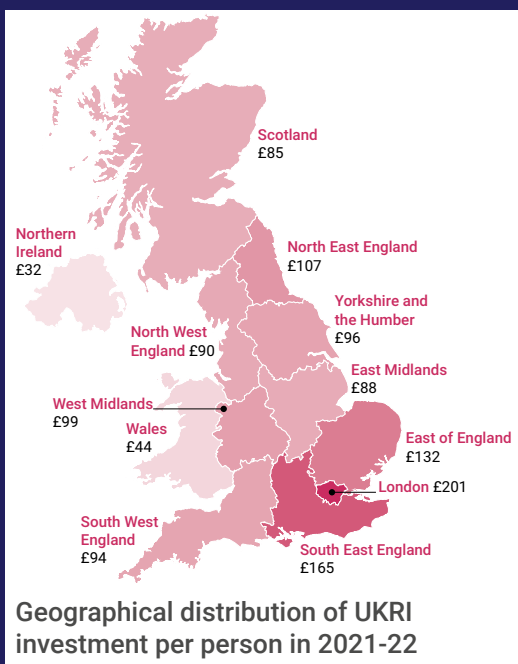
Financial Year	UK (£m)	International (£m)
2020-2021	£1,068	£280
2021-2022	£657	£215
2022-2023	£864	£97
2023-2024	£1,146	£146

Over £4.4 billion co-investment committed by project partners since 2020-21

Based on project partners declared at the point of application. Partners may change in delivery of projects. In 2020-21 increased collaboration and co-investment coincided with our significant investment in COVID-19 R&I programmes and investment through the [UKRI Challenge Fund](#). An additional 68 partners for whom geographical location was not classified contributed a further £10 million in 2023-24 (157 partners and £26 million in 2022-23, 63 partners and £36 million in 2021-22, and none in 2020-21).

Innovate UK’s Global function in 2023-24:

- supported **618 organisations**, of which **596** were businesses, to succeed globally through **12** bilateral collaborative research and development programmes with key partner innovation countries and territories
- launched Innovate UK’s new [Global Explorers](#) programme to support businesses to explore global R&D and innovation opportunities
- delivered **22 Global Business Innovation Programmes** enabling **268** small to medium-sized enterprises (SMEs) to explore global innovation opportunities in technology and sector areas of UK strength
- supported **92 SMEs** through **12 Global Incubator Programme cohorts** working with leading incubator and accelerator programmes in Australia, Canada, India, Singapore and USA
- delivered **11 Global Expert Missions**, generating new insights on international R&I landscapes and sectors and scoping future opportunities for Innovative UK businesses



Geographical distribution of UKRI investment per person in 2021-22

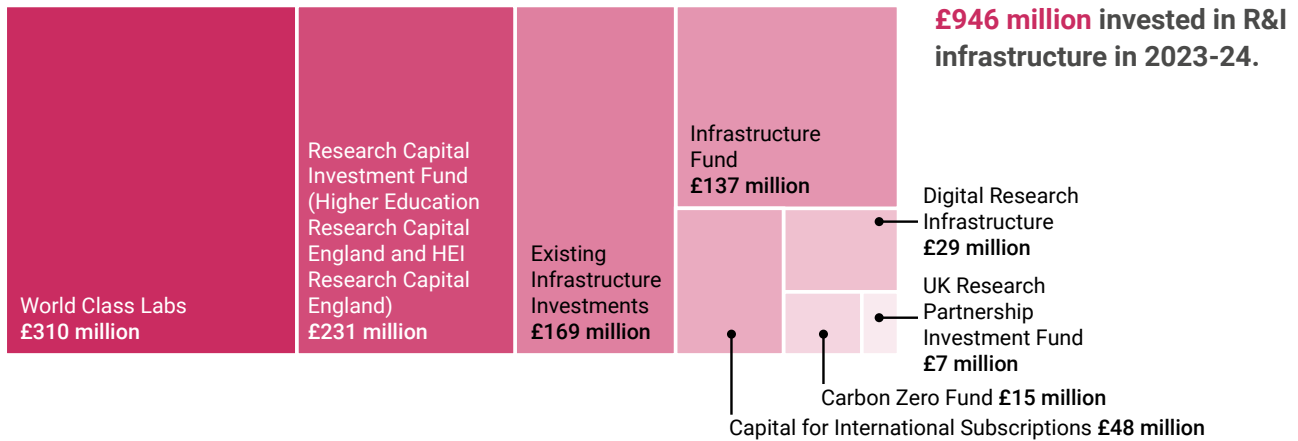
In our most recent published data, we invested £3.7 billion outside the greater South East (GSE), equivalent to 47% of our portfolio.

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

We invest relatively less in Scotland, Wales and Northern Ireland. UKRI data include substantial Research England Quality Related (QR) investment in English Universities (page 32) but do not include investment by the equivalent funding bodies in these nations, who allocate funding according to their national research policies and priorities.

Due to methodological changes, it is not possible to compare these investment data with previous years. 2021-22 data will form the baseline for future trend analyses.

Securing cutting-edge infrastructures for world-class research and innovation



Highlights



Developing next-generation cloud storage technology

The development of new cloud storage technology for smartphones is part of a growing regional photonics ecosystem in Northern Ireland (NI). Heat-Assisted Magnetic Recording (HAMR) technology increases the storage capabilities of hard drive disks used in cloud storage, including those accessed by smartphones and personal laptops. EPSRC investments to support the development of this new technology and wider R&I have been instrumental in building a regional photonics ecosystem in NI, helping create academic-industry consortia and increasing the training of scientists and engineers, helping to attract £81 million of foreign investment from Seagate Technology. A further investment of £42 million in Smart Nano NI through our Strength in Places Fund attracted industry co-investment of £22 million and will create an estimated 500 further jobs and £250 million increase in exports in the next 10 years.

Convening and connecting to nurture clusters and power growth

Regional clusters are driving regional innovation and growth. Clusters spanning the space, health, energy, digital and quantum sectors are anchored to STFC's campuses at Harwell and Daresbury. These clusters have grown rapidly, attracting over 300 commercial organisations to date, which have raised over £1.4

billion in private investment and employ thousands of highly skilled people, and are fostering more than 20% job growth on average every year. STFC's new Cluster Strategy builds on this incredible success to accelerate progress further.

Investment into wellbeing areas creates jobs and drives new policies

The South West Partnership for Environment and Economic Prosperity (SWEPP) has led to £25 million savings in costs to businesses and the public. NERC's £5 million funding has also helped to create

327 jobs and attract £115 million in investment and enabled >3,000 km² of natural space to be designed for health and wellbeing by bringing environmental research into the heart of regional decision-making.

Objective 3: Ideas

We are advancing the frontiers of human knowledge by enabling the UK to seize opportunities from emerging research trends, multidisciplinary approaches, new concepts and markets. In our [Corporate Plan](#), we committed to enhance and improve our toolbox of funding mechanisms, and to work with the UK government departments and international partners to enable greater strategic coordination in developing long-term international collaboration. To deliver these commitments in 2023-24 we have:

Invested in a dynamic portfolio of creative, curiosity-driven R&I to deliver new technologies, insights and knowledge that provide competitive advantages and solve tomorrow's challenges, by:

- supporting innovative ideas wherever they arise through our responsive funding for R&I, with examples in 2023-24 including:
 - piloting BBSRC's £12 million fast-track approach to supporting [visionary early-stage bioscience research projects](#) aiming to transform our fundamental understanding of biological systems
 - launching AHRC's [curiosity awards](#) to support fundamental research, networking and idea generation
 - supporting new collaborations, generation of proof-of-principle results and exploration of new areas through EPSRC's Maths Small Grants scheme, implementing streamlined application and assessment processes which lowered barriers to accessing our funding and helped support ideas across the breadth of mathematical sciences
 - [pushing the frontiers of environmental research](#), supporting ambitious, high risk and high reward projects through £25 million NERC investment

Have taken a strategic approach to international partnering, to reduce barriers to investigator-led, cross-border collaboration, and supported transdisciplinary mechanisms to address global challenges, by:

- launching the [International Science Partnerships Fund](#) to address global challenges, build knowledge and develop the technologies of tomorrow, including:
 - through our UK-Japan partnership to build capacity in [engineering biology and novel therapies and diagnostics](#) and to [develop new technologies for nuclear waste disposal](#)
 - partnering with the US, Canada and Australia to accelerate [clean energy innovation](#)
 - strengthening the [UK-India partnership](#), committing to collaborate on vital R&I, including on earthquakes, animal health and AI
- supporting the UK's R&I communities' access to Horizon Europe opportunities, including collaborating with DSIT to deliver [Horizon Europe Insight Days](#), and pump-priming applications from UK SMEs through Innovate UK's [Business Growth service](#)
- supporting a total of over 3,000 UK-based projects with over £1.5 billion investment through the [Horizon Europe Guarantee scheme](#), including 1,246 multi-year projects worth a total of £646 million over their lifetime between 1 April 2023 and 31 March 2024

Developed and delivered funding mechanisms that help to capture the best ideas unconstrained by disciplinary boundaries, by:

- launching the [cross-research council responsive mode scheme](#), supporting new interdisciplinary ideas emerging from the research community
- supporting transformative multidisciplinary approaches in [novel computing and sensing](#) for complex national security and defence research challenges through our continued collaboration with [National Security Technology and Innovation Exchange](#) and UK government partners
- continuing to support the [Strategic Priorities Fund](#) programmes, with the fund's [interim report](#) noting that it is helping to drive an increase in high-quality multi- and inter-disciplinary research and innovation at all stages

In addition to our Corporate Plan commitments for 2023-24, we also:

- addressed health challenges through multidisciplinary research including launching EPSRC's [Digital Health hubs](#) and funding four hubs as part of a £40 million EPSRC investment in [Research and Partnership Hubs for Health Technologies](#)

Investing in a diverse and dynamic portfolio of high-quality, creative research and innovation

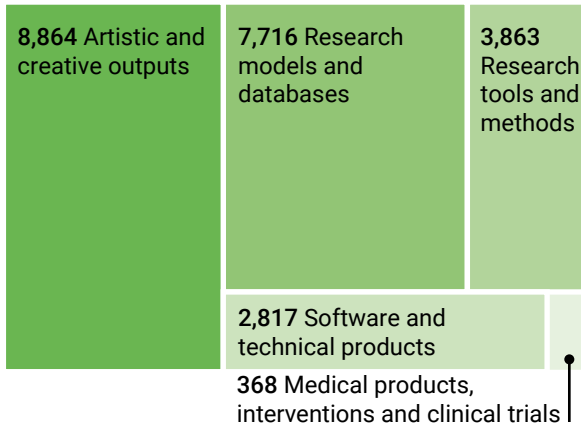


Our portfolio of investments of research council and Innovate UK investments, 'Research and development expenditure by the UK government: 2022', ONS, April 2024 (see pie chart)

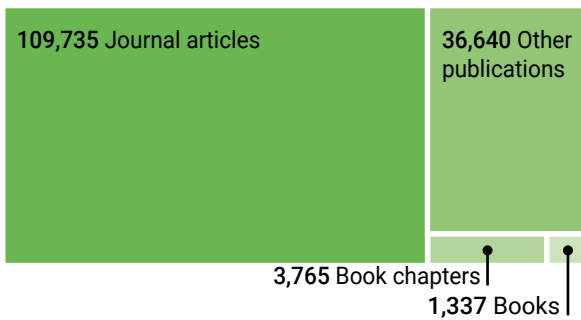
Investing **£2.2 billion** through Research England quality-related research funding, supporting the resilience, agility and strategic investment in the higher education research system

Investing **£1 billion** supporting curiosity-led R&I through our [responsive mode schemes](#)

Over 175,000 knowledge outputs have been generated by UKRI awards starting between 2019-2023, with ideas translated into 23,628 diverse R&I outputs and 151,477 publications



	Quantity
Artistic and creative outputs	8,864
Research models and databases	7,716
Research tools and methods	3,863
Software and technical products	2,817
Medical products, interventions and clinical trials	368



	Quantity
Journal articles	109,735
Other publications	36,640
Book chapters	3,765
Books	1,337

Citations in 2023 to UK publications*

26% of the UK publications were enabled by UKRI funding

31% of citations to all UK publications were to that same 26% of publications enabled by UKRI funding** (Citations in 2022: 26% and 32%, respectively)

* Publications that included one or more authors affiliated to a UK R&I organisation. Data from Dimensions.ai. Citation analysis includes publications since 2008. Improved data linkage may increase the number enabled by UKRI.

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

Incentivising and removing barriers to multidisciplinary and interdisciplinary working

- **£65 million** is being invested over two rounds of the [UKRI cross research council responsive mode pilot scheme](#)
- **976 outline applications** were assessed in Round 1, with **170 full applications submitted**
- **over 1,300 R&I community** applied to join our Interdisciplinary Assessment College to assess applications
- **89% of applicants** to the pilot agreed that the scheme will unlock new research, new approaches or new methods that would not emerge from established disciplinary thinking

Our councils collectively designed and launched **72 new interdisciplinary funding opportunities** in 2023-24 and **15 UK government departments** partnered UKRI across **53 funding opportunities** in 2023-24, promoted on our [funding finder](#) which enables researchers to view all our current competitions in one place.

Filling a gap in dementia care through innovative design

Initial funding from AHRC in 2018 supported researchers at Cardiff Metropolitan University to [develop technology used in comfort devices for people with dementia](#). Researchers identified a need to feel nurtured, and informed by principles of compassionate design, developed the toy, named [HUG™](#). The commercial spin-out company leveraged additional investment and support from the Welsh Government, Alzheimer's Society and NHS Wales. HUG™ is now for sale in a leading UK retailer. Evaluations show that people living with dementia who used a HUG™ for six months had an 87% increase in their wellbeing and improved cognitive and functional ability. At an event in March 2024 the Rt Hon Greg Clarke (pictured) highlighted how “arts and humanities research stimulates, provokes and creates return on investment all across the country, by galvanising creativity”.



Highlights

Going back beyond galaxies, telescope finds first stars in space

Diamond-shaped star dust dating back billions of years has been detected for the first time in space by an international team of astronomers. A UK team, supported by STFC, found carbon-rich dust grains between the stars which could form earlier in the life cycle of galaxies than previously thought. Data from the [James Webb Space Telescope](#) reveals crucial building blocks of planets and stars. STFC team plans to involve theorists to discover how the dust grains evolved in such a short timescale.

Developing climate change resilient wheat

R&I is helping safeguard one of the world's most vital crops, and BBSRC investments, totalling over £300 million since the turn of the century, are at the forefront of [revolutionising wheat](#). Newly bred varieties can be heat tolerant, disease resistant, nutritious and sustainable, benefiting economies and building climate change resilience. An [independent evaluation](#) revealed significant socio-economic impacts from the research we have supported, with a projected global return over the next 25 years of £8.90 for every £1 we have invested.

Objective 4: Innovation

We work to realise the full potential of the UK's world-class research base and national capabilities, helping deliver the UK government's vision for an innovation nation. In our [Corporate Plan](#), we committed to enhance the speed and effectiveness of the UK's commercialisation activity, and to maximise the opportunities for knowledge exchange and collaboration between researchers, innovators, businesses, public services and policymakers, across a range of priority business sectors. To deliver these commitments in 2023-24 we:

Progressed our commitment to work across the system to support innovation to align funding opportunities and investments by:

- developing strategic partnerships to strengthen alignment within the system and deliver value, this includes an [Innovate UK Memorandum of Understanding](#) with British Business Bank to create new pathways for business investment and promote growth through innovation
- acting as a trusted, expert partner to government across programmes that deliver sector specific outcomes, including Innovate UK's work with the Department for Business and Trade delivering the [Advanced Propulsion Centre](#) and [Aerospace Technology Institute](#) programmes, and investing £110 million across 217 projects funded through the [Farming Innovation Programme](#) managed on behalf of the Department for Environment, Food and Rural Affairs (Defra)
- enhancing support for business through Innovate UK's [Catapult](#) network and launched a new [UK Agri-Tech Centre](#), the national and international voice for agri-tech innovation in the UK
- enabling UK businesses and academia to team up in cutting-edge research, through our [proven](#) and expanded [Prosperity Partnerships](#) model, including through EPSRC and BBSRC support for [19 new projects](#) focused on quantum, medtech, energy and other sectors, and [10 new dynamic collaborations](#) unlocking innovation in the bioscience and biotechnology sectors

Worked with partners across the globe to support business to make global success a key part of their innovation-driven growth and scaling by:

- strengthening Innovate UK's bilateral relationships, culminating in the launch of several collaborative R&D competitions, including [Singapore for Net Zero technologies](#), [Canada for quantum technologies](#), and multilateral competitions through [Eureka](#)
- launching the £20 million [Canada-UK Biomanufacturing Collaboration](#), an integrated programme to grow the biomanufacturing sector in both countries through joint work on business-led R&D, growth and scaling support, standards and regulations, supply chain resilience, and creating the talent and skills pipeline

Developed our approaches to incentivise and support new and existing research commercialisation opportunities, by:

- launching the new £7 million UKRI [Innovation and Research Caucus](#) as a world-leading centre of excellence in R&I funding, developing the evidence to maximise the impact of the R&I system
- enabling improved commercialisation outcomes by implementing our [Research Commercialisation Funding Framework](#), delivering on the government's UK [Innovation Strategy](#) and launching an [interactive brochure](#) outlining UKRI's commercialisation offer
- providing insights on emerging trends in performance improvement across English higher education providers by [publishing](#) the latest Knowledge Exchange Framework (KEF3) results
- bringing new products, processes, services and experiences to market through the [Social science, Humanities and Arts for People and the Economy Catalyst](#) programme delivered by ESRC and AHRC in partnership with the [ARC Accelerator](#), investing £4 million in research commercialisation

In addition to our Corporate Plan commitments for 2023-24, we also:

- [published](#) our declaration to improve the R&I environment for businesses seeking to scale up
- laid out [our plans](#) to implement recommendations from the [independent review of university spin-outs](#)
- launched Innovate UK's [£32 million competition](#) to develop and adopt artificial intelligence and machine learning solutions in the priority sectors of transport, construction, agriculture and creative industries
- invested £26.5 million through Innovate UK's [Next Generation Professional and Financial Services](#) programme to transform UK professional and financial services

Delivering the skills, finance and collaboration opportunities needed to boost private sector investment

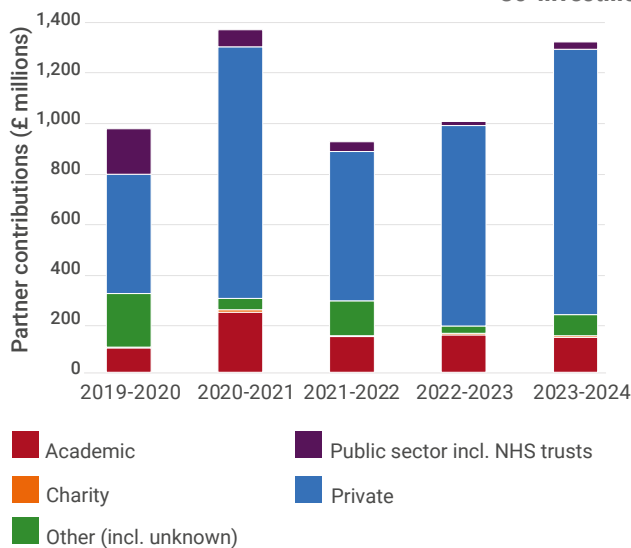
- provided **£224 million** through Innovate UK Innovation Loans for late stage research and development to 250 businesses, since 2017
- leveraged **£378 million** in private investment
- received early repayment of **£12.3 million** from **22 businesses** on successful exits

£260 million allocated in 2023-24 through Higher Education Innovation Funding (HEIF) led by Research England in partnership with the Office for Students, catalysing university and business collaboration and R&D investment to support knowledge exchange and increase the social and economic benefit of their work

£20 million additional allocation for a business and commercialisation supplement to contribute to delivering government priorities

£8.30 return on investment for every £1 of UKRI funding through HEIF according to an independent evaluation

Co-investment on new grants



	Partner contributions (£ millions)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Academic	97	237	140	146	137
Charity	2	8	4	6	7
Other (incl. unknown)	212	45	138	30	84
Private	470	991	587	790	1,046
Public Sector, incl. NHS trusts	179	67	39	16	28
Total	960	1,348	908	987	1,302

Over **£1.3 billion** co-investment from partnering organisation on new UKRI grants in 2023-24, including **£1,046 billion** co-investment from the private sector.

The peak in 2020-21 coincided with increased COVID-19 and Industrial Strategy Challenge Fund investments. The increase in co-investment from partners in the private sector in 2023-24 compared to 2022-23 has been driven by Innovate UK’s expanding portfolio of awards.

These data reflect project partner contributions declared at the point of application and represent only one mechanism by which UKRI catalyses private sector R&I investment.

Accelerating translation, commercialisation and knowledge exchange

By the end of 2023-24, Innovate UK was reaching a network of **450,000 innovators** across its system providing them with access to the UK's innovation ecosystem. That included through the new Innovation Hub as a source of public funding and support for innovative businesses. Innovate UK also launched the No Limits platform which aims to transform the UK's skills and talent pipeline and to open up

thousands of opportunities for people to become successful innovators.

Through Innovate UK Business Growth **10,600 innovation-driven businesses** were supported in 2023-24, who in turn secured **£674+ million** in follow-on funding and finance while creating and maintaining **6,713 jobs**.

Businesses in receipt of Innovate UK investment secured **£3.61** of direct business benefit for every £1 we invested, and generated **£2.60** additional economic benefits according to a November 2023 report

Innovate UK's Investor Partnership programme brings together grant funding and investor partners

- **£112 million** of UKRI grants supporting 260 SMEs
- a total of over **£1 billion** in private investment through £326 million in aligned investment led by investor partners and follow-on equity investments of £754 million since the programme's launch in 2017

In 2023-24 the programme supported **82 SMEs** with grants totalling **£40 million**, with a further **£123 million** invested by partners and **£208 million** raised in total further investment by the portfolio of Investor Partnership companies

Highlights

Pioneering next-generation solar technology

Oxford Photovoltaics (Oxford PV) set a new record in January 2024 for the world's most efficient solar panel, marking a crucial milestone in the clean energy transition. Oxford PV formed as a spin-out from the University of Oxford, capitalising on technology developed through EPSRC and Innovate UK support to become a pioneer and technology leader in the field of perovskite solar cells, employing 140 people based in the UK and Germany, and has raised £119 million in equity. Oxford PV's founders credit the transformative impact of our funding in catalysing progress and enabling the UK to develop and capitalise on a competitive advantage in this technology.

Decarbonising the UK railway network

Innovative technology addressing power supply challenges is opening opportunities to replace diesel trains with electric, hydrogen or battery bi-mode rolling stock. Work to manufacture and deliver the first fully-installed novel Rail Charging Converter technology on the UK railway network is underway,

An innovative 3D cell culture platform could replace the use of animals in research

PeptiMatrix is a spin-out from the University of Nottingham aiming to reduce the need for animals in research by creating animal free hydrogels for 3D in vitro cell cultures. The short self-assembling peptide hydrogel (SAPH) platform is an innovative technology helping researchers to develop disease models that are more reproducible, reliable, and ethical. The platform was developed with funding from BBSRC, EPSRC and NC3Rs (of which MRC is a major funder), and further support from Innovate UK is helping expand capacity and accelerate product development.

building on a project supported through Innovate UK and the Department for Transport's First of a Kind demonstrator initiative, work led by Siemens Mobility, alongside the University of York, Network Rail and a number of operating companies.

Objective 5: Impacts

We create opportunities to connect ideas, science and innovation, providing the foundations to target global and national challenges, including contributing to the UN's Sustainable Development Goals. In our [Corporate Plan](#), we committed to harnessing the UK's world class R&I to deliver benefits to society and the economy, including amplifying our collective activity through [our strategic themes](#) and building on our existing investments to scale and expand R&I across [critical technologies](#). To deliver these commitments in 2023-24 we:

Created opportunities across our five strategic themes, capturing synergies from wider investment across UKRI and partners by:

- amplifying our investments across our strategic themes: [building a green future](#), [building a secure and resilient world](#), [creating opportunities and improving outcomes](#), [securing better health, ageing and wellbeing](#), and [tackling infections](#) (page 38)

Strengthened our investment to accelerate technology development, adoption and diffusion for the whole of science, policy and innovation by:

- developing the UK's strengths in [critical technologies](#) to transform our future economy, with around £470 million of investments in financial year 2023-24 specifically targeted at addressing a challenge, opportunity, or gap in one or more of the five National Science and Technology Council priority technologies through core-council and strategic UKRI investments, including through our [Technology Missions Fund](#) (page 40)
- aiding technology adoption by delivering clean maritime demonstrations and factory trials, through Innovate UK's [£33 million investment in 33 projects](#) in partnership with the Department for Transport

Invested in priority sectors including life sciences, advanced manufacture, space, food and the creative industries, by:

- developing opportunities to boost priority sectors, including:
 - launching four new [vaccine hubs](#) through an EPSRC partnership with the Department of Health and Social Care to address challenges in vaccine manufacturing and delivery in developing countries
 - investing in [32 innovative projects](#) designed to produce foods in a more environmentally friendly way, driving transformation across the food industry to meet the demands of a growing population while promoting health and sustainability through BBSRC and Innovate UK [£15.6 million investment](#)
 - enhancing the UK's position as a global leader in sustainable manufacturing, including by creating a multidisciplinary network comprising [six new sustainable manufacturing research hubs](#) supported by EPSRC's [£66 million investment](#), and the development, design and delivery of our new and disruptive [£14 million sustainable biomanufacturing investment](#)
 - welcoming Airbus Defence and Space UK as the first customers at our [National Satellite Test Facility](#), the UK's [£116 million centre](#) for testing large, next-generation satellites

In addition to our Corporate Plan commitments for 2023-24, we also:

- accelerated plans to address key government priorities in high-performance computing, quantum technologies, and telecommunications. This includes:
 - developing programmes to deliver a game-changing [Exascale supercomputer](#) and the [AI Research Resource](#) to upgrade the UK's next-generation computer capacity
 - developing a programme to deliver an additional [£70 million commitment](#) to support research hubs and accelerate market-ready solutions in future telecoms
 - investing a further [£45 million](#) to unlock the potential of quantum to drive breakthroughs in brain scanners, navigation systems and quantum computing, including [£15 million](#) through the Innovate UK and DSIT Quantum Catalyst Fund to fast-track the integration of quantum solutions in the public sector
 - investing further in semiconductors R&D, including Innovate UK's [£17 million boost](#) to [power up chips](#) used in electric cars and the green energy industry, [£12 million support](#) for collaborations to [improve and scale-up semiconductor manufacturing](#), and [£12 million](#) for research to support a [digitally enabled circular economy and sustainably digital technologies](#)

Addressing major national and global challenges

Our five strategic themes tackle large-scale, complex challenges in today's world. While each theme has dedicated new investment, this is designed and targeted to amplify existing investments across our councils and build alliances through co-investment with departments across government and international partners.

Activities in 2023-24 included:

investing more than £150 million to date across the five themes, directly amplifying over **£140 million** of existing UKRI investments

supporting over 150 transformative projects to date, collaborating with over **700 partners** across sectors



Creating opportunities, improving outcomes

launching the Trial Accelerator and Evaluation Development funds, to test and evaluate interventions that will spread opportunities and reduce economic, social and health disparities across the UK, with support from the Department for Levelling Up, Housing and Communities and Department for Work and Pensions

Building a green future

investing £61 million with the US, Canada and Australia to catalyse global research in hard-to-decarbonise sectors

Working across disciplines to tackle large-scale, complex challenges

Building a secure and resilient world

launching the £4.3 million Research and Coordination Hub bringing in expertise from academia, industry and government. The Hub will help strengthen the UK's societal and economic resilience and enhance security by coordinating over £180 million of investments from across UKRI and four UK government departments as well as international partners

Tackling infections

enabling researchers to explore the evolution of bird flu and the ability to predict new strains through investment in the FluMap consortium, protecting both animal and human health

Securing better health, ageing and wellbeing

establishing Population Health Improvement UK (PHI-UK), bringing together expertise and insights from across research, public health and community organisations to find innovative and inclusive ways to improve the health of people, places and communities and reduce health inequalities

Highlights

Oxford malaria vaccine awarded World Health Organisation approval

A new malaria vaccine developed by the University of Oxford and Serum Institute of India has been approved by the World Health Organisation. The [R21/Matrix-M™ vaccine](#) can be deployed in the most at-risk areas, saving lives. The team, which has been funded over decades by MRC, increased its understanding of the malaria parasite life cycle and the genes and proteins involved. This vaccine can be made cheaply and produced on a mass scale. The Serum Institute has established production capacity for 100 million doses each year, doubling over the next two years.



Tracking online extremism to tackle violence

A risk index that helps predict real-world violence has had a [profound impact on counter-terrorism efforts](#), aiding intelligence agencies in early prevention. By analysing online language patterns, supported by ESRC funding, Dr Julia Ebner's work has influenced tech giants like Google and YouTube to revisit violence risk assessments, prompting policy changes, and her insights have directly advised security services globally, enhancing their ability to identify and mitigate extremist threats and to advance counter-terrorism strategies.

Software helps reduce suicide

A web-based system is aiding [mental health risk management](#), including suicide prevention. The software, developed with ESRC and partners' support and commercialised as a spin-out, [Egrist Ltd](#), from Aston University, uses a database of 1.5 million clinician-based risk judgements, digitally capturing health practitioners' knowledge and reasoning processes to help mental health workers efficiently, flexibly and accurately complete risk assessments. The system has supported assessments for over 240,000 patients by 3,500 mental health practitioners.

Tackling regional inequality through community-led research





The [CAER project](#), supported through AHRC's [Connected Communities programme](#), developed educational opportunities for young learners and long-term unemployed people in one of the UK's most deprived wards in South Wales, and went on to secure [£830,000](#) from the National Lottery Heritage Fund to develop a permanent [visitor centre](#). 25 new [Community Research Networks](#) are building on the [success](#) of the Connected Communities programme, responding to the priorities of communities through collaborations spanning social enterprises, local councils, museums, city farms, wildlife trusts, universities, and arts organisations.

Spurring global action on climate change

Research supported by NERC underpinned the development of the [Global Methane Pledge](#) launched at COP26 in 2021, signed by 155 countries, tripling funding to tackle the problem to \$1 billion globally. We have also boosted funding by [£12 million](#) in partnership for [GEMMA](#), the Greenhouse Gas Emissions Measurement and Modelling Advancement programme, designed to provide powerful new insights by delivering an integrated total of measured greenhouse gas emissions across the UK, helping inform and monitor the changes needed to meet the UK's net zero commitments.

Harnessing the opportunities from tomorrow’s technologies and transforming sectors that are key to the future economy

We have made over **£1.2 billion** of direct investment specifically aimed at addressing a challenge, opportunity, or gap in one or more of the National Science and Technology Council’s five priority technologies between 2021-22 and 2023-24*. Examples of investments delivering across this period and in some cases beyond, include:

<p>Over £100 million on centres for doctoral training in AI, QT and EB</p> 	<p>The £66 million Turing AI Fellowships Programme</p> 	<p>The £210 million Hartree National Centre for Digital Innovation to advance AI and quantum computing</p> 	<p>The £93 million National Quantum Computing Centre</p> 
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Investments developed and launched in 2023-24 to boost the UK’s position as a pioneer in critical technologies included:

Artificial intelligence (AI)

- **£100 million** to support the next phase of the Alan Turing Institute
- a further **£100 million** in AI research hubs to deliver next-generation innovations and technologies
- the **£100 million** Bridge AI programme for UK business, driving the adoption of AI in key sectors of the economy
- **£54 million** in AI to solve major challenges, including establishing a £30 million Responsible AI UK consortium

Quantum technologies (QT)

- advancing quantum computing testbeds through **£30 million** new investment
- **£45 million** in 49 projects across the UK’s quantum technologies sector, and working to establish new Quantum Technology Research Hubs

Engineering biology (EB)

Driving technology development, innovation and adoption of EB solutions in key mission-focused areas, including food systems, biomedicine, clean growth, and environmental solutions through:

- **£100 million** investment to establish six new Engineering Biology Hubs, and support 22 mission awards and a further 48 business-led collaborative R&D projects
- partnering with Science Creates to launch the UK’s first engineering biology accelerator to support scientists, spin-outs and start-ups to develop the skills and business plans to take their technologies to market

Future telecoms

- **£62 million** across four research hubs and 16 new projects, positioning the UK to shape the next generation of telecoms networks

Semiconductors

- **£26.8 million** to create two new Innovation and Knowledge Centres to deliver new semiconductor technologies to market and support 11 semiconductor skills projects to enhance workforce capability

* This complements and builds upon UKRI’s larger broader portfolio of aligned investments that are clearly necessary for, or contribute to, our world-class capability in a specific technology, but where the technology is not the primary purpose of the investment (e.g., investments in infrastructure and institutes, facilities, centres, and Catapults that have a remit aligned with the particular technology, as well as research and innovation programmes targeted at delivering outcomes such as net zero but include elements relevant to the development/application of the technology) and underpinning investments in the disciplines required to create and sustain a vibrant R&I system that are necessary for a technology by demonstrably fuelling the surrounding skills pipeline, innovation, or foundational discovery science.

Highlights

Quantum computing: from theory to reality, faster

Phasecraft Ltd is evolving quantum computing from experimental demonstrations to useful applications by designing efficient quantum algorithms to tackle complex challenges in a wide range of sectors. Building on EPSRC's support, funding through Innovate UK is underpinning six major industrial collaborations between Phasecraft and international leaders in quantum hardware development and applications, to accelerate the economic impact of quantum computing applications.

Reprogramming the genetic code

Researchers based at MRC's Laboratory of Molecular Biology have entirely re-engineered the genetic code of the gut bacterium, *E. coli*, creating a living organism with the largest synthetic genome to date. These unique cells can be turned into programmable micro-factories to produce novel molecules, creating new classes of enzymes, drugs and biomaterials. The Cambridge-based spin-out constructive.bio is commercialising this groundbreaking synthetic biology research.

Global connectivity enabled by semiconductor laser technology

Laser technology developed in the UK through EPSRC and Innovate UK funding underpins some of the world's most advanced semiconductor photonics devices, which play a key role across AI, quantum communications and space applications, and are used in wearable fitness devices and video-on-demand services. CST Global, originally a University of Glasgow spin-out, was bought by Sivers IMA in 2017. Sivers Photonics now sells around a million lasers each month and exports 92% of its products, all made from a 95% UK-based supply chain.



Light-based communications pioneer nominated for European Inventor Award

LiFi uses light to wirelessly transmit data more than 100 times faster than conventional high-speed Wi-Fi or 5G connections, using a flickering light bulb. The technology, developed with EPSRC support, is particularly suitable for areas where radio waves cannot be used, such as in hospitals and schools. pureLiFi, a spin-out company at the University of Strathclyde, is developing the technology and has worked with partners such as O2 and Cisco.

Boosting energy efficiency for major infrastructure

Reading railway station is reducing its energy bills and meeting its sustainability goals thanks to digital twins AI technology developed at Cardiff University, supported by EPSRC funding and commercialised by spin-out company OptimiseAI. OptimiseAI has also received funding from Innovate UK, and has attracted £1.3 million in seed funding, including the Development Bank of Wales and the Welsh Government.

Objective 6: World-class organisation

We are transforming UKRI to become a more efficient, effective and agile organisation, integrating our capability to maximise and optimise the support we deliver for the R&I system. In our [Corporate Plan](#), we committed to drive forward re-engineering our operating model and programmes to harmonise our IT infrastructure and improve our operational data and funding service. Despite delays in implementing our new Services, HR, Accounting, Reporting and Procurement (SHARP) programme, to deliver these commitments in 2023-24, we:

Further improved how we work to drive greater efficiency, collaboration and agility across UKRI, harnessing and optimising our internal capabilities, by:

- transitioning our funding opportunities to the new digital [Funding Service](#) platform, with streamlined application information and new harmonised approaches making it simpler for applicants to apply for UKRI funding
- bringing legacy data held in many systems across UKRI into a single data set, the UKRI Databank, providing the first automatically updated UKRI-wide view of our funding portfolio accessible by our staff. In parallel, we have launched our first Data Strategy, invested in improved policies and processes for data management, and strengthened our data governance with the appointment of a new Chief Information Officer and Chief Data Officer, setting up a new governance committee for technology and data, and introducing a streamlined group of data owners
- creating a cross-UKRI Infrastructure team bringing together the Infrastructure Fund, Digital Research Infrastructure and the Infrastructure Portfolio Office
- improving security maturity, including through implementing a cross-UKRI national security vetting programme and new security incident management system as a single point of reporting incidents across UKRI, improving our 2023 security maturity scoring across the Cabinet Office framework
- reviewing the effectiveness of the Joint National Consultative Committee, to secure the greatest measure of cooperation between UKRI as an employer and our employees, implementing a revised approach and providing comprehensive guidance and support in navigating the trade union strike action to ensure it remained lawful and good-natured
- streamlining the collection of information from businesses on the impacts of our funding by launching our Innovate UK Impact Management Framework

Further embedded environmental sustainability across our operations and funding approach by:

- delivering our [Environmental Sustainability Strategy](#), as detailed in our Environmental Sustainability Report (page 51)
- working with the R&I sector to establish the [Concordat on Environmentally Sustainable Research and Innovation Practice](#), the first sector-wide joint agreement in this area
- assessing our scope 3 liabilities (emissions resulting from activities and assets not owned or controlled by UKRI) to enable better focus across our R&I portfolio supply chains to reduce our impact on the environment
- developing plans for the transformation of UKRI-owned research facilities to net zero
- piloting approaches to estimate carbon emissions from future infrastructure to help ensure UKRI meets its net zero targets

Implemented our refreshed communications and engagement strategic framework, by:

- implementing our annual plan to deliver on the framework objectives including:
 - building our [101 jobs that change the world series](#) with 10 new films, showcasing the diversity of roles in R&I, with the series promoted across social media channels and used by the [National Careers Service](#)
 - promoting the impacts of R&I, including case studies of artificial intelligence used in media and visits around the AI Summit
 - publishing and promoting almost 700 [funding opportunities](#)
 - publishing 19 [Voices blogs](#) to share emerging thinking across the sector
- undertaking a Cabinet Office-led review of our communications and engagement work, drawing on the annual self-assessment of our functional standards and implementing recommendations
- completing our first UKRI perceptions audit using in-depth interviews with senior stakeholders and a broad-based survey, forming the baseline for future perception research to allow us to track changes over time
- establishing an Impact Communications team to focus on communicating the impact of R&I

Delivered a comprehensive people and teams action plan to meet the needs of our new operating model and organisational change programme by:

- continuing to evolve our operating model as we move into the new, more efficient shape of the organisation, continuing working in a simpler and more harmonised way, while operating within our fixed operating budget and on track to deliver a 25% reduction in staff on a full-time equivalent basis during this spending review period
- undertaking an activity analysis to help us make better decisions about the way UKRI operates and the activities we can stop or change to ensure we can successfully deliver our core functions within our Operating Expenditure constraints, whilst also improving job satisfaction and wellbeing
- deploying specialist HR support alongside change leaders to ensure effective implementation of change and transition to our new operating model
- establishing a clear roadmap for staff engagement to ensure that all colleagues have the opportunity to help shape the changes that will affect them

In addition to our Corporate Plan commitments for 2023-24, we also:

- have achieved regular top ten rankings in Sitemorse's report on government and public sector websites since the successful development and launch of the integrated UKRI website in 2022, demonstrating its high quality

Empowering talented people to collaborate and thrive

We are committed to improving employees' experience of UKRI, so that the best people join UKRI, stay and thrive. We have set out detailed plans to strengthen leadership and enable learning, be ever more inclusive, seek, hear and respond to colleagues' views about UKRI and support their wellbeing. Highlights in 2023-24 include:

Launching our **UKRI People Standards**, based on our organisational values, highlighting the core behaviours required by colleagues, and embedding these standards across our systems and processes

Developing and delivering three bespoke leadership development programmes, building the collective capability of **177 organisation-wide leaders** at all grades. Our leadership development programmes gained 'Recognised' status from the Institute of Leadership and Management this year

Delivering a programme of work to understand and tackle both the causes and the impact of bullying, harassment and discrimination (BHD) in UKRI. Our **anti-BHD action plan** will be published internally in 2024-25

Supporting the growing impact and influence of our **eight staff networks**, agreeing a clear and empowering framework of operation as they help develop a work environment and culture where colleagues feel safe, valued and able to be authentically themselves at work

Supporting the wellbeing of our people by delivering a calendar of over **60 wellbeing activities** in 2023-24, publication of line manager toolkits and providing a free-to-use Employee Assistance Programme

Strengthening and clarifying our **performance management process**, publishing tools and guidance to help everyone get the most from performance management conversations, linking both to our people standards and to council and corporate level objectives

Launching a **new virtual learning platform**, making thousands of additional learning opportunities available to all staff. 3,598 UKRI colleagues took part in recognised professional development activities across 361 course instances and 64 topics in 2023-24

Delivering the **annual UKRI People Survey** as the centrepiece of our ongoing engagement cycle; publishing and reporting against progress on council-level and UKRI-wide people survey action plans which focus on the issues of greatest importance for staff

Making UKRI an efficient, effective and agile organisation

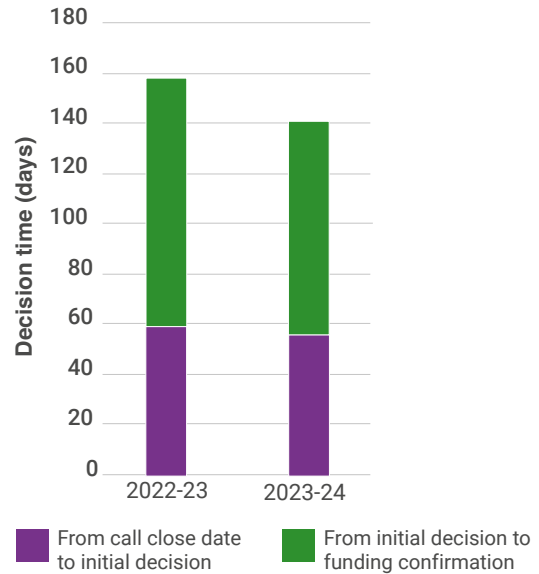
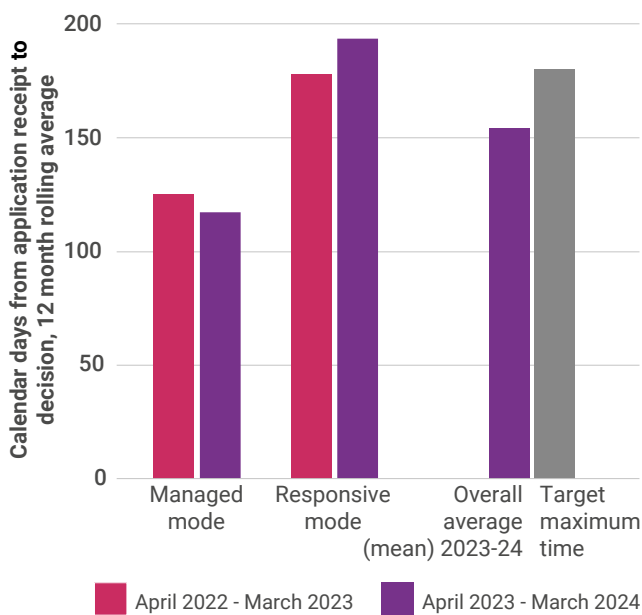
By the end of 2023-24 over 85% of applications were being received on our new digital Funding Service platform

- over **12,000 applications** received through the new Funding Service
- **200 grant types** in our legacy service have been reduced to 15
- **35 project roles** reduced to 12
- **376 research organisations** have applied for funding through the new service
- **100,000+ account holders**
- over **6,000 people** signed up for user research

100% of full business cases approved first time by BEIS/DSIT Project and Investments Committee since 2020

54 full business cases developed

Worth over **£10 billion** of which 13 worth a total of £1.3 billion were approved in 2023-24



Average No. of Days	2022-23	2023-24
Managed mode	129	114
Responsive mode	180	191
Target	156	180
Overall average (mean)	161	156

IUK Average No. of Days	2022-23	2023-24
From call close date to initial decision	98	84
From initial decision to funding confirmation	59	56

5.1 months/156 days average processing times for research council funding applications – ahead of target

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

UKRI target 6 months/180 days. For comparison, the European Research Council target is 9 months, USA's National Science Foundation's target is 75% of applications within 6 months.

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

For Innovate UK in 2023-24: **average 56 days** from call close date to initial decision (59 in 2022-23), and **average 84 days** from initial decision to funding confirmation (98 in 2022-23).

Piloting innovative streamlined processes

The time taken to review and process applications to Innovate UK's [Transformative Technologies](#) programme has been slashed by nearly a third this year, with the average time taken from the competition closing to projects being live reduced from 95 to 64 days. Challenging teams to remove steps from the 'as is' process and piloting changes to test their scalability resulted in a streamlined process. The lessons learned are being implemented across wider programmes to accelerate the pace for critical R&I projects to go live.

UKRI's project delivery expertise recognised

UKRI's Project Delivery and Improvement (PD&I) team won the Association of Project Management's 2023 PMO of the Year Award. Over the last year PD&I transformed how it supports UKRI, supporting a significant increase in organisational P3M3 (Project, Programme, Portfolio, Management Maturity Method) maturity from level 2 to level 3. Alongside delivering over 300 projects and programmes, PD&I have equipped our organisation to become better at project delivery through a portfolio management approach, new tools, a centralised hub and by providing over 250 hours of continuing professional development.

Highlights



Enhancing our effectiveness

We've made excellent progress implementing improvements aligned to the findings of Sir David Grant's [independent review](#) of UKRI, in particular through our long-term organisational change programme. Working closely with DSIT and our communities, we will continue to drive progress on the remaining recommendations. We also delivered a range of activities aligned to the recommendations of the [review of research bureaucracy](#), including transitioning our funding opportunities to the new Funding Service and introducing standardised guidance for most opportunities across our councils. In addition we have defined our 'people' data requirements to inform both HESA and UKRI data system developments, enabling us to meet the key digital platforms commitments highlighted in the government [response](#) to the review.

Risk and Performance

Risk management framework

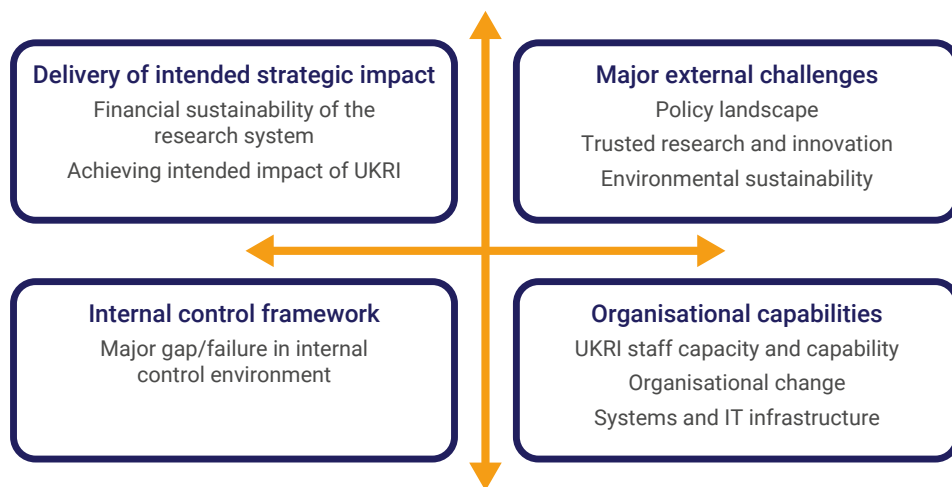
We operate a risk management framework that is embedded across the organisation and aims to ensure that risks are identified, assessed and managed to support effective deployment of resources, as well as ensuring that appropriate oversight and escalation routes are in place. Our risk management framework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

UKRI risk management is subject to continuous improvement and during 2023-24 our approach to managing principal risks has been further developed and embedded through assessment in the context of four principal risk lenses and a programme of rolling deep dives undertaken by our Executive Committee (ExCo).

Our principal risk approach includes assessment through four lenses: Delivery of Intended Strategic Impact, Major External Challenges, Internal Control Framework, Organisational Capabilities. This approach supports analysis and understanding of the links and interdependencies between our principal risks as well as providing the foundations for our golden thread assessment of aggregated risk.

In addition, an enterprise-wide Risk & Assurance Network has been further embedded to share information, learning and discussion on key risk areas and developments across the organisation.

Implementation of the risk management framework is supported by an enterprise risk management system and a team of professionally qualified risk & assurance business partners to support decision-making and challenge the business on the effective management of risk.



Risk appetite

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




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

Principal risks

We define risk as an uncertain event or set of circumstances, which should it occur will have an impact on the achievement of our objectives.

There are twenty-two UKRI principal risks which are overseen by the Audit and Risk Assurance Committee (ARAC), with ownership and management by ExCo. Nine of these risks are identified as Board-level risks. Some of these risks map to the significant issues presented in the Governance Statement.

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

Risks and mitigating actions	Appetite and direction
Delivery of intended strategic impact	
<p>Financial sustainability of the research system:</p> <p>Improving the resilience of the research sector is a core principle for change within our strategy. We work with our partners and key stakeholders to assess current and future financial risks and challenges to the research base to support a strong, diverse and connected research and innovation system. Financial sustainability challenges have been exacerbated by recent external factors which have contributed to significant financial pressures. To support our response the Research Financial Sustainability Programme assesses the system-level risks and potential mitigating actions to ensure the research system retains its agility, capability and flexibility to withstand shocks, deliver long-term strategic goals and capture new opportunities. In 2023-24 our financial analyses of sustainability trends in the higher education sector have been updated and published and we work closely with DSIT to consider and to develop the policy options needed to enhance the resilience of the research and innovation system.</p>	<p>Strategy (cautious)</p>  <p>Residual score</p> <p>Due to the evolving risk environment this risk is anticipated to remain outside appetite in 2024-25.</p>
<p>Managing strategic direction to achieve UKRI's intended impact:</p> <p>This is a new risk identified through risk evaluation at UKRI Board and ExCo level to recognise the uncertainties that may affect our ability to deliver world-class research and innovation outcomes and the challenges of evidencing the impacts of our strategy and delivery plans. We have developed a performance management framework and balanced scorecard to support monitoring of the implementation of our strategy via our strategic delivery plans, and we have a UKRI evaluation strategy and framework aligned with HM Treasury guidance for assessing value for money assessment in the Green Book and Magenta Book and use this to keep a sharp focus on the impact of our investments. The Board and ExCo review this material on a quarterly basis.</p>	<p>Strategy (cautious)</p>  <p>Residual score</p> <p>Currently this risk is outside appetite and will be reviewed in 2024-25 as mitigations progress.</p>
Major external challenges	
<p>Failure to influence/respond to changes in the policy landscape:</p> <p>We continue to respond quickly to changes in the R&I landscape through maintaining our strong relationships with the UK government and the UK research and innovation community. As the policy landscape continues to evolve we work closely with our internal and external stakeholders to undertake quality analysis and plan our policy, strategy and funding decisions to maximise the impact on knowledge, the economy and society.</p> <p>We continue to evaluate how we engage with and understand our communities to ensure we are building and maintaining effective, influential and trusting connections across the research and innovation landscape.</p>	<p>Strategy (cautious)</p>  <p>Residual score</p> <p>This risk is regularly reviewed to evaluate external and internal elements of risk, moving into 2024-25 the risk remains outside appetite due to external risk factors.</p>

Risks and mitigating actions

Appetite and direction

Major external challenges

Failure to deliver against UKRI Environmental Sustainability and greening government commitments:

The UKRI Environmental Sustainability Strategy includes a clear set of accountabilities and responsibilities across UKRI leadership.

Key priorities have been established which will deliver the foundation for the delivery of the strategy, including:

- facilitating the forming of the concordat for the UK Research & Innovation sector that establishes mutually agreed targets for carbon net zero and principles of approach
- establish policies that provide clear direction for UKRI and external stakeholders, including: UKRI Travel policy, UKRI Policy Statement on Carbon Offsetting and a policy to set clear directions for minimum requirements on environmental performance for future investments as guidance for project development and approvals
- establish accurate measurement of emission data and develop capability to predict/calculate future trajectory of carbon emissions for the existing and future investments to assist corporate decision-making and operational management
- establish clear, viable, evidenced and costed plans for the transformation of UKRI-owned estate and research infrastructure to a net zero position. Activities for the transformation of the UKRI estate and research infrastructure include ensuring that these are capable to manage the future changes in the climate and pose no risk to research continuation due to increasingly extreme weather/ climate events

In 2023 the carbon budgeting workstream was added as an additional priority.

These priorities provide a preparatory stage of the programme for the delivery of the full objectives of the UKRI Environmental Sustainability Strategy. The approach will be reviewed and/or revised in 2024-25.

The Environmental Sustainability Programme continues to develop and implement practical and effective guidance for the decision-making on future infrastructure and progress carbon budgeting activities. Detailed planning of future projects to support delivery of the strategy will be undertaken in preparation for the next spending review.

Trusted Research and Innovation:

UKRI has a responsibility to respond appropriately to the risks posed by hostile or unethical interference from state actors in UKRI-supported activities. We launched our Trusted Research and Innovation (TR&I) programme in 2021 to ensure that our partnerships are 'as open as possible, and as secure as necessary'. We do this by developing appropriate principles and procedures to protect both individuals and intellectual property. We implement risk-based assessments internally, drawing on a range of current and historic information in our portfolio. Through our terms and conditions of funding we are able to embed proportionate controls and mitigations across a substantial part of the research and innovation ecosystem. Our TR&I programme considers collaborations that take place both within and outside the UK, including inward investment into the UK by overseas-based companies. By enabling the sector to participate in safe and secure collaborations, our TR&I programme aims to maximise international opportunities for UK research and innovation.

In particular in 2023 we have developed and refined our approach, including embedding our '10 Steps to TR&I' risk assessment framework, and continuing to develop a positive and risk-aware culture across the organisation.

Legal/compliance (cautious)



Residual score

The nature of the mitigations of this risk are of a longer-term nature and while the risk remains outside appetite currently, we continue to review and develop our approach to bring the risk towards appetite.

Operational (cautious)



Residual score

Significant progress has been made however our view is that the risk score remains marginally outside appetite due to the evolving external landscape.

Risks and mitigating actions

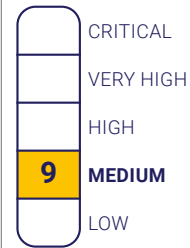
Appetite and direction

Internal control framework

Major gap/failure in our internal control environment

We undertake regular review of our internal control environment through the management of risk, assurance activities and reviews, and through internal and external audits. This risk recognises the high-risk profile of our key legal or regulatory compliance areas and our responsibilities under UK government requirements. It provides an overview of the elements of the control environment where specific development is underway, including within security and counter fraud, and also covers our ability to monitor, track and adapt our control environment through internal changes and in response to external pressures. As our major change programmes move closer to delivery we are assessing the transition from current controls into new controls where systems, processes and ways of working will evolve and provide new opportunities in our control environment. In response to these changes, and changes in the external landscape, we are reviewing our internal assurance processes to optimise our assessment and mitigation of this risk.

Legal/compliance (minimalist)



Residual score

Although the risk is currently outside appetite, reflecting the evolving external risk environment, we are developing increased agility in our risk mitigations to bring this risk towards appetite.

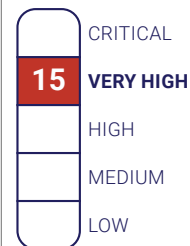
Organisational capabilities (people and systems)

Failure to deliver the benefits of UKRI's organisational change:

We have brought together all aspects of organisational change into one coherent portfolio, incorporating the Reforming our Business portfolio, the Operating Model programme and individual council-led programmes. This business change aims to produce a more efficient and effective organisation while responding to the current fiscal environment.

Significant progress has been made to provide an environment where these change programmes can succeed in bringing about the necessary efficiencies as required by DSIT. There are agreed approaches in place for prioritisation of activity, communications and engagement, benefits realisation, change and dependency management, assurance and review, financial management, people and equality impact assessments and risk management. This is supported by a robust governance structure, flowing through to ExCo and the UKRI Board Organisational Change Committee. The UKRI operating model programme is entering the delivery phase, with senior leaders across the organisation being supported to lead this change.

Programme and project delivery (open)



Residual score

Implementation of our major change programmes over 2024-25 will reduce this risk however currently it remains outside appetite.

Risks and mitigating actions

Appetite and direction

Organisational capabilities (people and systems)

UKRI staff capability and capacity

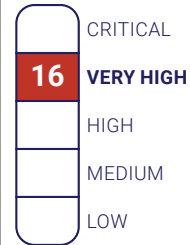
Staff capacity and capability in UKRI remains challenging and we are managing this through delivery of the UKRI HR Strategy. Key areas of mitigation include:

- developments in strategic workforce planning
- increasing HR capacity and capability
- support and delivery of people-related organisational change
- improving the employee value proposition
- improving HR business intelligence

The strategy aims to deliver a measurable return by achieving a high-performance culture in a safe and customer focused environment. By creating a more agile and resilient workforce we will reduce the likelihood of skill gaps, overburdened employees and operational disruptions.

The strategy will help foster a culture where employees are capable and clear about their roles but also committed to contributing their best efforts to the organisational success, ultimately mitigating this risk and improving overall performance.

People (cautious)



Residual score

The mitigations of this risk will require time to embed to reduce the score, although currently outside appetite at a very high score our planned mitigations are progressing towards reducing the risk towards appetite.

Effectiveness of UKRI systems and IT infrastructure

Effective systems and IT infrastructure are vital to ensure that UKRI can operate effectively and deliver strategic objectives. We are looking to more effectively support and control our processes end to end by delivering a programme of business systems that will replace legacy and dated systems and remediate accumulated acclimated technical debt. Increasingly we are opting for Software as a Service as it helps going forward to provide evergreen capability without the need for costly ongoing development.

We have established the Strategic Technology and Data Governance Committee to ensure that strategic architecture and technology standards are aligned and followed across our distributed IT. This will strengthen our approach to managing legacy systems and optimising new technology. Data and its quality are vital to increasing integration and automation going forward, we have a programme to improve its quality and ownership.

Operational (cautious)



Residual score

This risk is not within appetite however delivery of programmes in 2024-25 is anticipated to reduce this risk towards appetite.

Environmental Sustainability Report

Introduction

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

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

The UKRI Environmental Sustainability Strategy commits us to:



In line with these commitments, during 2023-24 we have:

- carried out low-carbon fuel trials on our research vessels
- launched all-staff training on environmental sustainability
- contributed to the collaborative development of the new sector-owned concordat for the environmental sustainability of research practice
- made a corporate decision to introduce UKRI-wide carbon budgets from 2025
- commissioned work to better understand UKRI scope 3 emissions
- developed biodiversity plans across our key office and research estates

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

During 2024-25 we will continue to undertake extensive preparatory work to understand the activities that need to be undertaken to achieve net zero for the UKRI-owned research and innovation facilities, including laboratories, buildings, ships and planes. Once we have completed this work, we will publish our plans which will include an estimated total cost to achieve our 2040 target.

* The reduction of anthropogenic greenhouse gas emissions (expressed as CO₂e) to zero or to a residual level that is consistent with reaching net zero emissions in eligible 1.5 °C pathways (hence time-bound), recognising that UKRI will need to neutralise the impact of residual emissions (if any) by removing and storing an equivalent volume of carbon.



Environmental sustainability performance

Scope

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

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

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

7 AFFORDABLE AND CLEAN ENERGY



SDG7.a: Affordable & Clean Energy – ‘By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology’.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



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

13 CLIMATE ACTION



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

Mitigating climate change



Key performance indicators:

- net zero carbon emissions by 2040 for UKRI-owned operations
- reduce GGC-scope GHG emissions by 65% and direct emissions by 30% by 2025
- UKRI’s car fleet to be 100% zero emissions at the tailpipe by 31 December 2027
- reduce domestic business flight emissions by at least 30% by 2025 and report international business flight distance travelled

Task Force for Climate Change Financial Disclosures (TCFD)

We have reported on climate-related financial disclosures consistent with HM Treasury's TCFD-aligned disclosure application guidance, which interprets and adapts the framework for the UK public sector. We consider climate to be a principal risk and have therefore complied with the TCFD recommendations and recommendations for disclosures around governance, metrics and targets.

This approach to reporting is in line with the implementation timetable for Phase 1. Our plans to provide recommended disclosures for the strategy in future reporting periods are in line with the UK government's implementation timetable.

Governance

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

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

Board/committee responsibility

Our ambition is to include environmental sustainability in all aspects of our work and decision-making. In that sense, all boards and committees will be required to include this in their respective activities. A number of UKRI boards and committees have specific and defined roles and responsibilities regarding all aspects of environmental sustainability, including UKRI Board, Audit and Risk Assurance Committee, Board Investment Committee, ExCo, People, Finance and Operations Committee and Investment Advisory Working Group.

Management-level responsibilities

Our CEO is accountable for the delivery of the UKRI Environmental Sustainability Strategy, and the Senior Responsible Owner (SRO) is responsible for the delivery of the strategy including sponsorship and strategic direction. The Executive Chairs of our councils are responsible for the implementation of environmental sustainability in all aspects of their respective operations, supported by the UKRI Environmental Sustainability Programme Director and the UKRI Environmental Sustainability Programme team. Due to the departure of the Executive Chair for NERC in June 2023, the SRO role was taken up in the interim by our Chief Finance Officer. In 2024 this responsibility will be transferred to the new incoming NERC Executive Chair, Professor Louise Heathwaite.

Metrics and targets

The UKRI Environmental Sustainability Strategy 2020-2025 set outs the ambition of the organisation and includes short-term and long-term goals. Our annual progress in delivering the strategy, including reporting our greenhouse gas emissions, is included in this environmental sustainability section of the UKRI Annual Report and Accounts. Later in 2024, the overall progress made by the organisation on these ambitions and targets will be reviewed and plans for the period 2025-2030 will be set out and agreed.

UKRI greenhouse gas emissions

We have set a target of achieving net zero for our owned operations by 2040. In 2023-24 our operational emissions have decreased by 53.5% compared to the 2017-18 baseline year (Table 1):

Table 1: UKRI annual greenhouse gas emissions, energy consumption and expenditure

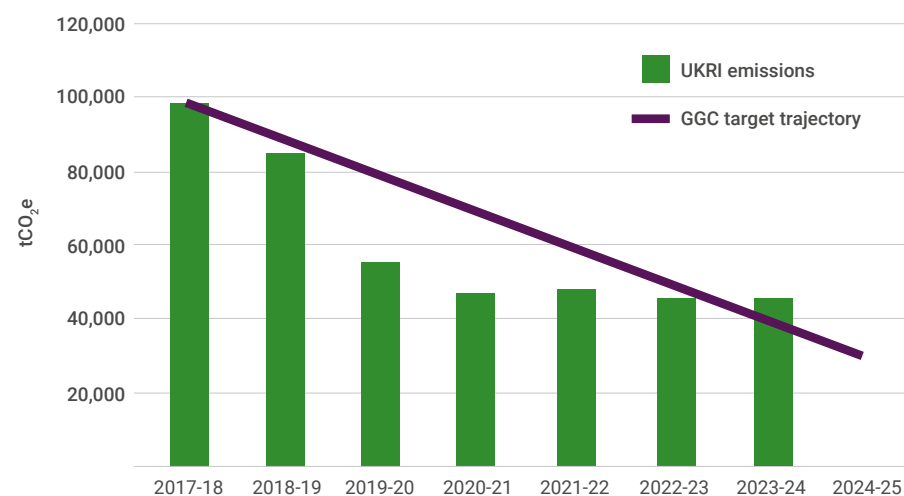
UKRI greenhouse gas emissions		2017-18 baseline	2020-21	2021-22	2022-23	2023-24
Total gross emissions		98.2	46.6	47.4	45.4	44.3
Total net emissions		98.2	46.6	47.4	45.4	44.3
Non-financial total gross indicators (1000t CO ₂ e)	Gas & LPG	14.3	11.3	11.3	11.0	9.6
	Gross emissions Owned transport	0.2	0.03	0.03	0.03	0.03
	Scope 1 (direct) Fugitive emissions	1.7	0.6	0.3	0.3	0.14
	Gross emissions Electricity	74.3	34.3	35.3	31.4	28.6
	Scope 2 & 3 (indirect) Heat	0.03	0.0	0.0	0.0	0.3
	Business travel	7.6	0.3	1.0	2.7	5.8
Related energy consumption (million kWh)	Electricity: non-renewable	193.3	12.9	0.0	108.1	124.1
	Electricity: renewable	0.2	122.6	148.6	40.5	47.9
	Gas	67.4	61.2	64.5	60.1	52.7
	LPG	0.006	0.015	0.030	0.0	0
	Heat*	0.2	6.4	6.5	4.8	1.6
	Other	6.5	0.3	0.1	0.04	0.2
Financial indicators (£m)	Expenditure on energy	17.6	21.7	23.8	33.1	43.6
	CRC Expenditure	1.4	0.0	0.0	0.0	0
	Expenditure on accredited offsets	0.0	0.0	0.0	0.0	0
Expenditure on business travel		5.2	0.5	2.1	5.3	7.5

* From onsite ground source heat pump and combined heat and power generation.

Note: UKRI does not purchase carbon offsets in line with the UKRI position on carbon offsetting. We seek to reduce our own carbon emissions as a matter of priority. We do not currently support carbon offsetting as a means of reducing carbon emissions as research indicates that the benefits of different offsetting activities are variable and that there is lack of evidence of genuine long-term additionality (permanent capture and storage of carbon). We continue to work to improve the long-term credibility of carbon offsetting through our research investment and collaboration.

Our annual emissions from our baseline year 2017-18 are currently within the reduction trajectory of our 2025 GGC-scope target, as illustrated in Figure 1:

Figure 1: UKRI annual emissions (tCO₂e) compared to GGC target of 65% reduction from baseline year by 2024-25



	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
UKRI emissions	98,171	85,106	54,860	46,647	47,476	45,460	44,260	
GGC target trajectory	98,171	89,055	79,939	70,823	61,707	52,591	43,476	34,360



Highlights of decarbonisation projects in 2023-24 have included:

- We rolled out a mandatory environmental sustainability training module to all UKRI staff as part of our learning & development programme. In addition to this, STFC launched council-specific sustainability training to all STFC staff and EPSRC have designed sustainability training for the EPSRC leadership team.
- At NERC's British Geological Survey headquarters in Keyworth, work has begun on a £1.7 million geothermal heat pump and living lab project, expected to save ~30 tCO₂e per year and provide data to help the public's understanding of how heat pumps can be an effective solution for heating.
- STFC's Higgs Centre for Innovation has commenced a project to make changes to how clean rooms are used involving reconfigurations of the clean air handling systems to reduce energy use. On completion, a 15% saving on electricity consumption is anticipated.
- During 2023-24 we helped bring together stakeholders from across the UK research and innovation sector to collaboratively develop a new concordat for the environmental sustainability of research practice, which outlines an agreed set of priorities and responsible behaviours.
- AHRC provided funding to the Creative Industries Council to develop a new Creative Climate Charter designed to galvanise action in the creative industries on the climate and biodiversity crisis.
- The Centre for Climate Change and Social Transformations (CAST), funded by ESRC, produced a report commissioned by the Climate Change Committee (CCC) outlining the substantial behaviour change required across society to reach the UK's ambitious net zero 2050 target.

Low carbon emission vehicles

UKRI owns a fleet of ~ 85 vehicles, including specialist vehicles to support our science operations. These vehicles are being replaced with ultra-low emission models as they come to the end of their operating life or lease period in line with the Government Fleet Commitment targets. As at the end of March 2024, ~60% of the UKRI fleet is ultra-low emission (50gCO₂e/km) vehicles. We continue to enhance electric vehicle charging infrastructure on our UK estate for staff and visitors.

Highlights

- The National Oceanography Centre and NERC's British Antarctic Survey have begun low-carbon fuel trials on our research vessels which will explore the potential of using sustainably sourced hydrotreated vegetable oil. The trial outputs will support future decisions for our ships and support the wider shipping industry on its journey to net zero.
- NERC's Enabling Change fund has allowed the FAAM Airbourne Laboratory to purchase an electric-powered aircraft tug for its research aircraft. The tug will transport the aircraft and its power unit over short distances at its Cranfield Airport base and will reduce greenhouse gas emissions and air pollution across the airfield.

Business travel

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

GHG emissions from UKRI employee business travel during 2023-24 have decreased by 24% compared to the 2017-18 baseline year. This includes a 56% reduction in emissions from UK domestic flights taken in 2023-24 compared to the 2017-18 baseline year against the GGC target of a 30% reduction by 2024-25, as illustrated in Figure 2.

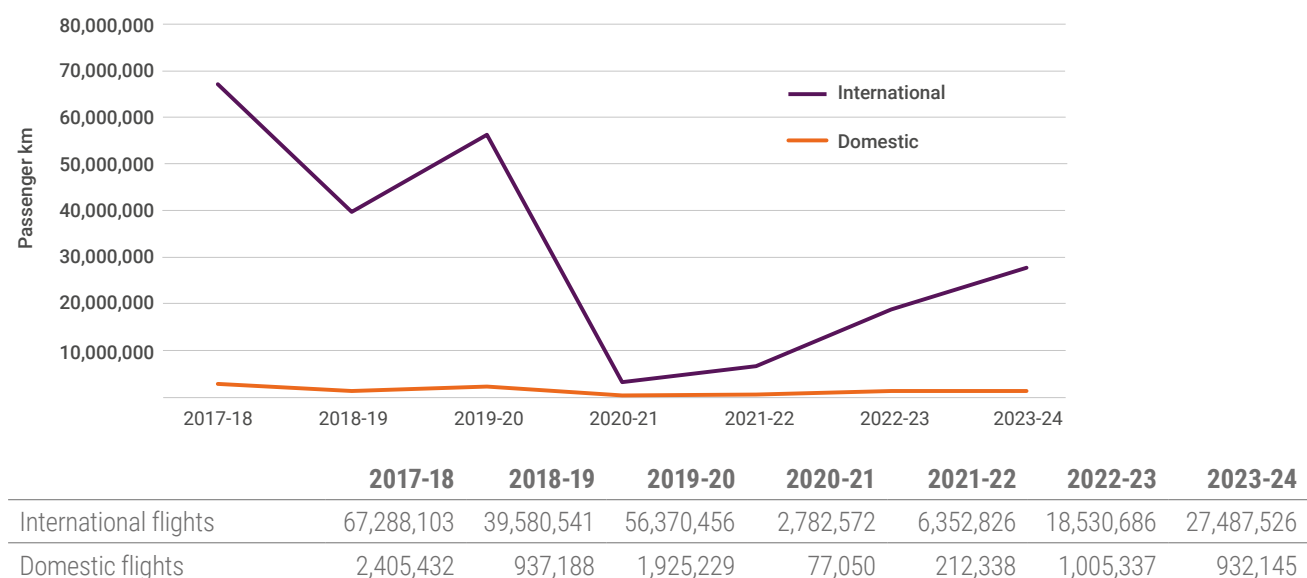
Figure 2: UKRI annual emissions (tCO₂e) from UK domestic flights compared to GGC target reduction of 30% from baseline year by 2024-25



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

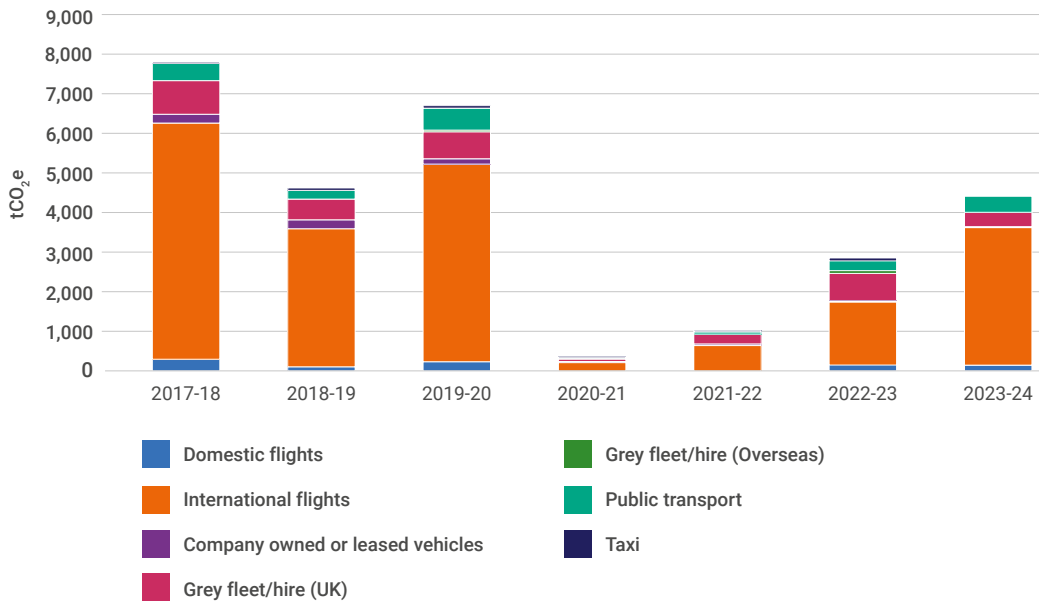
While total international business travel flights (per passenger kilometres travelled) have decreased compared to our baseline, they have shown an increase since COVID-19 pandemic years as illustrated in Figure 3.

Figure 3: Total number of annual passenger kilometres travelled by UKRI employees on flights



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

Figure 4: UKRI annual business travel by travel mode



	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Domestic flights	340	148	260	10	28	131	150
International flights	5,938	3,462	4,997	224	530	1,585	3,517
Company owned or leased vehicles	202	213	113	32	33	31	36
Grey fleet/hire (UK)	855	528	700	73	265	688	345
Grey fleet/hire (Overseas)	0	0	5	0	0	86	6
Public transport	428	246	575	3	68	248	409
Taxi	39	48	62	7	25	70	8

Minimising waste and promoting resource efficiency

Key performance indicators (by 2025):

<p>reduce the overall amount of waste generated by</p> <p>15%</p>	<p>reduce the amount of waste going to landfill to less than</p> <p>5%</p> <p>of overall waste</p>		<p>reduce paper use by at least</p> <p>50%</p>
<p>remove consumer single-use plastic from the office estate</p> <p>measure and report on food waste</p> <p>report on the introduction and implementation of reuse schemes</p>		<p>increase the proportion of waste that is recycled or reused to at least</p> <p>70%</p> <p>of overall waste</p>	

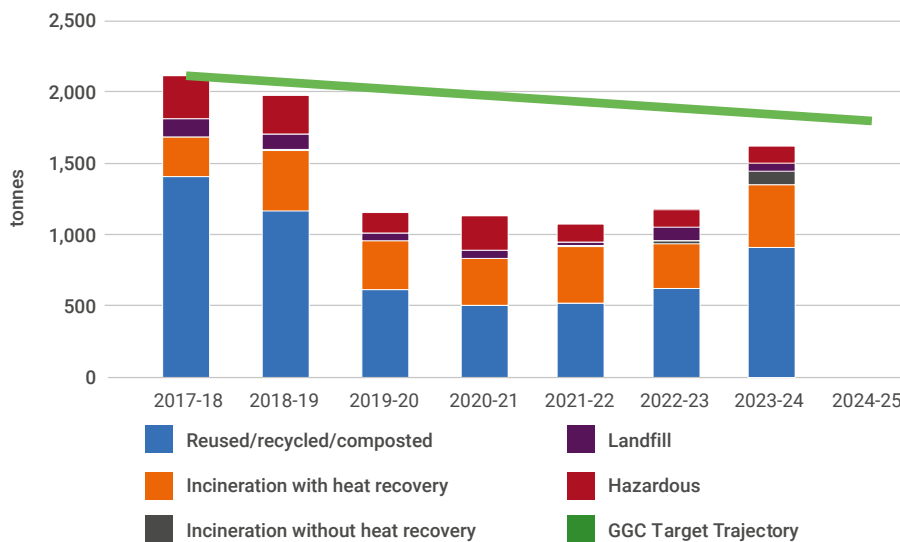
We have reduced our total waste generation from operations in 2023-24 by ~24% compared to the 2017-18 baseline year (Table 2). The increase in total waste levels reported in 2023-24 is the result of improved reporting methods, as well as new site additions.

Table 2: UKRI annual waste generation and expenditure

UKRI waste generation		2017-18 baseline	2020-21	2021-22	2022-23	2023-24	
Non-financial total gross indicators (tonnes)	Total waste	2,065	1,130	1,073	1,176	1,601	
	Hazardous waste	Total	302	243	125	122	129
		Landfill	128	64	30	92	56
	Non-hazardous waste	Reused/recycled incl. composting	1,349	499	516	623	994
		Incinerated with energy recovery	284	324	398	316	344
		Incinerated without energy recovery	2	0	4	23	198
Financial indicators (£m)	Total disposal cost	0.8	0.9	1.0	1.2	1.2	
	Hazardous waste	Total	0.3	0.8	0.7	0.8	0.7
		Landfill	0.06	0.02	0.2	0.01	0.01
	Non-hazardous waste	Reused/recycled/composted	0.3	0.1	0.2	0.3	0.4
		Incinerated with energy recovery	0.2	0.01	0.01	0.04	0.05
		Incinerated without energy recovery	0.0	0.0	0.0	0.0	0.0

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

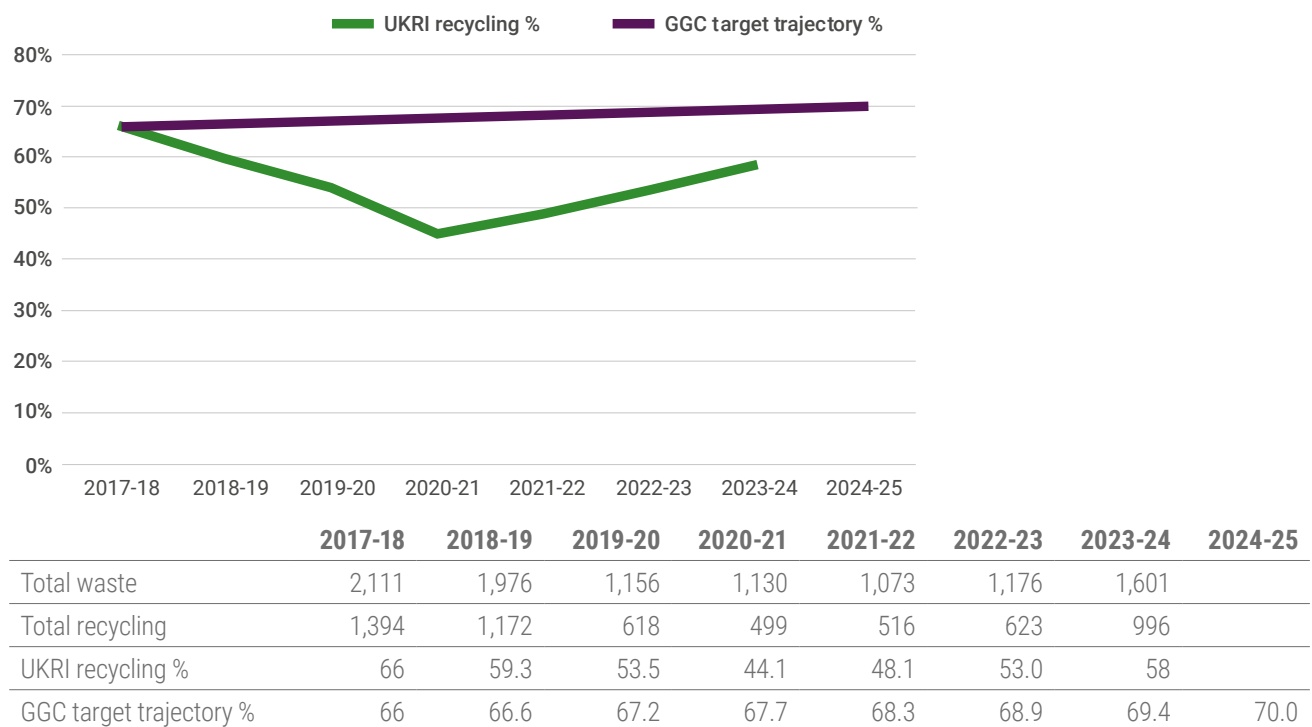
Figure 5: Annual UKRI waste volume (tonnes) by fate compared with GGC reduction target trajectory to reduce overall waste by 15% from baseline year by 2024-25



	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Reused/recycled/composted	1,394	1,172	618	499	516	623	915	
Incineration with heat recovery	284	419	339	324	398	316	441	
Incineration without heat recovery	2	4	2	-	3	23	98	
Landfill	128	105	51	64	30	92	56	
Hazardous	302	276	147	243	125	122	122	
GGC Target Trajectory	2,111	2,066	2,021	1,975	1,930	1,885	1,840	1,794

Compared to 2022-23, UKRI's overall recycling rate has increased by 5%. At 58% it remains below the 2024-25 target of 70% but the increasing trend suggests we are still on course to achieve this in future years, as illustrated in Figure 6:

Figure 6: Annual UKRI waste recycling (tonnes) as a percentage of overall waste compared with GGC target trajectory to increase overall recycled waste to at least 70% by 2024-25



A UKRI-wide waste group has been set-up to develop and implement plans to improve waste capture and data. UKRI does not yet have complete data on consumer single use plastic use, paper consumption and food waste volume due to data capture constraints, but the group will be addressing this.

Environmental sustainability action plans for our activities across UKRI set out how we are working to meet reuse and recycling targets and how waste is being reduced across our operations.

Highlights of actions take over the last year to improve UKRI waste performance

- In our labs, efforts have been made to reduce single use plastic. At MRC labs we have engaged in supplier return schemes including solvent bottles, pipette tip boxes and ice packs and also carried out glove recycling trials. NERC's British Geological Survey has introduced a scheme to improve waste segregation across its labs where over 15,000 gloves have been sent for recycling annually.
- Through STFC's SPADE project (Sustainability Principles and Advice for Design and Engineering), staff have developed information and guidance resources for staff in technical roles to help make their work more environmentally sustainable. An exchange site for parts, materials and equipment has also been set up to prevent engineering waste.
- At MRC's Laboratory of Medical Science facility, we have integrated the Clean Zero 80 Cabinet which uses electrolysed water to reduce reliance on conventional chemicals and minimise resource consumption.
- Using funds generated from the UKRI PC recycling scheme, NERC undertook a trial of a range of electronic note pads to help reduce paper use. Options are being explored for wider UKRI roll out of the most suitable note pad options to encourage smarter working and lower paper use.

Reducing our water use

Key performance Indicators:

reduce water consumption by at least

8% by 2025



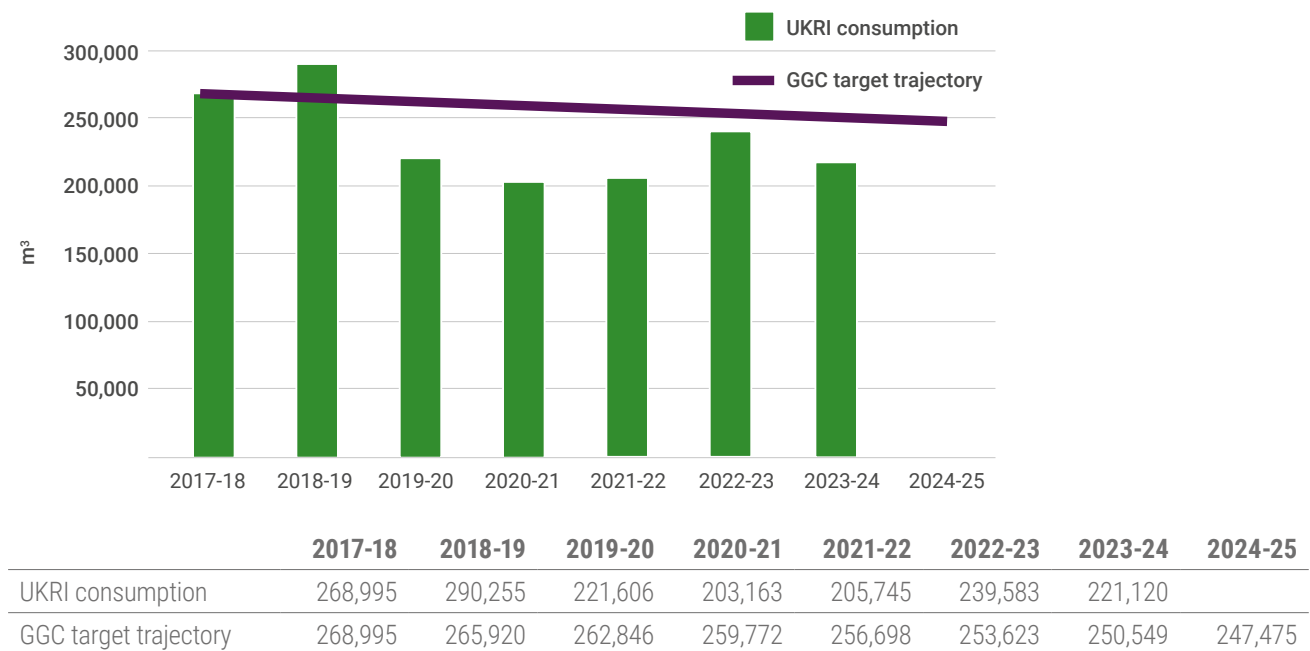
In 2023-24 UKRI water consumption has decreased by ~18% compared to the 2017-18 baseline year (Table 3):

Table 3: Total UKRI annual water consumption (m3) disaggregated by office and non-office estate

UKRI water consumption			2017-18 baseline	2020-21	2021-22	2022-23	2023-24
Total water consumption			268.9	203.2	205.8	239.6	221.1
Non-financial total gross indicators (000 m ³)	Water consumption (office estate)	Supplied	2.4	10.7	6.9	10.1	11.9
		Abstracted	0	0	0	0	0
	Water consumption (non-office estate)	Supplied	266.5	192.5	198.9	229.5	209.2
		Abstracted	0	0	0	0	0
Financial indicators (£m)	Total cost		0.58	0.56	0.59	0.78	1.1
	Water supply cost (office estate)		0.19	0.02	0.01	0.03	0.2
	Water supply cost (non-office estate)		0.39	0.54	0.58	0.75	0.89

Our water consumption across our office and science estate from our baseline year 2017-18 is currently within the reduction trajectory of our 2025 GGC-scope, as illustrated in Figure 7:

Figure 7: Annual UKRI water consumption (m³) compared with GGC reduction target trajectory to reduce overall water consumption by 8% by 2024-25



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

Procuring sustainable products and services

Our reported GHG emissions do not include the embodied emissions of the goods and services procured by UKRI. During 2023-24 we revisited our supply chain emissions baseline and using a revised methodology our annual emissions for goods and services has been calculated to be approximately 109,970 tonnes CO₂ equivalent. UKRI works with its main catering provider Aramark and local providers to encourage sustainable food practices.



Highlights

- During 2023-24, we further developed our approach to sustainable procurement with the publication of the UKRI Responsible Procurement Charter. We also published an accompanying tool, the Responsible Procurement Impact Assessment, which has been developed to help staff implement the charter when purchasing goods and services. The Charter includes minimum environmental requirements for all our suppliers and ensures compliance with social value requirements. Commercial leads and colleagues across UKRI are receiving ongoing training to support the collaborative implementation of the charter.
- NERC's British Antarctic Survey have been building relationships with specialist apparel suppliers. In 2023-24 numerous items were sent for repair, enabling items to be used for many seasons to come and resulting in carbon and financial savings.

Nature recovery and biodiversity

Our strategy ambition to be 'positive for the environment' includes protection of biodiversity. Biodiversity enhancement plans have been developed and implemented or are underway across many of our key office and research estates and infrastructure where there are relevant outdoor spaces, in line with the requirement of nature recovery plans. Proposals for new UKRI-funded infrastructure developments continue to require consideration and plans to mitigate negative impacts on nature from construction and operations.

Highlights

- During 2023-24, staff across UKRI were involved in biodiversity projects. In June staff took part in a 'Bioblitz' at our head office site in Swindon and identified and catalogued over 300 wildlife species to help establish a baseline measure of the biodiversity around the site. The results will contribute to plans to improve the site for wildlife.
- Staff at NERC's British Geological Survey Headquarters have helped set up two bee colonies at our Keyworth site. The bees are collecting local nectar and have produced honeycomb frames which are mostly being left for the bees to feed on.
- Nature recovery and biodiversity plans have been developed at all of our STFC sites and across our other sites work to develop nature recovery plans is underway. As a result of the completed plans, areas of ecological importance and where there is opportunity to improve the biodiversity have been identified.



Adapting to climate change

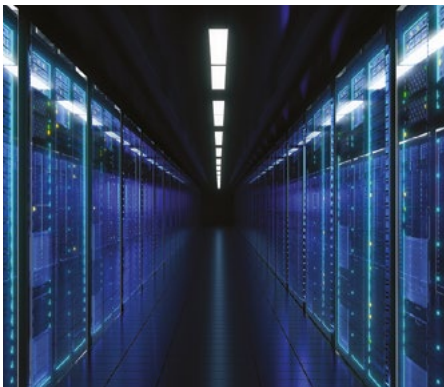
UKRI’s approach to climate change adaptation assessment and planning is reflected in council level plans. At a council level we have reviewed climate change risk and impact assessments across our key sites by studying the risk posed to buildings’ mechanical and electrical plants, building fabric and operations under a range of scenarios. This work highlights potential risks and capital costs, and sets out next steps to ensure our estates are adapted to future climate scenarios. Adaptation considerations are also being embedded in UKRI investment decision-making and business case processes to ensure that UKRI operations are resilient to future climate change.

Reducing environmental impacts from ICT and digital

The use of ICT and digital infrastructure is increasingly important to deliver research and innovation; this comes with an environmental impact, which we are actively managing. We have invested more than £10 million in our infrastructure for digital meetings and to date have enabled video conferencing in approximately 450 meeting rooms across the UK. The UKRI travel and subsistence policy highlights our ‘virtual first’ approach to meetings in the context of business travel. This approach was introduced as a key policy driver to help reduce UKRI travel and the associated carbon emissions.

ICT waste data for 2023-24:

- 55 tonnes of ICT waste recycled externally
- 43 tonnes of tonnes ICT devices sent for reuse externally



Highlights of greening ICT actions in 23-24 have included:

- The Net Zero Digital Research Infrastructure project completed a scoping study in June 2023 and a final technical report and an overview with recommendations have been published. A follow-on project to further the understanding of the carbon baseline of our digital research infrastructure is currently being undertaken.
- The NERC British Antarctic Survey High-Performance Computing (HPC) cluster has been configured to power off idle nodes which decreases power usage for the central processing unit (CPU) and large graphics processing unit (GPU) by 96%. We are also working on a report to show how future HPC jobs can be run more efficiently.
- In 2023-24 a total of 1,284 devices, including computers, phones and ICT equipment, were sold through our PC recycling scheme and further 2,424 were donated to charities. The scheme has diverted 7.45 tonnes of redundant ICT equipment from becoming waste.

Sustainable construction

UKRI, through its infrastructure funding, promotes sustainable construction and has adopted sustainability standards to support this. From 2022 to 2025 we are investing a total of £481 million into a portfolio of research and innovation infrastructure. Over the last year we have updated our requirements to ensure all new infrastructure investment proposals include a full carbon impact assessment to support informed decision-making and accurate carbon forecasting. During 2023/24 over 100 project managers across UKRI received carbon accounting training and specialist carbon support is now provided to project teams developing business cases for future investments.

Highlights

In April, the Building Research Establishment published a scoping study report on the potential for demand-led innovation in the foundation and construction industries, which was part of a project commissioned by Innovate UK. The project also included holding an industry workshop to help drive forward the low-carbon agenda and validate findings. This study focused primarily on cement and concrete products, recognising their significant potential to mitigate embodied carbon emissions in the short to medium term. The final report includes recommendations and outline specifications for how we can offer support to stimulate demand-led innovation through Innovate UK.



Rural proofing

Rural proofing refers to understanding the impacts of our policies in rural areas of the UK and where relevant helping to enhance the economies of our rural communities. During 2023-24 we have funded projects and programmes that include a focus on rural economies in the UK.

Highlights

The Local Policy Innovation Partnerships programme funded by AHRC, ESRC, and Innovate UK has awarded ~£20 million in funding to four Local Policy Innovation Partnerships which will bring together devolved governments, local authorities, businesses and communities to drive sustainable and inclusive economic growth and reduce regional disparities in the UK. Work funded under this theme will improve outcomes for people and places across the UK by identifying solutions that promote economic and social prosperity and includes support for low-income, marginalised and isolated communities.



To find out more about environmental sustainability activity across UKRI visit: [Environmental sustainability – UKRI](#)

Professor Dame Ottoline Leyser
Chief Executive and Accounting Officer

15 July 2024

A large, bold, white number '3' is positioned on the left side of the page. The background is a dark purple color with a network of white dots and lines in the upper right corner, suggesting a digital or interconnected theme.

3

3. Accountability Report

Corporate Governance Report

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

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

1.

Director's Report

Statutory background

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

As UKRI's Chief Executive Officer (CEO) and sole Accounting Officer (AO), I am accountable to the public via Parliament. Parliament monitors and influences UKRI's work through its Select Committees and the Parliamentary and Health Services Ombudsman.

UKRI Leadership

An overview of UKRI's governance structure can be found within the Performance Report on page 15.

A list of Board and Committee members with their attendance for the period covering 1 April 2023 to 31 March 2024 can be found on page 71 of the Governance Statement.

Registers of interest for UKRI's Board and committees are published on the [UKRI website](#).

Personal data related incidents

One personal data incident involving UKRI was reported to the Information Commissioner's Office in 2023-24. The incident, which was confirmed as a breach, was reported by UKSBS as the data controller, and related to a service provided by UKRI, as the data processor.

Freedom of information

Under the Freedom of Information Act (FOIA) and the Environmental Information Regulations, we received a total of 295 requests in 2023-24, an increase from 272 in 2022-23. We responded to 89% of requests within statutory deadlines (compared to 86% in 2022-23 and 95% in 2021-22).

In March 2024, a First Tier Tribunal upheld two appeals, heard jointly, against UKRI decisions to withhold information from FOIA requests from 2017 and 2018 relating to the Engineering and Physical Sciences (EPSRC) Centres for Doctoral Training 2013 exercise. We have applied to appeal the tribunal decision on both cases.

2.

Statement of Accounting Officer's Responsibilities

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

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

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

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

As the AO, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that UKRI's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware. I take personal responsibility for the ARA, and the judgements required for determining that all reasonable steps have been taken to ensure the ARA as a whole are fair, balanced and understandable.

3.

2023-24 Governance Statement

Scope of responsibility

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

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

Governance framework

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

UKRI Board overview

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

The Board is chaired by Sir Andrew Mackenzie and comprises myself as CEO, the Chief Finance Officer (CFO) and nine to 12 other non-executive members appointed by the Secretary of State for DSIT: Professor Sir Ian Boyd, Dr John Fingleton, Professor Sir Anthony Finklestein, Priya Guha, Professor Nola Hewitt-Dundas, Nigel Toon, Ruwan Weerasekera, Professor Julia Black and Lord David Willetts. A representative of the Secretary of State of Science, Innovation and Technology also attends all board meetings.

Professor Julia Black and Lord David Willetts left the Board at the end of their tenure on 29 October 2023 and 7 November 2023, respectively. No new members were appointed during the year.

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

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

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

- implementation of the UKRI Strategy
- sustainability of the research and innovation (R&I) system
- development of the UKRI operating model
- the UKRI Framework for Performance including development of our performance monitoring dashboard and balanced scorecard
- preparations for upcoming fiscal events and the spending review
- cross-cutting policy areas, including research commercialisation, people culture and talent, UKRI's international outlook and preparations for association to Horizon Europe
- UKRI's long-term direction around place
- horizon-scanning research and innovation trends
- UKRI's risk management approach
- Trusted Research and Innovation

Minutes of the Board meetings are published on [UKRI's website](#).

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

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

Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee (ARAC) is chaired by Ruwan Weerasekera with Professor Sir Anthony Finkelstein as Deputy Chair. Dr John Fingleton joined ARAC as a non-executive Board member in September 2023. The Committee's independent non-executive members are Christina Coker, Philip Greenish and Fiona Sheridan, with Karen Kröger and Alison Jarvis who joined in January 2024.

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

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

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

ARAC held five full meetings in 2023-24 and three additional meetings to provide independent challenge on the ARA. It also held deep dive sessions to explore particular areas of focus in greater detail.

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

Throughout the year the Committee has focused on:

- UKRI's corporate governance and corporate risk management arrangements including management assurance and risk appetite, security and resilience, workforce and wellbeing, ethics and values, grant accruals, complaints, raised concerns and continuous improvement of funding assurance and counter fraud
- Board level and organisational level approach to identifying, mitigating and reporting risks, and bringing risks within appetite
- ongoing monitoring of the implementation of significant audit recommendations from GIAA and NAO
- the risks associated with major change programmes: Services, HR, Accounting, Reporting and Procurement (SHARP), The Funding Service and the Operating Model
- incidents and internal control failures and the organisational lessons learned

Nominations and Remuneration Committee

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

Board members include Dr John Fingleton, Priya Guha and Nigel Toon. Professor Nola Hewitt-Dundas and Ruwan Weerasekera (ARAC Chair) joined the Committee from September 2023. Professor Julia Black and Lord David Willetts left the Committee at the end of their tenure. I attend as CEO, with the CFO and CPO invited as attendees, without decision-making powers.

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

- maintaining oversight of senior leadership succession plans, appointments and awards
- determining the performance-related pay of the executive members of the Board
- providing assurance of remuneration policy to the Board
- providing assurance of performance-related policy and pay to the Board
- providing assurance of pension schemes and their governance to the Board

- maintaining oversight of the Board and Executive Committee effectiveness reviews
- maintaining oversight of the completion of annual appraisals for non-executive board members and senior executives

UKRI Organisational Change Committee

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

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

OCC met seven times this year. It provides Board oversight and independent challenge to the change programmes by:

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

UKRI Board Investment Committee

The Board Investment Committee (BIC) is chaired by Priya Guha and its members are Nigel Toon, Professor Sir Ian Boyd, the CFO and the Chair of the Infrastructure Advisory Committee (IAC). Regular attendees include myself, the Chairs of the Investment Advisory Working Group (IAWG) and the Director of Investment Strategy and System Insight.

The Committee:

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

BIC met four times during the year and reviewed topics as diverse as IAC priorities, digital research infrastructure, large computing facilities, environmental sustainability, floods and droughts, Diamond II, monitoring and evaluation, lessons learned from Pioneer mega projects and lessons learned from Pioneer.

Executive Committee

I chair the Executive Committee (ExCo) which is responsible for providing strategic advice to the Board and constitutes the Executive leadership (the nine Executive Chairs of the councils, the CFO, the Executive Directors of Strategy, Performance and Engagement, the COO, the CPO and the Chief Information Officer (CIO). The Director of External Relations, Communications and Public Engagement also attends regularly.

The Committee meets a minimum of once a month (except August) and met 12 times during the year. It receives a monthly finance report and its areas of operational focus have included:

- delivering the UKRI's five-year Strategy
- developing and implementing the operating model
- governance, risk and assurance

- preparations for upcoming fiscal events and spending review
- UKRI Framework for Performance including the new balanced scorecard
- communications
- updating and delivering the Corporate Plan
- delivering our council strategic delivery plans
- staff performance and reward, including staff capability and capacity
- staff wellbeing
- policy and delivery areas including international strategy, public engagement, commercialisation, Trusted Research and Innovation, environmental sustainability, support for critical technologies, major infrastructure investments, regional distribution of R&I investment, equality diversity and inclusion in the research and innovation system, and our collective talent programme.

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

Strategy Committee

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

People, Finance and Operations Committee

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

The Committee's membership comprises of the COO, CPO and the Chief Operating Officers or nominated representatives from each of the nine councils. Senior functional lead professionals from across the organisation are regular attendees. PFO met 10 times during the year, acting as UKRI's second line of defence across the following areas:

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

Health and Safety Management Committee

The Health and Safety Management Committee (HSMC) is chaired by the CFO and comprises the Health, Safety and Environment Lead, the Head of Operations, lead health and safety advisors from across UKRI and senior operational professionals representing Estates, Risk and Human Resources functions.

The Committee is responsible for monitoring the capability and performance of health and safety management systems with the objective of safeguarding the health and safety of staff and visitors, regulatory compliance and for establishing and developing continuous improvement in health and safety performance.

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

- policy and safety codes
- management system components
- reporting, risk and performance
- occupational health and wellbeing

Workforce and Financial Planning Committee

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

This Committee is chaired by the CPO and convened 10 times over the year. Its primary focus has been on optimising workforce efficiency to meet targets set during 2022-23. Additionally, it oversees the approvals process for all external recruitment and Senior Civil Service (SCS) equivalent roles.

Investment Advisory Working Group

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

Chaired by the Head of the Project Delivery Profession (until December 2023) and then co-chaired by the Deputy Director of Financial Planning and Analysis and the Infrastructure Portfolio Director (from January 2024), IAWG met 15 times during the year and reviewed 17 business cases with an approximate value of £1.5 billion.

Some cases were reviewed at both Outline Business Case stage and Full Business Case stage and included projects within the Infrastructure Fund, those related to alternatives to association with Horizon Europe, institute funding and other major investments in computing.

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

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

	Board	ARAC	BIC	NomCo	OCC	ExCo
Number of meetings held	6	8	4	5	7	12
Board Members						
Sir Andrew Mackenzie	6/6	-	-	5/5	-	-
Professor Dame Ottoline Leyser (CEO)	6/6	-	4/4	5/5	-	11/12
Siobhan Peters (CFO)	6/6	-	4/4	3/5	-	10/12
Professor Julia Black	2/3	-	-	2/3	-	-
Professor Sir Ian Boyd	4/6	-	4/4	-	-	-
Dr John Fingleton	6/6	4/4	-	5/5	-	-
Professor Sir Anthony Finkelstein	6/6	7/8	-	-	6/7	-
Priya Guha	6/6	-	4/4	5/5	-	-
Professor Nola Hewitt-Dundas	6/6	-	-	3/3	-	-
Nigel Toon	6/6	-	4/4	5/5	7/7	-
Ruwan Weerasekera	6/6	8/8	-	3/3	7/7	-
Lord David Willetts	2/3	-	-	2/3	-	-
ARAC Independent Members						
Christina Coker	-	7/8	-	-	-	-
Philip Greenish	-	7/8	-	-	-	-
Fiona Sheridan	-	5/8	-	-	-	-
Karen Kröger	-	2/2	-	-	-	-
Alison Jarvis	-	2/2	-	-	-	-
Executive Committee Members						
Professor Dame Ottoline Leyser (CEO)	6/6	-	4/4	5/5	-	11/12

	Board	ARAC	BIC	NomCo	OCC	ExCo
Siobhan Peters (CFO)	6/6	-	4/4	3/5	-	10/12
Deputy for CFO	-	-	-	-	-	2/12
Tim Bianek (COO)	-	-	-	-	-	8/12
Christine Ashton (CIO)	-	-	-	-	-	3/3
Emma Lindsell (Executive Director, Strategy, Performance and Engagement)	-	-	-	-	-	4/12
Isobel Stephen (Executive Director, Strategy, Performance and Engagement)	-	-	-	-	-	8/12
Chris Ball (CPO)	-	-	-	-	-	11/12
Professor Christopher Smith (EC AHRC)	-	-	-	-	-	9/12
Deputy for AHRC EC	-	-	-	-	-	3/3
Professor Melanie Welham (EC BBSRC)	-	-	-	-	-	2/3
Professor Guy Poppy (Interim EC BBSRC)	-	-	-	-	-	7/9
Professor Alison Park (Interim EC ESRC)	-	-	-	-	-	2/2
Stian Westlake (EC ESRC)	-	-	-	-	-	10/10
Professor Dame Lynn Gladden (EC EPSRC)	-	-	-	-	-	2/2
Professor Miles Padgett (Interim EC EPSRC)	-	-	-	-	-	4/6
Professor Charlotte Deane (EC EPSRC)	-	-	-	-	-	3/3
Deputy for EPSRC EC	-	-	-	-	-	2/2
Indro Mukerjee (CEO Innovate UK)	-	-	-	-	-	8/12
Deputy for CEO Innovate UK	-	-	-	-	-	4/4
Professor Sir John Iredale (Interim EC MRC)	-	-	-	-	-	4/6
Professor Patrick Chinnery (EC MRC)	-	-	-	-	-	5/6
Deputy for MRC EC	-	-	-	-	-	3/3
Professor Sir Duncan Wingham (EC NERC)	-	-	-	-	-	2/2
Professor Peter Liss (Interim EC NERC)	-	-	-	-	-	8/9
Professor Louise Heathwaite (EC NERC)	-	-	-	-	-	1/1
Deputy for NERC EC	-	-	-	-	-	1/1
Professor Dame Jessica Corner (EC Research England)	-	-	-	-	-	9/12
Deputy for Research England EC	-	-	-	-	-	3/3
Professor Mark Thomson (EC STFC)	-	-	4/4	-	-	10/12
Deputy for STFC EC	-	-	-	-	-	2/2

Notes

- In line with the ExCo Terms of Reference, if members are not able to attend meetings, they may authorise an appropriate colleague to represent them
- Alexandra Jones, Director General for Science, Innovation and Growth at DSIT, attended all Board meetings in 2023-24 as representative of the Secretary of State for Science, Innovation and Technology
- Professor Melanie Welham’s term as BBSRC Executive Chair ended on 30 June 2022

- Professor Guy Poppy was appointed interim BBSRC Executive Chair on 3 July 2023
- Professor Alison Park's term as interim ESRC Executive Chair ended on 2 June 2023
- Stian Westlake was appointed ESRC Executive Chair on 5 June 2023
- Professor Dame Lynn Gladden's term as EPSRC Executive Chair ended on 30 June 2023
- Miles Padgett was appointed EPSRC interim Executive Chair on 3 July 2023 and his term ended 31 December 2023
- Professor Charlotte Deane was appointed EPSRC Executive Chair on 8 January 2024
- Professor Sir John Iredale's term as interim MRC Executive Chair ended on 29 September 2023
- Professor Patrick Chinnery was appointed MRC Executive Chair on 2 October 2023
- Professor Sir Duncan Wingham's term as NERC Executive Chair ended on 30 June 2023
- Professor Peter Liss was appointed interim NERC Executive Chair on 12 June 2023 and his term ended 8 March 2024
- Professor Louise Heathwaite was appointed NERC Executive Chair on 11 March 2024
- Christine Ashton was appointed CIO on 22 January 2024

Councils overview

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

Each council consists of the council's Executive Chair and between five and 12 non-executive ordinary members, one of whom is the Senior Independent Member (SIM).

Each council met between four and six times last year. The full list of council members and councils' Terms of Reference are published on our [website](#).

Innovate UK Loans Ltd Special Purpose Vehicle

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

Innovate UK Knowledge Transfer Network operating as Innovate UK Business Connect

Since becoming part of UKRI (Innovate UK) in 2022-23, Innovate UK Knowledge Transfer Network now operating as Innovate UK Business Connect (IUKBC) has aligned its strategic objectives to Innovate UK's Annual Delivery Plan and objectives. IUKBC reflects the core purpose – connecting for positive change and contributing to a clear and consistent portfolio of Innovate UK products and services so that businesses understand which products and services can best help them at the right time. Governance, accountability and operational requirements are set out in the UKRI and IUKBC Framework operating document and IUKBC own updated Articles of Association. Operational requirements set out in the Framework document cover the agreement of an annual work programme, financial and non-financial reporting regimes and broader information sharing. Financial Statements are filed with Companies House.

STFC Innovations Ltd

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

Diamond Light Source Ltd

Diamond Light Source Ltd (DLS) was first established as a joint venture by the Science and Technology Facilities Council (which became part of UKRI in 2018) and Wellcome Trust in 2002. We have worked with DLS and DSIT to develop a new Framework document which will establish the governance and sponsorship arrangements for DLS. Once this is approved, my AO responsibilities for DLS will transfer to the DLS CEO. UKRI will remain responsible for the provision of funding to DLS and will maintain a delegated sponsorship role via DSIT.

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

Risk management

Capacity to handle risk

As AO, I have overall responsibility for ensuring there is an effective system of risk management, internal control and assurance in place within UKRI for meeting all relevant statutory requirements, and for ensuring adherence to guidance. Further accountability and responsibility for elements of risk management are set out in UKRI's Risk Management Strategy and Policy. An overview of the risk management framework and details of the principal risks managed this year are set out in the Performance Report from page 45.

Risk management framework

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

The framework provides a consistent approach to identifying, assessing and mitigating enterprise risks through implementing and monitoring controls and actions to reduce risk to the levels the organisation is willing to accept in pursuit of objectives. Our risk management framework includes a Risk Management Policy, Strategy and Risk Appetite Statement.

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

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 only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to achieving the policies, aims and objectives of UKRI, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently and effectively.

Regularity and propriety

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

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

I confirm that for 2023-24:

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

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

Declaration of Interests

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

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

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

Gifts and hospitality

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

The cost of gifts and hospitality offered by UKRI must be proportionate, approved beforehand and recorded on the Gifts and Hospitality Register. All offers of gifts or hospitality made to staff must be declared even if not accepted and it is not standard for staff to accept gifts and hospitality. In line with the policy, any gifts above £20 in value have either been surrendered or retained with appropriate approval. During 2023-24, a GIAA audit confirmed a high level of assurance on our Gifts and Hospitality Policy, following the audit the policy was reviewed to ensure it remained relevant, effective and up to date, the new policy was approved by PFO in March 2024.

Counter fraud

The UKRI Fraud control framework is designed to minimise the risk of fraud and includes a Counter Fraud and Bribery policy and an approved counter fraud operating plan with key target outcomes. This is a requirement of the Cabinet Office Functional Standard for Counter Fraud and sets out our approach with an action plan for the year.

The year saw a marked decline in casework arising under the COVID-19 schemes with only business as usual investigations ongoing, an increasing number of which are now with the police for criminal investigation. Two investigations have resulted in the Crown Prosecution Service bringing charges against defendants for both fraud and money laundering offences.

During the financial year 2023-24 (1 April 2023 to 31 March 2024), UKRI Counter Fraud and Investigation Services (CFIS) reported the following:

- 128 referrals of fraud, bribery or corruption (45% increase from 2022-23)
- total of 33 live investigations and a further 50 completed
- identified fraud of £4.57 million (287% increase from 2022-23)
- prevented fraud of £13.54 million (3,123% increase from 2022-23)
- amounts recovered from grant participants of £0.08 million (33% increase from 2022-23)

Comparative data for the financial year 2022-23 (1 April 2022 to 31 March 2023) was as follows:

- 88 referrals of fraud bribery and corruption
- 34 live investigations and a further 39 completed
- identified fraud of £1.18 million
- prevented fraud of £0.42 million
- amounts recovered from grant participants of £0.06 million

The increase of referrals is not understood to reflect increased exposure to risk of fraud or incidence of fraud within our research and innovation portfolio of grants.

Participation in the National Fraud Initiative

The National Fraud Initiative (NFI) is an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud. As part of a biennial national exercise the NFI provides creditor payment screening and has developed a range of tests to identify duplicate payments. Aside from the financial benefits, data matches help to improve the efficiency of organisations' creditor payment systems.

The NFI helps to identify duplicate payments and incorrect VAT payments that can be recovered, caused by incorrect supplier invoices, input errors and VAT miscalculations. The reasons for this are wide ranging, from human error to poor processes, controls that can be overridden and the fact that independent systems can only conduct basic checks.

The CFIS commenced work on NFI, which was planned to begin in late 2023 but resource constraints and delays acquiring relevant data have meant this has taken longer than expected. To date, of the 14,501 matches, 3,706 were found to have no identifiable issues. A further 106 are under active investigation with the remaining 10,689 to be reviewed when resource permits.

Government Functional Standard GovS 013

The Government Functional Standard GovS 013: Counter Fraud sets the expectations for the management of fraud, bribery and corruption risk in government organisations. We will complete a new assessment of compliance against the standard in 2024-25 and develop an action plan to improve our level of compliance.

The self-assessment will inform the development of a new counter-fraud strategy which will encompass key changes across the fraud landscape (post COVID-19). This will ensure UKRI captures best practice, and develops alternative approaches to both deterrence and sanctions, including the recovery of public funds.

Fraud awareness

An ongoing programme of fraud awareness is in place in UKRI with a mandatory online fraud and bribery course for all UKRI staff. Additional bespoke training has been provided across some teams in UKRI with higher risk profiles.

Further, discussions have started with some higher education institution representative groups to consider ways in which fraud reporting for publicly funded research can be better followed up to ensure effective risk mitigation processes are in place to identify potential control environment weaknesses and deter re-occurrences.

Whistleblowing

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

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

22 concerns were submitted in 2023-24, of which four were assessed as being in scope of the UKRI Whistleblowing ‘Freedom to Speak up’ Policy and were, or are being investigated as a “qualifying disclosure” regarding alleged or actual malpractice. By comparison, in 2022-23, 17 concerns were submitted, of which six were assessed as being in scope of the UKRI Whistleblowing ‘Freedom to Speak up’ Policy. The findings from each completed investigation are acted upon and a process has been established to identify and address lessons learned.

Raising concerns

UKRI has identified the need to improve the management of concerns raised by staff and external stakeholders. We are developing a new harmonised mechanism for reporting and managing concerns. This will be underpinned by revised policies, procedures and a new approach to the resourcing and delivery of investigations.

Complaints

We recognise that complaints present an opportunity to learn and make improvements to the way we operate and for our stakeholders. We have a responsibility to act where we identify that our services and processes could be improved.

We have an external [UKRI Complaints](#) webpage that outlines the process for external stakeholders to submit a complaint, what we can investigate, timescales for response and how to appeal. Further details about our internal processes are outlined in the UKRI Complaints Handling Procedure. As an organisation we commit to operating a responsive, transparent and fair complaints process and this is particularly important when things go wrong.

In 2023-24 we received 77 formal complaints, compared to 42 in 2022-23. This increased number reflects Innovate UK harmonising with the UKRI Complaints Procedure.

During 2023-24, we were notified by the Parliamentary and Health Service Ombudsman (PHSO) of three cases that had been accepted for review. Two of these are at the primary investigation stage and the other at the detailed investigation stage. The outcomes of these PHSO cases are expected in 2024-25.

The PHSO outcome of a complaint case review, of which UKRI were notified in December 2022, was received in June 2023. This outlined that the case was closed at the primary investigation stage as there were no indications of maladministration.

We have improved our ability to provide assurance that actions and lessons learned from complaints are addressed and evidenced as complete through the migration of action tracking to our risk management system. As part of our Complaints Annual Review 2022-23, we have identified priorities which will enable us to continue to strengthen our approach to complaint handling and improve stakeholder experience.

Modern slavery

We are committed to the principles of the Modern Slavery Act 2015 and the abolition of modern slavery and human trafficking. We seek to minimise the risk of modern slavery and human trafficking in our operations through a control framework which focuses on recruitment, selection and resource management, commercial supply chain arrangements, policy development for safeguarding and reporting of concerns, and employee awareness training. The latest UKRI Modern Slavery and Human Trafficking Statement published in September 2023 reported the following:

- no concerns identified or reported by employees or third parties
- UKRI has rolled out its programme of Universal Learning to all employees

During 2023-24 we have continued to:

- monitor recruitment and commercial activity for modern slavery indicators
- improve uptake of training for all employees.

In the last year, we have established a modern slavery working group to bring together expertise in modern slavery from across the organisation and to monitor risks and controls. Focus areas in the coming year will include our exposures to risk from subcontracting by grant recipients and in supply chains.

Welsh Language Scheme

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

Data and information governance

Data and information governance has been strengthened by the appointment of a new Chief Information Officer (CIO) and Chief Data Officer (CDO) in line with the recommendations of the Grant Review. A new Strategic Technology and Data Governance Committee has been established, reporting to PFO, to provide strategic direction, oversight and ensure the effective management, ethical use, and maximisation of technology and data assets in support of UKRI's strategy.

The launch of our Data Strategy and improved policies and processes for data management, alongside existing information governance policies, procedures and controls are aimed to ensure that our data and information is valued, managed and protected. Data and information governance risks are being revisited within our new structures and are reviewed regularly and managed through appropriate mitigating actions.

Security and resilience

The UKRI Security and Resilience team has expanded, taking full ownership of the Business Continuity Management function and strategic ownership for delivering on travel risk management.

Reflecting its expanded scope, the Security and Resilience Strategy was published internally, outlining deliverables across physical, cyber, personnel, travel risk management and business continuity management domains that will better secure and improve resilience for organisational assets, whilst enabling business areas to achieve their wider goals. This has been supported by refreshed governance, headed by the Security and Resilience Committee, which continues to oversee strategic and operational delivery, while monitoring evolving threats and escalating in line with risk.

Our compliance with the [Government Functional Standard GovS 007: Security](#) standards continue to improve from an assurance perspective, and significant work has begun on building the security culture in the organisation, to underpin the relatively new policies and processes that have been launched.

We have continued to respond proportionately and effectively to incidents ensuring root causes are identified, and lessons learned.

Prompt payment

Our policy is to comply with the Prompt Payment Code for the payment of invoices for goods and services. While our standard terms and conditions specify payment within 30 days of receipt, we aim to make payments within five working days. In 2023-24, we paid 97% of undisputed invoices within 30 days (2022-23: 97%) and 66% within five working days (2022-23: 71%).

Pay remit

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

Tax arrangements of public sector appointees

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

Ministerial directions

There were no Ministerial directions given in 2023-24.

Project delivery

The UKRI Project Delivery Profession has approximately 450 members benefiting from the tools, guidance, frameworks, training and development it offers. Members can access the Government Online Skills Tool for self-assessment against competencies, skills and behaviours for current job roles and future career steps. We are piloting the Government Project Delivery Profession's accreditation scheme with the first members of the profession recently being awarded accreditation.

The profession undertakes annual self-assessments against the Government Functional Standard GovS 002: Project Delivery for compliance and assurance purposes, and completes a Portfolio, Programme and Project Management Maturity Model assessment exercise to help inform the key focus areas. Specific Interest Groups continue to facilitate knowledge sharing and the development of best practice in key project management areas including risk management, benefits realisation and change management. The profession expanded their annual learning event to provide a fortnight of learning opportunities, providing over 900 hours of continuing professional development to members free of charge.

A project management system is in place with over 500 active users. It provides project management professionals with the ability to manage and report on projects, programmes and portfolios at any level improving the efficiency of delivery, effectiveness of reporting, and consistency in practice.

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

SHARP programme

The SHARP programme is a multi-year programme established to implement a modern Enterprise Resource Planning solution for UKRI and our shared service provider, UK SBS. The system being implemented is Oracle Fusion.

This implementation will improve colleagues' experiences and reduce complexity for functional specialists. It will align our processes to government global processes, harmonise ways of working for back-office activities across UKRI, improve our data integrity and with a combination of more self-service and efficient operation, reduce the resource requirements of a range of tasks.

Due to the complexity of bringing all elements of UKRI together, a number of issues and challenges have been identified. These are being worked through but will affect the planned go-live date. A revision of the programme plan is underway. The SHARP programme team is continuing to engage and communicate across both organisations as well as delivering training, to support implementation.

Simpler and Better Funding programme

UKRI's Simpler and Better Funding (SBF) Programme is introducing a new unified funding service to reduce bureaucracy and difficulty when applying for grants and managing funding. The Funding Service (TFS) aims to make our grant-making processes more consistent, predictable and simple, as recommended by the Grant and Tickell reviews. This will benefit applicants, research and administrative offices, and expert reviewers and assessors.

We have simplified opportunity types, harmonised applicant guidance and reduced administrative checks. Underpinned by core functionality on the digital TFS platform, the new Funding Service helps users manage Accountability Report UK Research and Innovation 80 opportunities, applications and awards. 85% of new applications are now made on the TFS platform.

Each week, the service releases new features on the TFS platform to cater for more funding opportunities, reduce bureaucracy, speed up the grant application process and reduce internal processing effort. The SBF Programme continues to harmonise and standardise policies, guidance and processes across UKRI to improve the service and enable operational efficiencies.

The programme is currently planning for the migration of new and existing grants to the TFS platform, adding features to remove the need for workarounds and functionality requested by users, and preparing for business-as-usual. This process involves careful management of end-to-end risk, and integration with existing UKRI systems, which constitute a major focus for the Programme as it enters its concluding stages.

The goal of the TFS platform is to enable an improved service for funding applications, review and awards. At these initial stages, however, we recognise that some users may find aspects of the service more challenging than they would like. We will continue to iterate and improve the TFS platform to reduce these difficulties over time.

Assurance

Review of effectiveness

As Accounting Officer, it is my responsibility to ensure that UKRI is maintaining a sound system of governance and internal control. In 2023-24 I looked to the work of the ARAC, ExCo and its supporting committees, the internal audit service provided by the GIAA, UKRI's Funding Assurance Oversight Committee, the assurance opinion provided by the Accounting Officer of UKSBS, and comments made by the NAO as our external auditors in their management letter and other reports to inform my view.

Executive Accountability Assessment

We have an assurance framework that records the assurance available on the:

- legal, regulatory and government requirements that UKRI must adhere to
- good governance and best practice frameworks

The design of the assurance framework is aligned to HM Treasury guidance. This framework identifies and evaluates the different sources of assurance using a three lines model comprising: management; internal assurance; and independent assurance.

An executive accountability exercise was completed at the end of the financial year. Executive Chairs and Directors provided a first-line assessment of assurance against their legal, regulatory, control and governance obligations. These assurances were subject to a second line of supporting evidence by the Management Assurance Team and a challenge meeting with the Deputy Director Risk and Assurance. The outcomes were reported to the PFO as well as the ExCo and ARAC.

The 2023-24 executive accountability exercise provided an overall moderate level of assurance. The exercise provided six new areas of low assurance. These related to: a lack of clarity on delegations; loss of key staff in the business continuity team; the need to increase understanding of modern slavery risks in supply chains and through sub-contracting by recipients of UKRI grants; the need to increase knowledge of safeguarding arrangements amongst staff and other stakeholders; the need to confirm that the tax arrangements of our staff working overseas are compliant with local tax rules; and the need to continue to evolve Funding Assurance arrangements to demonstrate the effective and proper use of public funds.

Government Internal Audit Agency annual opinion

The GIAA Head of Internal Audit (HIA) is required by the Public Sector Internal Audit Standards to provide me with an annual internal audit opinion and report. The HIA opinion is based primarily on the outcomes of audit engagements conducted during the 2023-24 financial year but is also informed by knowledge gained from meetings with senior management, and attendance at governance forums and their associated papers. The HIA

also placed reliance on two specific engagements carried out by the UKRI Management Assurance Team as agreed through the audit plan.

The HIA has provided me with a moderate assurance opinion which reflects that, although there are areas that could be improved, UKRI's frameworks for governance, risk management and control are operating effectively to deliver strategic objectives. The HIA reported an overall positive trend in UKRI's direction of travel across themes raised in prior years. The HIA highlighted two themes that have remained unchanged: Funding Assurance, and Risk Management. These themes are being addressed through operating model work. GIAA assurance related to the theme of Strategic Change has reduced. We recognise and are addressing the GIAA concerns in this area. The distribution of internal audit assurance ratings is comparable to previous years, though the proportion of 'limited' and 'unsatisfactory' together has increased.

The HIA highlighted areas that were not found to be fully effective in 2023-24. These are: supply chain resilience; governance and management of the counter fraud function; SHARP programme testing and business readiness; SBF programme; the delivery of new digital services; and data quality held by the Innovate UK Loans. Action plans have been agreed to address the findings of GIAA.

The GIAA annual report and opinion included valuable feedback on four themes: risk management; continuous improvement functions; delivery of corporate change; and management information and core controls assurance.

Assurance on our Funding

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

We have improved our level of compliance with the [Government Functional Standard GovS 015: Grants](#) through the completion of Fraud Risk Assessments for the major funding types. GIAA has provided a substantial assurance opinion on the approach taken by the Funding Service Programme to deliver compliance with the standard.

Stewardship reporting has confirmed that the systems of governance, risk management and internal controls are effective and, in some areas, have been improved in 2023-24. GIAA have provided seven positive assurance reviews and three advisory reviews related to funding assurance. One Limited Assurance was received in relation to Governance of The Funding Service. 20 of the 55 actions agreed following these reviews are already complete.

The Management Assurance Team have completed three reviews of which one returned a positive assurance opinion. Two negative assurance opinions were received in relation to a specific payment error and the management of conflicts of interest on the Exascale project. 17 of 23 Actions agreed following these reviews are complete.

Improvements have been made in the methodology used by the UKRI Funding Assurance Teams. These teams review compliance with terms and conditions of funding and test validity of spend charged to UKRI grants. The assurances provided by the Research England, and Innovate UK are Moderate Assurance. The Research Council Funding Assurance Team has provided a Limited Assurance reflecting that 39% of organisations they reviewed received a negative assurance opinion due to: deficiencies in the recording of staff time to UKRI funded projects, non-compliance with Transparent Approach to Costing (TRAC) requirements, lack of controls on training grants or weak financial controls.

Innovate UK

- Innovate UK processed over 34,000 claims with a total value of £1.65 billion. Review of claims identified 2757 ineligible cost items totalling £2.7 million (0.16% error rate)
- Review of £152.4 million of grant claims rated as high or medium risk identified £2.4 million of ineligible spend (1.57% error rate)

Research England

- 21 audits were completed of Research England block-grants covering a £451 million funding. No material or major issues were identified, providing positive assurance over the data and the systems and processes used

Research Councils

- 33 reviews of research organisations were completed. One assignment provided substantial assurance, 19 moderate assurance and 13 received Limited Assurance. Three of the assignments were undertaken either as joint reviews with other funders (The Royal Society) or with an extended scope to include Innovate UK and Research England awards that would previously have been subject to separate assurance arrangements
- 437 grants were selected for substantive testing, from which ineligible expenditure of £1.7 million of ineligible spend was identified (£0.5 million in 2022-23). The error rate for research grants and fellowships was 1.16% and 6.63% for training grants
- TRAC costs underpin over 40% of the full economic costs of research funded by universities. The 2022-23 annual TRAC returns were subject to validation and review by UKRI alongside the UK Higher Education Regulator and Funders: Returns from seven Providers were excluded due to non-compliance with TRAC requirements and one Provider was moved to dispensation rates. Funding Assurance assignments include TRAC scrutiny as part of their overall reviews

Action is taken to address the specific and thematic findings from funding assurance reviews:

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

I have received a letter providing assurance on payments made by UKRI from the AO of the Office for Students (OfS). The assurance covers regularity, propriety, and value for money in higher education providers in England that are primarily regulated by the OfS. The assurances are that:

- higher education providers have appropriate arrangements for financial management and accounting to mitigate the risk that funds are not used for the purposes given
- based on the funding assurance work completed by OfS there are no reports from external auditors for the academic year 2023-24 that would indicate any concerns which would be of interest to UKRI in relation to compliance with the terms and conditions of revenue grant funding from UKRI

In addition to these assurances the OfS continued its processes to collect and validate annual Transparent Approach to Costing (TRAC) data returns, for 2022-23, and to deliver this data to UKRI. This work includes a review of institutional declarations of compliance with the TRAC requirements as set out in TRAC guidance. The OfS noted that some institutional TRAC returns have not been completed and the related validation remains work in progress.

Work continues towards an integrated UKRI Funding Assurance Target Operating Model with increased joint working across UKRI. Five changes to the Funding Assurance Operating Model, representing those changes that have the most impact in the next year, have been agreed and are being progressed.

In parallel, significant progress has been made implementing the recommendations in the Reducing Bureaucracy review and identifying further opportunities to reduce the burden of assurance on research organisations whilst at the same time ensuring I have the assurance needed to fulfil my accounting officer responsibilities.

Shared services assurance

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

We receive bi-annual assurance reports from UKSBS on the design and effectiveness of its internal control framework, and within the UKSBS Assurance Framework the company's overall assurance status for the second half of financial year 2023-24 remains at Amber. UKSBS also receives its internal audit provision from GIAA and received three substantial and five moderate assurance opinions for audits completed in 2023-24.

We have worked closely with UKSBS during the year to identify the root causes of two significant payment errors and a data protection incident related to the UKRI printing of payslips on behalf of UKSBS. UKRI was informed of a mandate fraud in June 2024 for invoices that were accrued in 2023-24, the fraud is under investigation.

Quality assurance of business-critical models

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

Significant issues

Security

Our security maturity has improved, with a clear path to reduce risk within appetite through delivery of our Security and Resilience Strategy (2023-2026). Although there has been improvement in all security domains, due to the complexity of UKRI and remaining legacy technology debt, we are not yet working within risk appetite in all areas. The new CIO will facilitate federated areas of UKRI to explore all the opportunities to maximise collaboration on digital and data across UKRI while increasing security and resilience. This is set against a fast-changing threat landscape with growing focus on the research and innovation ecosystem and being fuelled further by geopolitical events.

Organisational change programmes

Our organisational change portfolio brings together our five major change programmes including our new operating model and council/functional improvement initiatives. The UKRI Future State has been presented during this year and sets out an overview of the key objectives, concepts and timeline. Delivery of our change programmes while meeting our challenging operational expenditure reduction targets remains a significant issue in 2023-24 and will continue be in 2024-25.

Capacity and capability of staff

Staff capacity and capability in UKRI remains a significant issue, with retention and recruitment being challenging across the organisation. This is being managed through delivery of our HR Strategy which aims to provide a measurable return by achieving a high-performance culture in a safe and inclusive environment. Through creation of a more agile and resilient workforce we will reduce the likelihood of skill gaps, overburdened employees and operational disruptions.

Operational expenditure reduction

We are reducing operational expenditure spend through a range of activities to identify and realise efficiencies. Restrictions on recruitment while we move towards new ways of working have been challenging in many areas of the organisation. Our organisational change programmes are providing the opportunity to review, reshape and optimise the way we do things to meet financial targets agreed with the government.

Geopolitical events

Increasing complexity in geopolitical uncertainty, including instability and conflict, continues to present challenges in the international landscape. This not only places pressures on important collaboration but potentially presents unknown supply chain risks. International collaboration is an important part of our strategy and UKRI collaborations create impact across the globe. We continue to develop our organisational resilience and ability to respond and remain adaptable in times of rapid change due to global challenges.

Delays in senior appointments

Our Executive Chairs, Board members, CEO and CFO are public appointments. These appointments are made by the Secretary of State for Science, Innovation and Technology, with most roles appearing on the No.10 interest list. These roles are subject to an extensive recruitment process that in some cases, required more than 18 months to complete. In the last year, we successfully recruited a number of Executive Chairs, with our gratitude to Interim Executive Chairs who have stepped in to bridge the gap during the lengthy recruitment process, some improvements have been possible. Our Public Appointments team are now managing most administrative and candidate-facing aspects. However, there are elements that remain outside the control of UKRI.

Incident management

We have responded to major incidents, from concerns raised regarding adherence to the Seven Principles of Public Life to breakdowns of internal control processes related to making payments and the printing of sensitive documents. The incidents experienced in 2023-24 have been fully investigated by UKRI in conjunction with the relevant third parties and responded to.

Economic and global instability impacts are still emerging that could lead to disruptive situations. We are developing business continuity options to be prepared for disruption, support national emergencies (as seen during COVID-19), and respond and recover effectively to serious incidents within the organisation.

Conclusion

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

Based on the review outlined above, I conclude that UKRI has a sound system of governance, risk management and internal control that supports UKRI's aims and objectives for 2023-24.

Remuneration and Staff Report 2023–24

Remuneration Policy

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

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

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

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

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

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

Remuneration – Audited Information

Remuneration (£ per annum)	2023-24	2022-23
Board Chair	29,500	29,500
Board members	9,180	9,180
Board members with additional roles ¹	9,180	9,180
Board members (Innovation Champion and ARAC Chair ²)	16,065	9,180

Notes

- Board members should not receive additional honoraria for roles on committees (e.g., Board Investment Committee) unless it takes them over their contracted 20-day per-annum commitment, in which case they should submit a claim for additional payment at the daily rate.
- The Audit and Risk Assurance Committee (ARAC) Chair and Innovation Champion are the only exception to the above rule and are entitled to an additional honoraria of £6,885 per year, with the expectation that these roles will require an additional 15 days of work.

Board Honoraria – Audited Information

Board Membership Name	Period of Appointment		Remuneration	Remuneration
	From	To	£000s 2023-24	£000s 2022-23
Lord (John) Browne of Madingley	01 Apr 2018	05 Oct 2022	–	–
Professor Sir Leszek Borysiewicz	01 Apr 2018	30 Oct 2022	–	5-10
Professor Julia Black	01 Apr 2018	20 Oct 2023	5-10	5-10
Lord David Willetts	01 Apr 2018	07 Nov 2023	5-10	5-10
Professor Sir Ian Boyd	20 Sep 2021	19 Sep 2024	5-10	5-10
Dr John Fingleton	20 Sep 2021	19 Sep 2024	15-20	5-10
Priya Guha	20 Sep 2021	19 Sep 2025	5-10	5-10
Ruwan Weerasekera	20 Sep 2021	19 Sep 2025	5-10	5-10
Nigel Toon	20 Sep 2021	19 Sep 2025	–	–
Sir Andrew Mackenzie	12 Jul 2021	12 Jul 2026	25-30	25-30
Professor Sir Anthony Finkelstein	20 Sep 2021	19 Sep 2024	5-10	5-10

Board Membership Name	Period of Appointment		Remuneration	Remuneration
	From	To	£000s 2023-24	£000s 2022-23
Professor Nola Hewitt-Dundas	01 Oct 2022	30 Sep 2025	5-10	0-5
Siobhan Peters	29 Jun 2020		****	****
Professor Dame Ottoline Leyser	29 Jun 2020	28 June 2025	****	****

Notes

1. Lord Browne was reappointed until October 2023; however, he subsequently resigned and stepped down on 5 October 2022. Lord Browne declined to receive honoraria during his time on the Board.
2. Dr John Fingleton is the current UKRI Innovation Champion, for which he has declined to receive an honorarium. He receives a separate honorarium as a member of the Innovate UK Council member.
3. Ruwan Weerasekera is Chair of ARAC, for which he is entitled to an honorarium, this is to be backdated and paid in 2024-25.
4. Nigel Toon has declined to receive honoraria during his tenure on the Board.
5. Remuneration disclosed in Senior Staff Remuneration Table.

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

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

The Nominations and Remuneration Committee (NomCo) provides advice and recommendations to DSIT on the performance element of the pay package, changes in basic pay for existing role-holders, and the package for new recruitment exercises. The Committee also 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 affordability.

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

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

Other Senior Employees

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

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

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

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

Senior Staff Remuneration Table – Audited Information

	2023-24					2022-23				
	Salary	Bonus	Non-cash benefits	Pension benefits	Total	Salary	Bonus	Non-cash benefits	Pension benefits	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Professor Dame Ottoline Leyser – Chief Executive ¹	230-235	10-15	–	10	250-255	215-220	–	–	14	230-235
Siobhan Peters – Chief Finance Officer ²	170-175	5-10	–	53	235-240	145-150	–	–	45	190-195
Tim Bianek – Chief Operating Officer	125-130	–	–	39	165-170	120-125	5-10	–	37	170-175
Chris Ball – Chief People Officer ³	230-235	–	–	–	230-235	205-210	–	–	–	205-210
Emma Lindsell – Executive Director of Strategy, Performance & Engagement (job share) ⁴	85-90	–	–	26	110-115	80-85	0-5	–	25	110-115
Isobel Stephen – Executive Director of Strategy, Performance & Engagement (job share) ⁵	75-80	–	–	23	95-100	70-75	0-5	–	22	95-100
Christine Ashton – Chief Information Officer ⁶	25-30	–	–	8	35-40	–	–	–	–	–
Professor Christopher Smith – AHRC Executive Chair ⁷	130-135	–	–	26	155-160	155-160	5-10	–	27	185-190
Professor Melanie Welham – BBSRC Executive Chair ⁸	45-50	10-15	–	10	70-75	150-155	–	–	36	185-190
Professor Guy Poppy – BBSRC Executive Chair ⁹	115-120	–	–	22	140-145	–	–	–	–	–
Professor Alison Park – ESRC Executive Chair ¹⁰	20-25	5-10	–	6	30-35	115-120	10-15	–	36	165-170
Stian Westlake – ESRC Executive Chair ¹¹	100-105	–	–	31	130-135	–	–	–	–	–
Professor Dame Lynn Gladden – EPSRC Executive Chair ¹²	35-40	–	–	–	35-40	120-125	5-10	–	–	125-130
Professor Miles Padgett – EPSRC Executive Chair ¹³	60-65	–	–	13	70-75	–	–	–	–	–
Professor Charlotte Deane – EPSRC Executive Chair ¹⁴	30-35	–	–	5	35-40	–	–	–	–	–
Indro Mukerjee – Innovate UK CEO	190-195	–	–	29	220-225	180-185	–	–	28	210-215
Professor John Iredale – MRC Executive Chair ¹⁵	65-70	–	–	–	65-70	140-145	–	–	–	140-145

	2023-24					2022-23				
	Salary	Bonus	Non-cash benefits	Pension benefits	Total	Salary	Bonus	Non-cash benefits	Pension benefits	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Professor Patrick Chinnery – MRC Executive Chair ¹⁶	75-80	–	–	11	90-95	–	–	–	–	–
Professor Sir Duncan Wingham – NERC Executive Chair ¹⁷	35-40	–	–	10	45-50	145-150	5-10	–	39	190-195
Professor Peter Liss – NERC Executive Chair ¹⁸	100-105	–	–	–	100-105	–	–	–	–	–
Professor Louise Heathwaite – NERC Executive Chair ¹⁹	5-10	–	–	1	5-10	–	–	–	–	–
Professor David Sweeney – Research England Executive Chair ²⁰	–	–	–	–	–	80-85	10-15	–	–	95-100
Professor Dame Jessica Corner – Research England Executive Chair	155-160	15-20	–	48	220-225	70-75	–	–	22	95-100
Professor Mark Thomson – STFC Executive Chair ²¹	160-165	–	–	47	210-215	150-155	–	–	49	200-205

Notes

1. Professor Dame Ottoline Leyser is an employee of the University of Cambridge and on secondment to UKRI. The values shown above are the amounts reimbursed (excluding Pension and National Insurance Contributions) to the University of Cambridge. VAT is payable on the total amount invoiced but is not included in the figures above.
2. Siobhan Peters’ role altered in year from management of the CFO group to management of the Operational Leadership Team.
3. Chris Ball 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.
4. Emma Lindsell is employed in a 65% job share. Full Time Equivalent (FTE) salary banding is 130-135.
5. Isobel Stephen is employed in a 60% job share. The FTE salary banding is 125-130.
6. Christine Ashton commenced the role of CIO in January 2024. The Full Year Equivalent (FYE) salary banding is 140-145.
7. Professor Christopher Smith is an employee of the University of St Andrews and on secondment to UKRI. The values shown are the amounts reimbursed (excluding Pension and National Insurance Contributions) to the University of St Andrews. Value Added Tax (VAT) is payable on the total amount invoiced but is not included in the figures above.
8. Professor Melanie Welham stepped down as BBSRC Executive Chair in June 2023. The FYE salary banding is 150-155.

9. Professor Guy Poppy is an employee of the University of Southampton and is on secondment to UKRI. The values shown above are the amounts reimbursed (excluding Pension and National Insurance Contributions) to the University of Southampton. VAT is payable on the total amount invoiced but is not included in the figures above. Professor Poppy is covering the BBSRC Executive Chair position on an interim basis. The FYE salary banding is 155-160.
10. Professor Allison Park covered the ESRC Executive Chair position on an interim basis until June 2023. The FYE salary banding is 115-120.
11. Stian Westlake commenced the role of ESRC Executive Chair in June 2023. The FYE salary banding is 125-130.
12. Professor Dame Lynn Gladden is an employee of the University of Cambridge and was on secondment to UKRI. The values shown above are the amounts reimbursed (excluding Pension and National Insurance Contributions) to the University of Cambridge. VAT is payable on the total amount invoiced but is not included in the figures above. Professor Gladden left the role in June 2023. The FYE salary banding is 145-150.
13. Professor Miles Padgett is an employee of the University of Glasgow and was on secondment to UKRI. The values shown above are the amounts reimbursed (excluding Pension and National Insurance Contributions) to the University of Glasgow. VAT is payable on the total amount invoiced but is not included in the figures above. Professor Padgett covered the EPSRC Executive Chair position on an interim basis. The FYE salary banding is 120-125.
14. Professor Charlotte Deane is an employee of the University of Oxford and is on secondment to UKRI. The values shown above are the amounts reimbursed (excluding Pension and National Insurance Contributions) to the University of Oxford. VAT is payable on the total amount invoiced but is not included in the figures above. Professor Deane commenced the role of EPSRC Executive Chair in January 2024. The FYE salary banding is 140-145.
15. Professor John Iredale is an employee of the University of Bristol and was on secondment to UKRI. The values shown above are the amounts reimbursed (excluding Pension and National Insurance Contributions) to the University of Bristol. VAT is payable on the total amount invoiced but is not included in the figures above. Professor Iredale left the role in October 2023. The FYE salary banding is 135-140.
16. Professor Patrick Chinnery is an employee of the University of Cambridge and is on secondment to UKRI. The values shown above are the amounts reimbursed (excluding Pension and National Insurance Contributions) to the University of Cambridge. VAT is payable on the total amount invoiced but is not included in the figures above. Professor Chinnery commenced the role of MRC Executive Chair in October 2023. The FYE salary banding is 160-165.
17. Professor Sir Duncan Wingham stepped down as NERC Executive Chair in June 2023. The FYE salary banding is 160-165.
18. Professor Peter Liss covered the NERC Executive Chair position on an interim basis starting in June 2023 until March 2024. The FYE salary banding is 135-140.
19. Professor Louise Heathwaite is an employee of Lancaster University and is on secondment to UKRI. The values shown above are the amounts reimbursed (excluding Pension and National Insurance Contributions) to Lancaster University. VAT is payable on the total amount invoiced but is not included in the figures above. Professor Heathwaite commenced the role of NERC Executive Chair in March 2024. The FYE salary banding is 140-145.
20. Professor David Sweeney stepped down as RE Executive Chair in September 2022.
21. Professor Mark Thomson is an employee of the University of Cambridge and is on secondment to UKRI. The values shown above are the amounts reimbursed (excluding Pension and National Insurance Contributions) to the University of Cambridge. VAT is payable on the total amount invoiced but is not included in the figures above.

In addition, please note:

- bonuses paid in the financial year 2023-24 relate to the performance year 2022-23, 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.

Salary and Allowances, Benefits in Kind and Bonuses

Salary paid in 2023-24 includes salary and any allowances. It does not include severance payments, reimbursement of expenses, employer pension contributions or the cash equivalent transfer value of pensions.

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HMRC as a taxable emolument. There were no benefits in kind paid to any UKRI Executives in 2023-24 (Nil in 2022-23).

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

Awards to Directors for their 2023-24 performance will be paid in 2024-25, following the internal moderation processes, and will be included within next year's report.

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce.

Senior Staff Pension Table – Audited Information

	Accrued pension at pension age at 31 March 2024 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31 March 2024	CETV at 31 March 2023	Real increase in CETV	Employer contribution to partnership pension account	Accrued pension at pension age at 31 March 2023 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31 March 2023	CETV at 31 March 2022	Real increase in CETV	Employer contribution to partnership pension account
Chief Executive and Executive Chairs	£000	£000	£000	£000	£000	Nearest £100	£000	£000	£000	£000	£000	Nearest £100
Siobhan Peters – Chief Finance Officer ²	-	-	-	-	-	-	65-70 plus a lump sum of 35-40	0-2.5 plus a lump sum of 0	1,066	977.3	(29)	-
Tim Bianek – Chief Operating Officer ²	-	-	-	-	-	-	40-45	0-2.5	651	586.3	(2)	-
Emma Lindsell – Executive Director of Strategy, Performance & Engagement (job share)	-	-	-	-	-	-	35-40 plus a lump sum of 75-80	0-2.5	588	542.3	(22)	-
Isobel Stephen – Executive Director of Strategy, Performance & Engagement (job share)	-	-	-	-	-	-	35-40 plus a lump sum of 65-70	0-2.5	606	560.3	(21)	-
Professor Alison Park – ESRC Executive Chair	-	-	-	-	-	-	10-15	2.5-5	153	106	29	-
Professor Dame Jessica Corner – Research England Executive Chair	-	-	-	-	-	-	0-5	0-2.5	27	0	21	-
Professor Melanie Welham – BBSRC Executive Chair	35-40	0-2.5	632	594	16	-	35-40	5-7.5	578	460	80	-
Indro Mukerjee – Innovate UK CEO ³	-	-	-	-	-	28,500	-	-	-	-	-	28,000
Professor Sir Duncan Wingham – NERC Executive Chair	40-45	0-2.5	820	777	29	-	40-45	5-7.5	777	647	108	-
Christine Ashton – Chief Information Officer	-	-	-	-	-	-	-	-	-	-	-	-
Stian Westlake – ESRC Executive Chair	-	-	-	-	-	-	-	-	-	-	-	-

Notes

- The above Senior Staff Pension Table shows pension data relating only to individuals paid through UKRI payroll.
- Siobhan Peters and Tim Bianek's opening balance for 2022-23 have been re-stated following updated information received from the pension scheme administrator, MyCSP.
- Member of partnership pension scheme.
- Taking account of inflation, the Cash Equivalent Transfer Value (CETV) funded by the employer has decreased in real terms in 2022-23. These are shown as a negative value.
- Accrued pension benefits for some directors are not included in this table for 2023/24 due to an exceptional delay in the calculation of these figures following the application of the public service pension remedy.

Fair Pay Disclosure – Audited Information

The banded remuneration of the highest-paid director in UKRI in the financial year 2023-24 was £240,001 to £245,000. This is a 12.6% increase against last years band of £215,001 – £220,000. This was 5.68 times the median remuneration of the workforce. This is a slight increase from last year (2022-23 ratio of median salary was 5.47). The change to the ratio from 2022-23 to 2023-24 is a result of the CEO's pay award having higher net impact than the pay award to the lowest paid employee despite comparable % increases. In 23/24 the Highest Paid Directors salary band was £215,001 – £220,000.

In 2023-24 no employees received remuneration in excess of the highest-paid director. Remuneration ranged from £13,470 to £245,000.

Excluding the highest paid director, the average full time equivalent salary has increased by £4,378.38 from £42,767.81 to £47,146.19 an increase of 10.2%. This is a result of the introduction of the Science, Technology, Engineering & Mathematics (STEM) Pay award and the 2022 Pay award which was paid in October 2023. Per implementation guidance section 3.13: Pension values have been excluded from all percentage change calculations.

UKRI worked closely with DSIT to form a compelling case based on evidential data that enabled successful receipt of approval both from DSIT, HM Treasury and Cabinet Office for targeted increases beyond 3%. This evidence consisted of acute recruitment and retention issues which are causing significant impacts on UKRI's efficiency, output, reputation and mission and where benchmarking has demonstrated a large gap between UKRI pay and that of external markets. This evidence was found to be strongest for STEM based science, engineering, technical and scientific computing roles focused on research delivery which make up around half of the organisation.

The 2023 pay remit agreed with DSIT is in line within the Civil Service Pay Remit Guidance, 2023-24. We took the decision not to seek permission for increases beyond the guidance in 2023. Making the case for the introduction of capability-based pay progression in the 2023 proposal would have resulted in significant delays in paying the 2023 increases due to the requirement to gain Cabinet Office approval. It remains our intention to seek permission to introduce capability-based pay progression when the Civil Service Pay Remit Guidance supports it.

UKRI	23/24				22/23			
	Salary	Pay Ratio	Salary component	Allowance component	Salary	Pay Ratio	Salary component	Allowance component
Highest Paid Director*	£245,000.00		£230,000.00	£15,000.00	£217,500.00		£217,500.00	
Minimum	£13,470.00	18.19	£13,470.00	-	£11,925.00	18.23	£11,925.00	-
25th Percentile	£34,905.00	7.02	£34,905.00	-	£31,931.00	6.81	£31,931.00	-
Median	£43,116.00	5.68	£43,116.00	-	£39,748.00	5.47	£39,748.00	-
75th Percentile	£54,133.00	4.53	£53,818.00	-	£50,702.00	4.29	£50,702.00	-

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

Total Pay & Benefits		23/24				22/23				
	Highest Paid Director*	Minimum	Lower Quartile (25%)	Median (50%)	Upper Quartile (75%)	Highest Paid Director*	Minimum	Lower Quartile (25%)	Median (50%)	Upper Quartile (75%)
Remuneration	£245,000.00	£13,470.00	£34,905.00	£43,116.00	£54,133.00	£217,500.00	Total Pay	£31,931.00	£39,748.00	£50,702.00
Ratio		18.19	7.02	5.68	4.53		18.23	6.81	5.47	4.29

Salary Only		23/24				22/23				
	Highest Paid Director*	Minimum	Lower Quartile (25%)	Median (50%)	Upper Quartile (75%)	Highest Paid Director*	Minimum	Lower Quartile (25%)	Median (50%)	Upper Quartile (75%)
Remuneration	£230,000.00	£13,470.00	£34,905.00	£43,116.00	£53,818.00	£217,500.00	£11,925.00	£31,931.00	£39,748.00	£50,702.00
Ratio		17.07	6.59	5.33	4.27		18.23	6.81	5.47	4.29

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

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

IUKBC	Salary	Pay Ratio	Salary component	Allowance component
Highest Paid Director*	£128,775		£128,775	
Minimum	£23,000	5.60	£23,000	
25th Percentile	£38,850	3.31	£38,850	
Median	£49,250	2.61	£49,250	
75th Percentile	£61,303	2.10	£61,303	

*mid-point of banded remuneration

Details of Pension Schemes

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

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

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

Members of Relevant Pension Schemes at 31 March 2024

RCPS	2,691
MRCPS	1,086
CSPS	3,507

Research Councils Pension Scheme (RCPS)

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

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

RCPS Employee Contribution Rates for 2023-24

Annualised Pensionable Earnings	Normal Member Contribution Rate (%)
Up to £32,000	4.60
£32,001 - £56,000	5.45
£56,001 - £150,000	7.35
£150,001 and above	8.05

The employer's contribution to the RCPS for 2023-24 was £39.8 million (2022-23 £36.3 million)

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

Formal actuarial valuations are used to determine employer and employee contribution rates. The RCPS Management Board commissioned GAD to undertake a new actuarial valuation as at 31 March 2022. This valuation is expected to be completed during 2024 and will inform the future employer contribution rate. Prior to this the valuation was as at 31 March 2018, which resulted in continuation of the employer contribution rate of 26.0%.

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 2023-24 was £835,954 (2022-23: £711,021). The employer's 0.8% death in service Partnership contribution for 2023-24 was £15,048 (2022-23: £64,919).

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

Medical Research Council Pension Scheme (MRCPS)

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

Civil Service Pension Schemes

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

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

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

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

Civil Service Employee Contribution Rates for 2023-24

Annualised Pensionable Earnings	Normal Member Contribution Rate (%)
Up to £32,000	4.60
£32,000 - £56,000	5.45
£56,001 - £150,000	7.35
£150,001 and above	8.05

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

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

During 2023-24, employer contributions of £42,948,552 (2022-23: £28,236,196) 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 two other multi-employer pension schemes for specific groups of employees. These schemes are:

- The Principal Non-Industrial Superannuation Scheme (PNISS) of the United Kingdom Atomic Energy Authority (UKAEA) (4 employees)
- The National Employment Saving Trust (NEST), the Government's workplace pension scheme (46 employees)
- RCPS Partnership Scottish Widows (29 employees)
- RCPS Partnership Standard Life (13 employees)
- CSPS Partnership Legal & General (7 employees)
- Knowledge Transfer Network (KTN) Ltd operating as Innovate UK Business Connect (IUKBC) operates a defined-contribution scheme, into which IUKBC makes employer contributions of up to 10%. The scheme is provided and administered by Scottish Widows (272 employees).

Cash Equivalent Transfer Value

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

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

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

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2024. HM Treasury published updated guidance on 27 April 2024; this guidance will be used in the calculation of 2024-25 CETV figures.

Real Increase in the Value of the CETV

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

Staff Report

Staff Numbers – number of persons employed at 31 March 2024 – Audited Information

UKRI	2023-24		2022-23	
	Headcount	FTE	Headcount	FTE
Permanent & Fixed term employees	8,361	8,063	7,881	7,566
Temporary & Contract Staff	407	376	433	392
Secondments	31	19	34	25
Total Number of staff	8,799	8,458	8,348	7,983

Permanent staff headcount and FTE increased compared to last year. This increase was wholly within permanent and fixed term employees. Continued reductions in operational expenditure, which closed the year at 2,686 FTE compared to 2,830 in 2022-23, have been offset by rises in direct science research facing areas.

Rises in direct science research facing areas are an indication that a number of people initiatives such as the 'Talent Attraction Framework' and STEM Pay bands are addressing longstanding recruitment and retention challenges in direct science facing roles. National Environment Research Council (NERC) including British Antarctic Survey (BAS) and British Geological survey (BGS), Science Technology and Facilities Council (STFC) and Medical Research Council (MRC) collectively increased headcount in direct science facing by 457 (combined total of 5,420 in 2022-23 rising to 5,877 in 2023-24).

As a separate employer IUKBC information is provided below:

IUKBC	2023-24		2022-23	
	Headcount	FTE	Headcount	FTE
Permanent & Fixed term employees	279	272.63	283	275
Temporary & Contract Staff	14	13.3	8	7.2
Secondments	2	2	1	1
Total Number of staff	295	287.93	292	283.2

Staff Related Costs – Audited Information

	2023-24			2022-23
	Permanently Employed Staff £000	Temporary Staff £000	Total £000	Total £000
Wages and Salaries	382,129	49,945	432,074	381,031
Social Security Costs	43,854	0	43,854	33,065
Other Pension Costs	96,371	0	96,731	106,096
Sub Total	522,713	49,945	572,658	520,192
Less Recoveries in Respect of Outward Secondments	(419)	-	(419)	(971)
Total	522,294	48,945	572,239	519,221

Staff Related costs covers UKRI's total paybill, which encompasses relevant expenditure for research facing and professional services staff, including staff costs at Innovate UK Business Connect. Our Organisation Strategic Objective includes a priority to make UKRI an efficient, effective, and agile organisation. This includes targets to reduce operating expenditure and professional services FTE. These costs are themselves a sub-set of our Staff Related Costs.

There has been a £53 million increase in staff costs which is explained by:

- £51 million increase to wages and salaries due to the increase in staff numbers and the STEM and 2023-34 pay rises and the one-off cost of living payment that were paid in year.
- £10.7 million increase in Social Security costs
- £9 million reduction in the MRC pension costs compared to 2022-23 due to IAS19 current service costs

Social security costs have increased year on year by £10.7 million. This is primarily linked to the increased staff numbers and in-year pay rises described above, however UKRI continue to include an accrual in respect of IR35. During 2021-22, following a review of the IR35 status of Monitoring & Assessment Officers engaged by Innovate UK, UKRI concluded that some of these Monitoring & Assessment officers should have been considered to be inside the scope of IR35 regulations, and subject to income tax and national insurance contributions. UKRI estimated a liability of £36.4 million related to these income tax and national insurance contributions for the period to 2018-19 to 2021-22 which was included in the 2021-22 accounts. UKRI continues to accrue for the income tax and national insurance contributions for the period to 2018-19 to 2021-22; however following further review of the liability, UKRI decreased the value of this accrual by £1.9 million in 2023-24.

Sickness Absence

Sickness Absence	2023-24		2022-23	
Total Days of Absence	57,436	47,051	53,004	43,927
Frequency of Absences lasting longer than 28 Days	352	352	287	287
Total days of long-term absence	24,961	18,166	21,087	15,405
Average days of sick absence per person in UKRI	6.7	5.4	6.4	5.3

UKRI HR and management monitor employee sickness absences actively, with sickness absence followed up by a return-to-work interview, where appropriate, in line with our sickness absence policy. Short-term and long-term absence are managed on a case-by-case basis with appropriate support from an occupational health assessor based on referrals to Orchid Live (a secure online system for storing and managing Occupational Health Records). This is also supported by HR advice from the central team. At the end of March 2024, of 213 open cases being supported by Central HR, 55 are principally related to an occupational health referral. Across 2023-24 of a total of 340 casework files 139 of these included an occupational health referral.

Following the end to work from home orders and the protective effect of social distancing, levels of recorded absence increased in 2021-22. Despite the increase, levels of recorded absence were still historically very low. Recorded absences continued to rise in 2022-23 and by close of 2023-24 are comparable to pre-pandemic averages overall, although absence types show some variation compared to historical norms.

Rates of ‘Stress & Mental Ill Health’ are lower. Prior to the COVID-19 pandemic and work from home order ‘stress and mental ill health’ rates were on an upward trend. Over the course of the pandemic rates fell slightly, but not as significantly as in other areas of sickness such as ‘minor illness’ and ‘surgery’ or ‘back-pain and musculoskeletal’ which all dropped by more than 50% (75% in the case of minor illness). Although the drop in rates of stress and mental ill health was not as significant as in other areas during the pandemic rates have not risen significantly in the following years and is still around 20% lower than pre-pandemic historic rates. Wellbeing initiatives and greater use of flexible working arrangements such as hybrid working are attributed as the cause for this reduction.

COVID-19 absences continue to form part of the UKRI attendance picture. Although they have reduced significantly from highs in 2021-22, their contribution to total sickness rates is the difference between UKRI having less sickness rates on average than in a pre-pandemic world (i.e. if there was no more COVID-19 sickness absence in UKRI, then UKRI would have lower average sickness rates than it did before the pandemic)

Acute medical conditions have increased. Although the difference as a proportion of total absence is marginal (with pre and post pandemic instances both rounding to 0.1% of available working days lost (WDL)) the number of days lost has doubled, and as a proportion of WDL absence for ‘acute medical conditions’ is now at 0.2% in 2023-24. Its relative upward trend is quite steep, but there are no obvious causes for this.

In 2023-24 the top 3 causes of sickness absence are as follows:

- Minor Illness
- Stress & Mental Ill Health
- Back Pain and Musculoskeletal injuries

Rates of 'Minor Illness' are still lower than historical norms as a comparison of WDL (1.7 in 2023-24 compared to 1.8 pre-pandemic). This has been attributed to the protective effect of hybrid working, allowing staff to work from home when they felt able in instances when commuting to an office location wouldn't have taken place.

Stress & Mental ill-health is the second most common reason for sickness absence. This also fell significantly over the work from home period, although not by the same degree (25% drop compared to 53% drop in minor illness rates). Although it has since risen, it is still significantly below its pre-pandemic rate (1.1 AWDL in 2023-24 compared to 1.3 AWDL pre-pandemic). UKRI has implemented a number of wellbeing initiatives and employee engagement activities as well as supported staff through the Employee Assistance Programme and this is believed to be having a sustained effect.

UKRI recorded a number of COVID-19 instances across 2023-24, but this is now significantly reduced as of Q4 of 2023-24.

Rate of sickness for backpain and musculoskeletal injuries are equal to historical norms (0.6 AWDL). In 2023-24 absences for backpain and musculoskeletal injuries replaced COVID-19 as the third most common cause for recorded sickness absence. Instances did not increase significantly between 2022-23 and 2023-24, but there was a significant decline in COVID-19 instances.

Staff Numbers by Sex

UKRI 2023-24 Pay Bands	Headcount				FTE			
	Male	Female	Unknown	Total	Male	Female	Unknown	Total
Directors (X&Y)	81	55		136	79	53		132
Senior Managers (G&H)	358	237		595	342	228		570
Other Employees (A-F)	4,287	3,660	121	8,068	4,178	3,461	116	7,756
Total	4,726	3,952	121	8,799	4,599	3,743	116	8,458

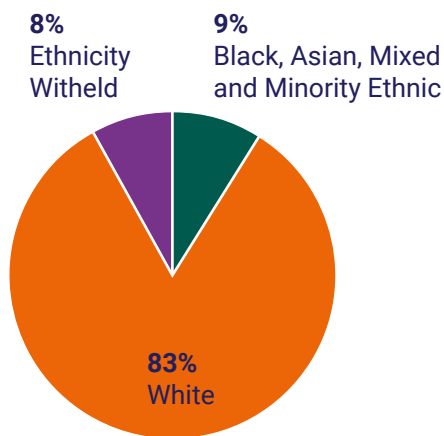
UKRI unknown male/female records are in relation to contingent labour resource who do not routinely complete this information.

IUKBC 2023-24 Pay Bands	Headcount				FTE			
	Male	Female	Unknown	Total	Male	Female	Unknown	Total
Directors (X&Y)	3	2	0	5	3	2	0	5
Senior Managers (G&H)	12	16	2	30	12	16	2	30
Other Employees (A-F)	103	137	4	244	100.51	133.12	4	237.63
Total	118	155	6	279	114.51	151.12	6	272.63

Staff Numbers by Ethnicity

As at 31st March 2024, 5,453 (62%) staff shared their ethnicity information (including those indicating they wished to withhold information) on our central People and Payroll systems.

Ethnic Group	Year-end number of staff	Percentage
Black, Asian, mixed and minority ethnic	510	6%
White	4,510	51%
Ethnicity withheld	433	5%
Ethnicity not reported	3,346	38%
Total	8,799	



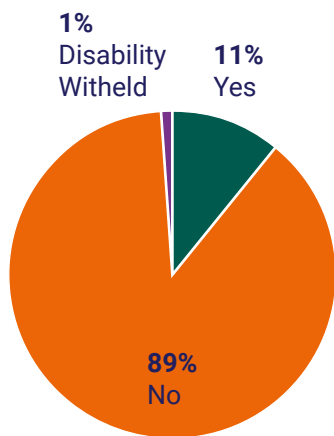
Distribution of UKRI staff sharing ethnicity details

To be consistent with Higher Education Statistical Authority (the body responsible for analysis of higher education in UK, a useful comparator/benchmark for UKRI), census categories and other public bodies, UKRI use the term black, Asian, mixed and minority ethnic for the purposes of clarity.

Staff Numbers by Disability

As at 31st March 2024, 2339 (27%) staff shared their disability identity on our central people and payroll systems.

	Year End Staff	Percentage
Yes	247	2.8%
No	2,077	23.6%
Disability Withheld	15	0.17%
Disability Not Reported	6,460	73.4%
Total	8,799	



Distribution of UKRI staff sharing disability details

Staff Turnover

Turnover	2023-24	2022-23
All Staff Turnover	13.8%	17.1%
Employee Turnover	10.4%	14.0%
Resignation Rate	6.8%	8.5%

Turnover in 2023-24 fell significantly compared to 2022-23. This change was driven by the decrease in turnover from most acute within science facing areas which are now comparable to professional support roles. This has been attributed to the impact of people initiatives such as the STEM pay scale introduction, Talent Attraction framework and other local retention initiatives.

UKRI has some known turnover hotspots:

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

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

Despite the significant improvement given the challenges in recruiting ‘Science’ staff we still consider turnover to be above appetite, but targeted resourcing activity and initiatives such as the ‘talent attraction framework’ have ensured the staffing levels in these areas are mostly stable or growing.

Although turnover in total has fallen compared to last year, this is driven by science facing improvements and turnover in professional support areas has slightly increased, Band F has one of the highest turnover rates, but it is increasing in all bands. There are particularly elevated rates of turnover within IT & Systems, Change & Projects, Analysis and Estates functions.

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	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
<£10k	2	2	9	12	11	14
£10k - £25k	3	9	11	13	14	22
£25k - £50k	4	6	5	5	9	11
£50k - £100k	-	-	3	3	3	3
£100k - £150k	-	-	-	-	-	-
£150k - £200k	-	1	-	-	-	1
Total no. by type	9	18	28	33	37	51
Total value of exit package accounted for in year (£)	205,704	569,438	606,601	704,441	812,305	1,273,879

Health and Safety

UKRI's health and safety (H&S) management systems, professional H&S advisors, staff H&S representatives and workforce deserve great credit in returning to business as usual activities this year. The work to map UKRI Top Hazards has progressed to produce a hazard visualisation diagram and the analysis of associated risks has commenced. We will keep striving to be safer both through our own inspections and external regulation, and to recognise the impact on the wellbeing and mental resilience of our workforce and society.

Performance – Health and Safety

Following the disruptions of the COVID-19 pandemic, this year has seen a return to business-as-usual activities with the continued support of H&S advisors, Safety Representatives and employees. The organisation, especially for office-based staff, has seen a shift in working styles to a more agile and hybrid approach, and H&S teams have adapted to support our people to continue to work safely. In our operational research environments, we were

pleased that STFC Rutherford Appleton and Daresbury Laboratories won a commended award from Royal Society for the Prevention of Accidents (RoSPA), following previous wins and highly commended awards. Within NERC, BAS and BGS have been re-certified to the ISO 45001 standard for H&S Management Systems, an important safeguard for the work they carry out.

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

Both injury and non-injury incident numbers decreased slightly this Financial Year (FY). This translates to the average injury incident rate being 28 per 1,000 staff and non-injury rate of 107 per 1000 staff, again decreasing slightly from the previous year. Most incidents are of a minor nature. Ten injury and illness incidents were reported to the Health and Safety Executive (HSE) and one incident to the Marine Accident Investigation Board, which is similar to FY 2022-23 and the former is below the HSE published national figure. There has been no enforcement action undertaken against UKRI by our external regulators this FY.

COVID-19 – Health and Safety

UKRI’s has continued to embrace flexible working practices, ensuring that office space and science facilities return to business as usual activity. Our incident management structure remains in place if the situation requires review to ensure that the organisation can quickly adapt to changes. BAS has continued to find practical ways to manage COVID-19 in Antarctic stations and ships and has changed its approach to COVID-19 management, to one based on full immunisation and pre deployment health screening for all staff from 2022-23. The data showing the reduced risk of serious complications from COVID-19 following the immunisation of a low health risk cohort made this a more manageable and pragmatic policy. There were no significant health problems from COVID-19 in the 2023-/24 Antarctic season.

Expenditure on Consultancy

Expenditure on consultancy in 2023-24 was £59,359 (2022-23: £281,300).

Expenditure on Contingent Labour

Expenditure on contingent labour in 2023-24 was £49.9 million (2022-23: £35.9 million). Year-on-year changes in consultancy spend largely relate to support for UKRI transformation agenda including Simpler Better Funding and SHARP.

Off Payroll Engagements (more than £245 per day and longer than 6 months)

All payroll workers at UKRI are on arrangements in which supplier agencies process their payments through PAYE to ensure full tax compliance. The only exception to this is in the rare cases where the HMRC Tool has shown that an off-payroll workers engagement arrangements fall outside of the scope of the intermediaries legislation IR35. 14 workers were identified as being subject to this circumstance in 2023-24 all of which were paid more than £245 per day and 10 were still retained on 31st March 2023. All workers identified were subject to off-payroll legislation.

Table 1: Highly paid off-payroll worker engagements as at 31 March 2024, earning £245 per day or greater.

	UKRI
No. of existing engagements as of 31 March 2024	277
Of which...	
No. that have existed for less than one year at time of reporting.	109
No. that have existed for between one and two years at time of reporting.	92
No. that have existed for between two and three years at time of reporting.	32
No. that have existed for between three and four years at time of reporting.	24
No. that have existed for four or more years at time of reporting.	20

Table 2: All highly paid off-payroll workers engaged at any point during the year ended 31 March 2024, earning £245 per day or greater.

	UKRI – ALB
No. of temporary off-payroll workers engaged during the year ended 31 March 2024	432
Of which...	
Not subject to off-payroll legislation	–
Subject to off-payroll legislation and determined as in-scope of IR35	418
Subject to off-payroll legislation and determined as out-of-scope of IR35	14
No. of engagements reassessed for compliance or assurance purposes during the year	46
Of which: no. of engagements that saw a change to IR35 status following review.	7

Source: FREM 22-23 6.5.40

Table 3: For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2023 and 31 March 2024

	UKRI – ALB
No. of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year. (1)	3
Total no. of individuals on payroll and off-payroll that have been deemed “board members, and/or, senior officials with significant financial responsibility”, during the financial year. This figure should include both on payroll and off-payroll engagements. (2)	24

Source: FREM 22-23 6.5.42

The senior leaders with significant financial responsibility has been restricted to ExCo members (These are 15 individuals – including the Executive Director SPE jobshare) and 11 Board members.

Of the 15 Exco Members, 7 are off-payroll. These are: Professor Dame Ottoline Leyser, Professor Christopher Smith, Professor Mark Andrew Thomson, Professor Patrick Francis Chinnery, Professor Charlotte Mary Deane and Professor Ann Louise-Haithwaite who are all seconded into UKRI from Universities and are on their respective payrolls with costs recovered from UKRI.

Chris Ball (Chief People Officer) is retained on an interim basis and paid on an invoice basis via PSR.

Ottoline Leyser and Christopher Smith are seconded into UKRI from the University of Cambridge and the University of St Andrews, respectively, and are on their payrolls with costs recovered from UKRI.

Jessica Corner is a salaried employee.

Employee Engagement

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

- Day to day leadership and management at every level in the organisation.
- An effective partnership with recognised Trade Unions through a Joint National Consultative Committee (JNCC), who represent staff on a range of matters including pay, benefits, pensions and organisational change.
- Regular updates to staff by senior executives which is accessible by all staff irrespective of their working location. This provides staff with updates on corporate initiatives and also provides the opportunity for employees to ask challenging questions of the executive.
- The “Source” providing a central online portal for all UKRI staff covering news, events and resources, complemented by additional material for each constituent council.

- The “Yammer” platform, facilitating networking and social interaction amongst UKRI staff.
- Through UKRI’s ‘One Small Thing’ campaign we have been capturing and sharing the small things that individuals across UKRI have done which have had a positive impact for themselves, or their team, or their working practices/processes. We heard some inspiring examples at the EE forum, of how Weekly Team Breakfasts have helped connect people; and how the use of avatars in zoom meetings is reducing zoom fatigue. We are hoping that the stories shared will inspire others to do one small thing that makes a difference.

People Survey

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

Through an independent market research company, DJS, UKRI ran the 2023 People Survey, and Psychological Safety pulse survey, these surveys provide an opportunity for understanding what our staff think of working at UKRI.

We heard through the People Survey 2023 that, at times, staff do not feel confident in challenging decisions, in offering ideas or suggestions or admitting mistakes. The Psychological Safety Pulse survey helped us to understand more about the reasons why and, importantly to gather suggestions on what changes can be made to ensure that UKRI is a place where collaboration is the norm; where people come together and share ideas and opinions that matter to them. The insights from the psychological safety pulse survey are being considered alongside the insights from other sources, such as The People Survey, Activity Analysis, Wellbeing Survey and Anti Bullying Harassment and Discrimination Project.

The People Survey results were used as the platform for the creation of the 2023-24 UKRI People Survey Action Plan. This plan includes new and ongoing activities aimed at improving the organisation based on the feedback gathered. We have published regular updates against the activities in the plan on UKRI’s local communication sharepoint platform, ‘The Source’, to ensure that people can see the progress that is being made in the areas that they said were most important to them. In early February we published updates on the activities covered in Theme 3 of the plan. This concluded three months of update sharing activity.

Ahead of the 2024-25 people survey UKRI shared updates as part of our ‘You said, We did’ campaign.

Staff Policies

Policies are being reviewed and updated to reflect best practice and improve clarity.

Policies are against best practice, including language. They incorporate feedback received from staff, staff networks, HR and Trade Unions.

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.

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

Leadership training programmes have been a particular focus in UKRI in 2023-24. This included the launch of Leadership Through Change Phase 2 & conclusion of Emerging Leadership Programme (ELP) and Inspirational Leadership Programme (ILP) pilots.

These are a suite of leadership development programmes developed with the purpose of equipping leaders throughout UKRI with skills and networks to drive the changes required to achieve our vision of creating an outstanding research and innovation system in the UK.

Wellbeing

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

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

Taking a clear and consistent approach to wellbeing across UKRI, enables activity to be aligned to both the needs of the organisation and those of our employees.

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

Equality, diversity and inclusion (EDI)

UKRI completed a workforce EDI plan in 2023-24.

Our Workforce EDI plan sets out how we will build a more inclusive culture, to offer opportunity for all, and to develop the diversity of people and thought we need to be a world-class organisation. We have been able to drive this work through a series of projects understanding staff experiences and started to develop more targeted actions to make UKRI a more inclusive organisation.

Other notable activities include:

- Furthering our understanding of staff experiences through our Anti-bullying, harassment and discrimination programme. We are now working to improve our policies, process and support for staff to promote a culture of safety, dignity, respect and inclusion for staff.
- Establishing internal governance structures for EDI including a Workforce EDI Steering Group, made up of senior leadership, that provides oversight, influence and advice on our workforce EDI progress.
- Renewal as Disability Confident Employer as part of our progress towards removing barriers for Disabled people and those with long-term health conditions in the workplace.
- As a Centre of Expertise we continue to support staff across UKRI with resources, knowledge and the tools to embed EDI in their work, and across policies and processes.

Trade Unions

25 UKRI employees by headcount (23.66 FTE) spent a portion of their working hours on facility time in 2023-24. No employees spent more than 50% of their time on facility time. Of the employees who dedicated time to facilities time activities the average contribution was 5.4% and amounted to less than 0.01% of all employee activity.

Table 1 - Relevant Trade Union Officials

No employees	FT equivalent
25	23.66

Table 2 Percentage on time spent on facility time

% time	Number of employees
0-0.9 %	9
1 - 50 %	16
51 - 99 %	0
100%	0
Total	25

Table 3 Facility time cost

total cost facility time £	27,744
total pay bill £	552,679
% of total pay bill	0.01%

Table 4 Facility time as % of total time

(Total facility time hours / total hours of TU officials) x 100	5.4%
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Senior Civil Servant Pay Structure

Minimum (£)	Maximum (£)	Number of Staff*	On Payroll	Off Payroll
£70,001	£80,000	-	-	-
£80,001	£90,000	16	16	-
£90,001	£100,000	39	39	-
£100,001	£110,000	26	22	4
£110,000	£120,000	11	11	-
£120,001	£130,000	17	16	1
£130,001	£140,000	13	12	1
£140,001	£150,000	5	4	1
£150,001	£160,000	3	3	-
£160,001	£170,000	3	2	1
£170,001	£180,000	2	1	1
£180,001	£190,000	1	-	1
£190,001	£200,000	2	1	1
£200,001	-	3	-	3

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

Parliamentary Accountability and Audit Report

Losses and Special Payments – Audited Information

The total losses and special payments incurred by UKRI in the year were £556,910 (2022-23: £540,463). Three special payments (compensation payments) under £20,000 were made during 2023-24. There were no individual losses or special payments above £300,000.

Remote Contingent Liabilities – Audited Information

In addition to contingent liabilities reported within the meaning of IAS 37, we also report liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of contingent liability. UKRI had one remote contingent liability at 31 March 2024.

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

Audit Fees – Audited Information

The cost of the external audit for UKRI was £528,000 (2022-23: £505,000), the statutory audit fee for STFC Innovations Ltd (SIL) was £10,400 (2022-23: £8,800), the statutory audit fee for Innovate UK Loans Limited (IUKLL) was £137,500 (2022-23: £105,000) and the statutory audit fee for Innovate UK Business Connect (IUKBC) was £27,250 (2022-23: £49,385). During the year, £5,000 has been accrued for the statutory audit of one predecessor body not closed at 31 March 2023. All of the above fees exclude VAT. VAT is charged to UKRI and the predecessor bodies at 0% and IUKLL, SIL and IUKBC at 20%.

Remuneration of £11,925 (2022-23: £10,400) for SIL's external auditors and £3,250 (2022-23: nil) for IUKBC's external auditors for non-audit work carried out for SIL and IUKBC respectively; these figures exclude VAT charged at 20%.

Fees and Charges – Audited Information

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

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

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

We have identified £30,916,988 material items to which disclosure requirements apply in 2023-24.

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.

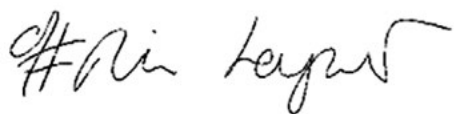
Agreements with Other Government Departments relating to revenue seek to cover incurred direct and indirect costs, either by direct recharge of costs incurred retrospectively or via a formula contribution to costs associated with the programme.

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

Income Item	£	Description
STFC – Other income	£21,811,455	Charged for facilities and goods and services
Innovate UK – programme delivery recharge	£9,105,533	Recharges for grant delivery costs

Government Functional Standards

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



Professor Dame Ottoline Leyser
Chief Executive and Accounting Officer

15 July 2024

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

Opinion on financial statements

I certify that I have audited the financial statements of United Kingdom Research and Innovation and its Group for the year ended 31 March 2024 under the Higher Education and Research Act 2017.

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

- Consolidated Statement of Financial Position as at 31 March 2024;
- Consolidated Statement of Comprehensive Net Expenditure, Consolidated Statement of Cash Flows and Consolidated Statement of Changes in Total Equity for the year then ended; and
- the related notes including the significant accounting policies.

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

In my opinion, the financial statements:

- give a true and fair view of the state of United Kingdom Research and Innovation and its Group's affairs as at 31 March 2024 and their net expenditure for the year then ended; and
- have been properly prepared in accordance with the Higher Education and Research Act 2017 and Secretary of State directions issued thereunder.

Opinion on regularity

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

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022). 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 2019. I am independent of United Kingdom Research and Innovation and its Group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

Opinion on other matters

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

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

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

Matters on which I report by exception

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

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

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

Responsibilities of the Accounting Officer for the financial statements

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

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within United Kingdom Research and Innovation and its Group from whom the auditor determines it necessary to obtain audit evidence;

- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements which give a true and fair view in accordance with Secretary of State directions issued under the Higher Education and Research Act 2017;
- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with Secretary of State directions issued under the Higher Education and Research Act 2017; and
- assessing United Kingdom Research and Innovation and its Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by United Kingdom Research and Innovation and its Group will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

- considered the nature of the sector, control environment and operational performance including the design of United Kingdom Research and Innovation and its Group's accounting policies.
- inquired of management, United Kingdom Research and Innovation's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to United Kingdom Research and Innovation and its Group's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including United Kingdom Research and Innovation and its Group's controls relating to United Kingdom Research and Innovation's compliance with the Higher Education and Research Act 2017 and Managing Public Money;
- inquired of management, United Kingdom Research and Innovation's head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team including significant component audit teams regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within United Kingdom Research and Innovation and its Group for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, bias in management

estimates and recognition of grant expenditure. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of United Kingdom Research and Innovation and its Group's framework of authority and other legal and regulatory frameworks in which United Kingdom Research and Innovation and its Group operate. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of United Kingdom Research and Innovation and its Group. The key laws and regulations I considered in this context included the Higher Education and Research Act 2017, Managing Public Money, employment law, pensions legislation and tax legislation.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit Risk and Assurance Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- I reviewed the reports produced by the in-house Funding Assurance teams and made enquiries of management based on my review.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

Other auditor's responsibilities

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

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Report

I have no observations to make on these financial statements.



Gareth Davies **Date: 22 July 2024**

Comptroller and Auditor General

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

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4. Financial Statements

Consolidated Statement of Comprehensive Net Expenditure

for the year ended 31 March 2024

	Note	2023-24 UKRI £000	2023-24 Consolidated £000	2022-23 UKRI £000	2022-23 Consolidated £000
Total operating income	3	(638,838)	(693,611)	(233,745)	(280,583)
Staff costs	4	553,330	574,008	504,291	522,023
Purchase of Goods and services	5.1	736,317	751,056	739,260	752,367
Depreciation and impairment charges	5.2	253,647	263,776	211,238	214,733
Research and Innovation	5.3	8,468,390	8,470,025	8,064,954	8,074,553
Provision expense	5.4	(19,009)	(17,371)	(63,488)	(63,165)
Other operating expenditure	5.5	14,834	14,765	718	1,223
		10,007,509	10,056,259	9,456,973	9,501,734
Net operating expenditure		9,368,671	9,362,648	9,223,228	9,221,151
Taxation	6	225	(24)	69,521	69,600
Finance income		(686)	3,232	(431)	322
Finance expenditure		(28,061)	(24,538)	(10,937)	(9,445)
Net expenditure for the period		9,340,149	9,341,318	9,281,381	9,281,628
Other comprehensive expenditure					
Net (gain)/loss on revaluation of property, plant and equipment		(62,325)	(62,325)	(275,758)	(275,758)
Net loss/(gain) on revaluation of intangible assets		(9,454)	(9,454)	(21,752)	(21,752)
Net (gain)/loss on revaluation of investments		(93,156)	(93,156)	(30,608)	(33,392)
Actuarial (gain)/loss on defined benefit pension plan		(36,478)	(36,478)	(316,075)	(316,075)
Total comprehensive net expenditure for the period		9,138,736	9,139,905	8,637,188	8,634,651

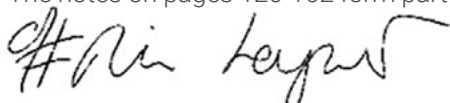
The notes on pages 120-162 form part of these accounts

Consolidated Statement of Financial Position

for the year ended 31 March 2024

	Note	2023-24 UKRI £000	2023-24 Consolidated £000	2022-23 UKRI £000	2022-23 Consolidated £000
Non-current assets					
Property, plant and equipment	7	3,409,813	3,410,428	3,336,766	3,337,271
Intangible assets	8	88,754	88,754	98,395	98,395
Investment property		5,560	5,560	5,965	5,965
Investments in group undertakings	9	843,754	852,752	765,578	774,190
Financial assets	10	11,399	133,838	11,399	141,090
Pension asset	11	808,617	808,617	737,414	737,414
Trade and other receivables	12	124,943	-	128,413	-
		5,292,840	5,299,949	5,083,930	5,094,325
Current assets					
Assets held for sale		-	-	-	-
Trade and other receivables	12	937,530	948,664	592,912	607,910
Cash and cash equivalents	13	703,387	715,046	143,890	157,645
		1,640,917	1,663,710	736,802	765,555
Total assets		6,933,757	6,963,659	5,820,732	5,859,880
Current liabilities					
Trade and other payables	14	(1,513,900)	(1,535,590)	(1,506,975)	(1,538,409)
Derivatives		(6,879)	(6,879)	(1,129)	(1,129)
Provisions	15	(2,648)	(5,198)	(9,270)	(10,181)
		(1,523,427)	(1,547,667)	(1,517,374)	(1,549,719)
Total assets less current liabilities		5,410,330	5,415,992	4,303,358	4,310,161
Non-current liabilities					
Trade and other payables	14	(124,376)	(124,630)	(133,915)	(134,128)
Derivatives		-	-	(1,147)	(1,147)
Provisions	15	(179,365)	(179,365)	(190,155)	(190,155)
		(303,741)	(303,995)	(325,217)	(325,430)
Total assets less total liabilities		5,106,589	5,111,997	3,978,141	3,984,731
Taxpayers' equity and other reserves					
General fund		(2,676,071)	(2,676,966)	(1,690,450)	(1,692,527)
Revaluation reserve		(1,549,401)	(1,553,914)	(1,470,612)	(1,475,125)
Intellectual property reserve		(72,500)	(72,500)	(79,665)	(79,665)
Pension reserve		(808,617)	(808,617)	(737,414)	(737,414)
Total reserves		(5,106,589)	(5,111,997)	(3,978,141)	(3,984,731)

The notes on pages 120-162 form part of these accounts



Professor Dame Ottoline Leyser
Chief Executive and Accounting Officer

15 July 2024

Consolidated Statement of Cash Flows

for the year ended 31 March 2024

	Note	2023-24 UKRI £000	2023-24 Consolidated £000	2022-23 UKRI £000	2022-23 Consolidated £000
Cash flows from operating activities					
Net expenditure for the period	SoCNE	(9,340,149)	(9,341,318)	(9,281,381)	(9,281,628)
Adjustments for non-cash transactions	16	250,103	272,542	239,639	248,654
Supply payable to consolidated fund		123,548	123,548	-	-
Payments to consolidated fund		(123,548)	(123,548)	-	-
Employer contributions to Pensions		(21,093)	(21,093)	(26,541)	(26,541)
Decrease/(Increase) in trade and other receivables	12	(341,147)	(340,754)	(18,093)	(29,694)
Increase in trade and other payables	14	1,833	(7,567)	194,492	215,307
Increase in derivatives		4,603	4,603	2,276	2,276
(Decrease)/Increase in provisions	15	(17,412)	(15,773)	(62,833)	(62,510)
Net cash outflow from operating activities		(9,463,262)	(9,449,360)	(8,952,441)	(8,934,136)
Cash flows from investing activities					
Purchase of property, plant and equipment	7	(238,249)	(238,249)	(226,400)	(226,400)
Purchase of intangible assets	8	(3,374)	(3,374)	(3,319)	(3,319)
Investment in joint ventures	9.1	-	-	-	-
Other investments	9.3	-	(974)	-	(100)
Investment in Loans	10.1	-	(14,718)	-	(12,588)
Proceeds of disposal of investments		-	-	-	61
Proceeds of disposal of assets held for sale		-	-	5,578	5,578
Proceeds of disposal of property, plant and equipment		774	774	333	333
Net cash outflow from investing activities		(240,849)	(256,541)	(223,808)	(236,435)
Net cash outflow before financing activities		(9,704,111)	(9,705,901)	(9,176,249)	(9,170,571)
Cash flows from financing activities					
Grant-in-aid received from DSIT		10,268,054	10,268,054	9,034,266	9,034,266
Lease repayments		(4,446)	(4,752)	(4,866)	(5,080)
Net cash inflows from financing activities		10,263,608	10,263,302	9,029,400	9,029,186
Net increase/(decrease) in cash and cash equivalents		559,497	557,401	(146,849)	(141,385)
Cash and cash equivalents at the beginning of the period		143,890	157,645	290,739	299,030
Cash and cash equivalents at the end of the period		703,387	715,046	143,890	157,645

The notes on pages 120-162 form part of these accounts

Consolidated Statement of Changes in Total Equity

for the year ended 31 March 2024

Consolidated

	Note	General reserve £000	Revaluation reserve £000	Pension reserve £000	Intellectual property reserve £000	Total reserves £000
Balance at 1 April 2023		(1,692,527)	(1,475,125)	(737,414)	(79,665)	(3,984,731)
Retained surplus b/fwd from Subsidiary		13	-	-	-	13
Grant-in-aid from DSIT		(10,268,054)	-	-	-	(10,268,054)
Net expenditure for the period		9,341,318	-	-	-	9,341,318
Movements in reserves:						
Net gain on revaluation of property, plant and equipment	7	-	(62,325)	-	-	(62,325)
Net gain on revaluation of intangible assets	8	-	-	-	(9,454)	(9,454)
Net loss on revaluation of investments	9	-	(93,156)	-	-	(93,156)
Cash flow hedge		-	4,603	-	-	4,603
Actuarial gain in the pension scheme	11	-	-	(36,478)	-	(36,478)
Contributions from other employers in the pension scheme		-	-	(3,733)	-	(3,733)
Transfers between reserves		(56,716)	72,089	(30,992)	16,619	-
Balance at 31 March 2024		(2,676,966)	(1,553,914)	(808,617)	(72,500)	(5,111,997)

Parent

	Note	General reserve £000	Revaluation reserve £000	Pension reserve £000	Intellectual property reserve £000	Total reserves £000
Balance at 1 April 2023		(1,690,450)	(1,470,612)	(737,414)	(79,665)	(3,978,141)
Retained surplus b/fwd from Subsidiary		-	-	-	-	-
Grant-in-aid from DSIT		(10,268,054)	-	-	-	(10,268,054)
Net expenditure for the period		9,340,149	-	-	-	9,340,149
Movements in reserves:						
Net gain on revaluation of property, plant and equipment	7	-	(62,325)	-	-	(62,325)
Net gain on revaluation of intangible assets	8	-	-	-	(9,454)	(9,454)
Net loss on revaluation of investments	9	-	(93,156)	-	-	(93,156)
Cash flow hedge		-	4,603	-	-	4,603
Actuarial gain in the pension scheme	11	-	-	(36,478)	-	(36,478)
Contributions from other employers in the pension scheme		-	-	(3,733)	-	(3,733)
Transfers between reserves		(57,716)	72,089	(30,992)	16,619	-
Balance at 31 March 2024		(2,676,071)	(1,549,401)	(808,617)	(72,500)	(5,106,589)

The notes on pages 120-162 form part of these accounts

Consolidated Statement of Changes in Total Equity

for the year ended 31 March 2023

Consolidated

	Note	General reserve £000	Revaluation reserve £000	Pension reserve £000	Intellectual property reserve £000	Total reserves £000
Balance at 1 April 2022		(1,859,633)	(1,229,667)	(420,226)	(71,328)	(3,580,854)
Retained surplus b/fwd from Subsidiary		(2,509)	-	-	-	(2,509)
Grant-in-aid from BEIS		(9,034,266)	-	-	-	(9,034,266)
Net expenditure for the period		9,281,628	-	-	-	9,281,628
Movements in reserves:						
Net gain on revaluation of property, plant and equipment	7	-	(275,758)	-	-	(275,758)
Net gain on revaluation of intangible assets	8	-	-	-	(21,752)	(21,752)
Net loss on revaluation of investments	9	-	(33,392)	-	-	(33,392)
Cash flow hedge		-	2,276	-	-	2,276
Actuarial gain in the pension scheme	11	-	-	(316,075)	-	(316,075)
Contributions from other employers in the pension scheme		-	-	(4,029)	-	(4,029)
Transfers between reserves		(77,747)	61,416	2,916	13,415	-
Balance at 31 March 2023		(1,692,527)	(1,475,125)	(737,414)	(79,665)	(3,984,731)

Parent

	Note	General reserve £000	Revaluation reserve £000	Pension reserve £000	Intellectual property reserve £000	Total reserves £000
Balance at 1 April 2022		(1,859,818)	(1,227,938)	(420,226)	(71,328)	(3,579,310)
Retained surplus b/fwd from Subsidiary		-	-	-	-	-
Grant-in-aid from BEIS		(9,034,266)	-	-	-	(9,034,266)
Net expenditure for the period		9,281,381	-	-	-	9,281,381
Movements in reserves:						
Net gain on revaluation of property, plant and equipment	7	-	(275,758)	-	-	(275,758)
Net gain on revaluation of intangible assets	8	-	-	-	(21,752)	(21,752)
Net loss on revaluation of investments	9	-	(30,608)	-	-	(30,608)
Cash flow hedge		-	2,276	-	-	2,276
Actuarial gain in the pension scheme	11	-	-	(316,075)	-	(316,075)
Contributions from other employers in the pension scheme		-	-	(4,029)	-	(4,029)
Transfers between reserves		(77,747)	61,416	2,916	13,415	-
Balance at 31 March 2023		(1,690,450)	(1,470,612)	(737,414)	(79,665)	(3,978,141)

The notes on pages 120-162 form part of these accounts

Notes to the Accounts

1 Statement of Accounting policies

United Kingdom Research and Innovation (UKRI) is an executive non-departmental public body established by the United Kingdom Parliament. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been applied consistently to all the years presented unless otherwise stated.

NOTE 1.1 Basis of accounting

The consolidated Financial statements have been prepared in accordance with the Accounts Direction issued by the Secretary of State for Science, Innovation and Technology, 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 2023-24 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FReM permits a choice of accounting policy, the accounting policy judged to be most appropriate to the particular circumstances of UKRI for the purpose of giving a true and fair view has been selected. The particular policies adopted by UKRI are described below. They have been applied consistently in dealing with items that are considered material to the consolidated Financial statements.

On 7 February 2023, the prime minister announced a major machinery of government change which redistributed the activities of several existing government departments, including BEIS, and created three new departments, the Department for Business and Trade, the Department for Science, Innovation and Technology, and the Department for Energy Security and Net Zero. UKRI has been designated to Department for Science, Innovation and Technology (DSIT) with accounting officer responsibilities formally transferred from 1 April 2023.

Going concern

UKRI is dependent on funding from the DSIT to meet liabilities falling due within future years. UKRI has reason to believe that funding will be forthcoming beyond 2023-24. BEIS published details of research and development allocations from 2022-2023 to 2024-2025 on 14 March 2022, including allocation plans for UKRI totalling £25.1 billion over that period. UKRI will work with DSIT during 2024-2025 as we enter a new spending review period.

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 anticipated budgets.

NOTE 1.2 Accounting convention

The consolidated Financial statements have been prepared under the historical cost convention modified to include the fair value of property, plant and equipment, intangible assets and financial instruments to the extent required or permitted under IFRS as set out in the relevant accounting policies.

The consolidated Financial statements are presented in pounds sterling and all values are rounded to the nearest thousand (£'000), except where indicated otherwise.

NOTE 1.3 Presentational currency

UKRI's principal place of business is Polaris House, Swindon and pounds sterling is the functional currency 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 (UKRI)
- STFC Innovations Limited, principal place of business Rutherford Appleton Laboratory, Didcot
- Innovate UK Loans Limited, principal place of business Polaris House, Swindon
- Knowledge Transfer Network Limited operating as Innovate UK Business Connect, principal place of business Business Design Centre, Upper Street, London

UKRI prepares financial statements in accordance with the FReM. Innovate UK Loans Limited prepares financial statements in accordance with the FReM where it complies with the Companies Act. STFC Innovations Limited and Innovate UK Business Connect Limited prepare accounts under UK-adopted International Accounting Standards. For those bodies that do not prepare financial statements in accordance with the FReM, adjustments are made at consolidation if necessary where differences would have a significant effect on the financial statements.

NOTE 1.5 Changes in accounting policy, new accounting standards adopted in the year

UKRI has made no changes in accounting policy nor adopted new accounting standards for 2023-24.

NOTE 1.6 Future accounting standards

IFRS 17 Insurance Contracts is effective within the private sector from 1 January 2023. However, the Financial Reporting Advisory Board (FRAB) was advised in November 2021 that adoption would be delayed for the public sector by at least one year to allow full consideration of its impact to be made. The 2024-25 reporting year would be the earliest opportunity for adoption of standards with mandatory adoption in the 2025-26 reporting year.

IFRS 18 Presentation and Disclosure in Financial Statements has been published in April 2024. No date has been issued about adoption by the FReM as yet.

NOTE 1.7 Grant-in-aid

In line with the FReM, grant-in-aid for revenue purposes and grants from DSIT (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 recognised the related costs for which the grant or funding is intended to compensate in accordance with IAS 20. This represents approximately 86% of UKRI income.

Commercial income is recognised in line with the satisfaction of performance obligations in line with the terms of contract or license agreement, as per IFRS 15. A performance obligation may be satisfied at a point in time (typically for the transfer of goods) or over time (typically for the transfer of services). Commercial income includes royalties, rental of facilities for use by third parties, property rental or canteen/ restaurant revenue. This represents approximately 14% of UKRI income.

NOTE 1.9 Deferred income

UKRI receives funding for projects to support UKRI research, separate from grant-in-aid provided by DSIT. Such funding is received from the UK public sector, charities, and from the European Commission (EC). Some funding may involve payment for projects in advance of the accounting period to which it relates.

Where there is a variance between activity in the accounting period and received funding, income will be deferred when there is a condition which makes the grant repayable or returnable. Where no such condition exists income is not deferred. (DSIT grant-in-aid funding cannot be classified as deferred income).

NOTE 1.10 Staff costs

Staff costs are recognised as expenses when UKRI becomes obliged to pay them, including the cost of any unused leave entitlement.

NOTE 1.11 Grants and training awards payable

Research Grants, Fellowships and Studentships

Research grants and fellowships are paid on an instalment basis in accordance with an agreed payment profile. Grant payments made in advance or in arrears are accounted for on a prepayments or accruals basis in the financial statements. 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. Where the profile indicates a payment of grant that is yet to be utilised by the recipient, a prepayment is recognised.

Innovate UK Grants

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

Where activity has been undertaken but no grant claim has been received an accrual will be made. The routes for accruals to arise include, if a claim has been submitted but not yet approved on the system, if participants have forecast expenditure but a claim has not yet been submitted or if the project has a retention cap and the claim expenditure has been submitted and approved but the retention cap has been reached. The physical payment is withheld from the participant once they reach their retention cap and the amount over and above the retention cap will continue to build until they have submitted their final claim and documentation. Here the accrual represents the balance that has been claimed over the maximum payment. Accrued grants are charged to the Statement of Comprehensive Net Expenditure based on estimates (see Note 1.28) and are included in accruals in the Statement of Financial Position.

Research England Formula-based Grants

Most grants are paid on an agreed profile, as a contribution to research costs within institutions.

The profiles are periodically updated throughout the academic year, and as such no financial year end accruals are expected for these streams of expenditure.

Other Research England Grants

For Research England grants, such as the Research England Development, which fund agreed and specified eligible activity, expenditure is recognised in the period in which eligible activity creates an entitlement in line with the terms and conditions of the grant.

Future commitments at the Statement of Financial Position date are disclosed in Note 17.

NOTE 1.12 Ownership of equipment purchased with grants

Equipment purchased by an institution using UKRI grants belongs to the institution and is not included in UKRI property, plant and equipment. UKRI reserves the right through its grant conditions to determine the disposal of such equipment and how any disposal proceeds are to be used. Where there have been donations of equipment back to UKRI the values have been immaterial.

NOTE 1.13 Taxation

UKRI is subject to corporation tax on taxable profits. Taxable profits are generally generated from Commercial activities shown in Note 1.8. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to HM Revenue and Customs, based on tax rates and laws that are enacted or substantively enacted by the reporting date.

Tax expense recognised within the period includes payment on account for the current period and changes in the amount expected to be recovered from or paid to HM Revenue and Customs, relating to current and prior periods.

Where applicable, current tax assets and liabilities expected to be recovered from or paid to HM Revenue and Customs include amounts relating to Innovate UK Loans Limited (IUK LL), including relief on losses incurred by IUK LL.

UKRI recognises and discloses information in line with IAS12 regarding deferred tax assets and liabilities arising from taxable temporary differences i.e. differences between the carrying amount of an asset or liability in the statement of financial position and its tax base. The calculation is based upon an estimation of UKRI's commercial activity, previously agreed with HMRC to be 9%, and reviewed on an annual basis and the tax rate applied is 25%. Further information is disclosed in Note 6.

NOTE 1.14 Value added tax

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

- irrecoverable VAT is charged to the Statement of Comprehensive Net Expenditure and included under the relevant expenditure heading
- irrecoverable VAT on the purchase of an asset is included in additions

Residual input tax reclaimable by the application of the partial exemption formula is taken to the Statement of Comprehensive Net Expenditure as a reduction of expenditure.

The net amount due to, or from, HM Revenue and Customs in respect of VAT is included within other receivables and payables on the Statement of Financial Position.

NOTE 1.15 Intangible assets

Recognition

Expenditure on intangible assets is capitalised where the cost is £10,000 or more and is applied on a grouped basis using a threshold of £10,000 where the elements in substance form a single asset.

Subsequent acquisitions of less than £10,000 in value which are of the same nature as existing grouped assets are appended. Otherwise, expenditure on intangible assets which fall below £10,000 is charged as an expense in the Statement of Comprehensive Net Expenditure.

Measurement

Intangible assets are initially measured at cost in line with IAS 38. For separately acquired assets, cost comprises the purchase price and any directly attributable costs to prepare the asset for its intended use. The cost of internally generated assets comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management.

There are no active markets for any of UKRI's intangible non-current assets which are valued at the lower of depreciated replacement cost and value-in-use using a valuation technique (for example for income-generating assets); where there is no value in use, depreciated replacement cost is used. Assets of low value or with short useful lives are carried at cost less accumulated amortisation and impairment losses as a proxy for fair value.

Impairment

Intangible assets are monitored for any indication of impairment. At the end of each reporting period, tests for impairment are carried out for any such asset with an indefinite useful life or in the course of development.

Where indications of impairment exist, and any possible differences are estimated to be significant (x% of materiality/greater than £xm), the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised in the Statement of Comprehensive Net Expenditure.

Where an impairment loss is subsequently reversed, the reversal is credited in the Statement of Comprehensive Net Expenditure, up to the amount of the original loss, adjusted for amortisation that would have been charged if the loss had not been recognised.

Amortisation

Amortisation is provided on all intangible assets from the date at which they are available for their intended use at rates calculated to write off the cost of each asset (less any estimated residual value) on a straight-line basis over its expected useful economic life. UKRI reviews and updates the remaining useful economic lives of its assets each year. The estimated useful economic lives of the intangible assets currently in service are summarised as below:

Internally developed software	3 – 5 years
Software licenses	Up to 15 years (subject to the length of the license)
Internally developed websites	2 – 5 years
Data sets	5 – 10 years
Patents	Up to 15 years (subject to the length of agreement)

Disposals

When scrapping or disposing of an intangible asset, the carrying amount is written off to the Statement of Comprehensive Net Expenditure and a loss (or gain) is recognised and reported net of any disposal proceeds.

NOTE 1.16 Property, plant and equipment

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefit, including service potential, associated with the item will flow to UKRI and the cost of the item can be measured reliably. A capitalisation threshold of £10,000 is applied to all asset classes. Expenditure below this value is charged as an expense in the Statement of Comprehensive Net Expenditure.

Property, plant and equipment usually comprises single assets. However, capitalisation is applied on a grouped basis using a threshold of £10,000 where the elements in substance form a single asset. Furthermore, where an item includes material components with significantly different useful economic lives, those components are capitalised separately and depreciated over their specific useful economic lives.

Expenditure that maintains, but does not add to, an asset’s potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Any capital funding provided by UKRI to independent institutes relating to UKRI-owned assets (buildings leased to the institutes or ships operated by them) is accounted for as a non-current asset addition in the property, plant and equipment note based on the construction costs during the year up to the Statement of Financial Position date.

Measurement

Property, plant and equipment are initially measured at cost, comprising the purchase price plus any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located are recognised as a provision where an obligation to dismantle or remove the asset arises from its acquisition or usage. The related expense is recognised as a provision expense in the Statement of Comprehensive Net Expenditure.

Assets are thereafter carried in the Statement of Financial Position using the following measurement bases:

- Land, buildings, Polar research stations, ships and aircraft are professionally revalued every five years and in the intervening period relevant indices are used
- For professional valuation, specialised assets (those for which a market value cannot be readily determined, due to the uniqueness arising from its specialised nature and design) are valued on a depreciated replacement cost basis in line with the FReM, for non-specialised assets, market value in existing use is used where this can be established
- All other tangible assets are subject to annual indexation using relevant indices

- Indexation is not applied to assets under construction. Any surplus on revaluation is taken to a revaluation reserve
- For furniture, fixtures and fittings where an asset pool is maintained replacements on a one-to-one basis are charged directly to the Statement of Comprehensive Net Expenditure in the year of replacement

Impairment

Property, plant and equipment are monitored for any indication of impairment. At the end of each reporting period, tests for impairment are carried out for any assets with a remaining useful life and on assets in the course of construction.

Where an annual check is impractical given the number of assets held, a targeted risk-based approach is taken to assess all assets within 18 months of the end of their useful life plus a randomly selected check of 10% by number of the whole asset population.

Where indications of impairment exist, or trigger points are noted (such as transfer from assets under construction into property, plant and equipment) and any changes are estimated to be significant with regards to the net book value or life of the asset, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised in the Statement of Comprehensive Net Expenditure.

Where an impairment loss is subsequently reversed, the reversal is credited in the Statement of Comprehensive Net Expenditure, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised; anything over and above is recognised in the revaluation reserve.

Depreciation

Assets under construction are not depreciated until the asset is brought into use.

Depreciation is provided on all property, plant and equipment, apart from assets under construction, from the date at which they are available for their intended use at rates calculated to write off the cost of each asset (less any estimated residual value) on a straight-line basis over its expected useful economic life. Increased depreciation charges arising from revaluations are matched by transfers from the revaluation reserve to the general reserve. Assets that are under construction are not depreciated until such time as they are available for their intended use.

UKRI reviews and updates the remaining useful economic life of its assets each year. The estimated useful lives of the assets currently in service are summarised as follows:

Freehold land	Not depreciated
Leasehold land	Up to 60 years (subject to the length of the lease)
Freehold buildings	Up to 60 years
Leasehold buildings	Up to 60 years (subject to the length of the lease)
Decommissioning assets	Up to 60 years (matched to related assets)
Scientific equipment	3 to 30 years
IT equipment	Up to 20 years
Other plant and machinery	3 to 30 years
Furniture, fixtures and fittings	Up to 10 years
Motor vehicles	Up to 15 years
Polar research stations	Up to 60 years
Ships	20 to 50 years
Aircraft	15 to 50 years

Disposals

When scrapping or disposing of property, plant and equipment, the carrying amount is written off to the Statement of Comprehensive Net Expenditure and a loss (or gain) is recognised and reported net of any disposal proceeds. On disposal of a revalued asset, the resulting element of the revaluation reserve that is realised is transferred directly to the general reserve.

NOTE 1.17 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, the asset is available for immediate sale in its present condition, management are committed to the sale and completion is expected within one year of the date of classification.

The asset is revalued immediately before reclassification and carried at the lower of this amount and fair value, less selling costs. Assets held for sale are not depreciated. Where there is a subsequent reduction in fair value, the loss is reported in the Statement of Comprehensive Net Expenditure, and increases are only recognised as gains in the Statement of Comprehensive Net Expenditure up to the amount of any previously reported losses.

NOTE 1.18 Investments in joint arrangements and associates

UKRI's investments in joint ventures and associates are accounted for using the equity method of accounting in both the separate UKRI financial statements and the consolidated financial statements in line with IAS 28. This is the method required by that standard and FReM.

The investment in an associate or joint venture is initially recorded at cost and is subsequently adjusted to reflect UKRI's share of the net profit or loss of the associate or joint venture. Where appropriate, UKRI adjusts information from the investee's financial records to bring it in line with the FReM.

Details of UKRI's investments in Joint Ventures and Associates can be found in Note 9, including adjustments made to the investee's financial information.

NOTE 1.19 Financial instruments

UKRI recognises and measures financial instruments in accordance with IFRS 9 Financial Instruments as interpreted by the FReM.

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

UKRI derecognises a financial asset when the contractual rights to receive future cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which UKRI neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

UKRI derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Innovation Loans

Loans to borrowers issued by Innovate UK loans Limited are designed to stimulate later stage innovation and are offered on non-commercial terms including a below-market rate of interest.

Innovation Loans: Competitions 1-5 and 6-8 including Future Economy cohorts

These cohorts of loans pass the business model test (where the objective of the business model is to hold the financial assets to collect the contractual cash flows) and the cash flows characteristics test; therefore, the loans are held at amortised cost. In accordance with IFRS 9, amortised cost loans are recognised at fair value at initial recognition. A fair value adjustment is required for innovation loans because a rate of interest is charged that is below the market rate (non-commercial terms). During the financial year, this approach has been updated from using EU risk guidelines and reference rates to setting a market-based approach for commercial interest rates following the commission of independent expert advice. The impact of this change in estimate is immaterial. Further details will be disclosed in Innovation UK Loans Ltd's statutory accounts later this year.

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

If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, a loss allowance equal to 12-month expected credit losses (based on the probability of default within the next 12 months) is recognised.

Where credit risk has increased significantly since initial recognition, lifetime expected losses are recognised. In these circumstances, interest revenue is calculated on the gross carrying amount of the asset.

For loans which are assessed to be credit-impaired or defaulted, a lifetime expected credit loss is recognised and interest revenue is calculated on the net carrying amount net of credit allowance.

Innovation loans will be written off at the point when any further recoveries are unlikely or become uneconomical to pursue. At this point, any remaining provision held against a credit-impaired (or defaulted) loan asset will be taken to the Statement of Comprehensive Net Expenditure and the value of the loan written off in the Statement of Financial Position.

Innovation Loans: Innovation Continuity Loans and Convertible Loan Notes

Innovation Continuity Loans and Convertible Loan Notes differ from loans issued under Competitions 1-5 and 6-8 including Future Economy cohorts by including equity conversion features. The inclusion of these features mean that they do not meet the test to show that the IFRS 9 cash flow characteristics are solely payments of principal and interest; these loans have been classified as fair value through profit and loss. No expected credit loss is recognised for these loans consequently, nor any expected credit loss provision for loss against irrevocable commitments (FVTPL).

The approach used to calculate the FV at origination of innovation loans including discount rates is refreshed for the recalculation of the FVs of loans classified as FVTPL at the reporting date. The assumptions for estimating the arm's length commercial interest rate, taking account of an individual borrower's credit rating and the cashflow projections are updated to the position at the reporting date to arrive at a proxy FV at the reporting date. This approach for FVTPL loans at reporting date has been updated from using EU risk guidelines and reference rates to setting a market-based approach for commercial rates - see the comments above for amortised cost loans for the impact of this change.

These loans are outside the scope of IFRS 9 Effective Interest Rate requirements. Interest income accrued is part of the FV calculation. Other income includes the movement of FVTPL loans after the fair value adjustment on initial recognition to the fair value of reporting date, excluding contractual interest receivable.

Innovation Continuity Loans and Convertible Loan Notes will be written-off at the point when any further recoveries are unlikely or become uneconomical to pursue.

Innovation Loans Change of Accounting Estimate

During the financial year, this approach has been updated from using EU risk finance guidelines and reference rates to setting a market-based approach to set commercial interest rates following the commissioning of independent expert advice. This change of accounting estimate under IAS 8 has resulted in a one-off change to new innovation loans classified as amortised cost originated in the current financial year as a reduction of £579 thousand at initial recognition. The impact on FVTPL innovation loans at the 31 March 2024 reporting date is a £804 thousand reduction in carrying value. In line with the accounting treatment of a change in accounting estimates, comparatives have not been adjusted.

NOTE 1.20 Trade and other receivables

Under IFRS 9, trade and other receivables are measured at amortised cost. In line with the FReM, the simplified approach will be adopted and any loss allowances will be recognised at an amount equal to expected lifetime credit losses.

NOTE 1.21 Trade and other payables

Trade and other payables are recognised in the period in which related money, goods or services are received or when a legally enforceable claim against UKRI is established, or when the corresponding assets or expenses are recognised.

NOTE 1.22 Cash and cash equivalents

Cash and cash equivalents comprise cash-in-hand and other short-term highly liquid investments which, being readily convertible to known amounts of cash, are subject to negligible risk of changes in value, and have an original maturity of three months or less. Any bank overdraft amounts without the right of offset are included within trade payables and other liabilities.

NOTE 1.23 Risks

Due to the non-trading nature of its activities, and the way in which UKRI is financed, UKRI is not exposed to the degree of financial risk faced by non-public sector entities. UKRI has only very limited powers to borrow or invest surplus funds. Financial assets and liabilities are generated by day-to-day operational activities and, with the exception of foreign currency hedges, are not held to change the risks facing UKRI in undertaking its activities.

UKRI is subject to foreign exchange risk through the maintenance of bank accounts in foreign currencies to deal with day-to-day overseas transactions including international subscriptions. This risk is actively managed by UKRI via foreign currency hedges.

Innovation loans are exposed to credit risk. Credit risk is the risk of a customer or a counterparty failing to meet their financial obligations. Credit risk also encompasses refinance risk and concentration risk. Refinance risk is the risk of loss arising when a repayment of loan occurs later than originally anticipated. Concentration risk is the risk of loss arising from insufficient diversification. Further details on credit risk are disclosed in Note 10 in this set of financial statements.

NOTE 1.24 Provisions

Provisions are recognised and measured in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Where the time value of money is material, provisions are discounted to present value using HM Treasury's real discount rates, except in the case of the Institute Laue-Langevin (ILL) decommissioning provision, where the underlying provision that determines UKRI's share of the provision has been calculated using a discount rate of 4.98% (2023: 5.46%), in accordance with the Fifth Protocol to the Intergovernmental Convention, as agreed by the members of ILL.

Irrevocable undrawn commitments to lend are within the scope of IFRS 9 provision requirements. This provision for irrevocable commitments is included within provisions for liabilities and charges in the Statement of Financial Position. These commitments are not recognised in the Statement of Financial Position until the loans are advanced. When the loan commitment is drawn, the provision for irrevocable commitment is released and is replaced by either a FV adjustment and/or ECL provision on the drawn loan.

NOTE 1.25 Leases

Leases are classified in accordance with IFRS 16 as leases when the risks and rewards of ownership are transferred substantially to the lessee; other leases are classified as operating leases.

UKRI has made use of the exemptions to exclude short-term leases (1 year or less), and those where the underlying asset is classified as of "low value", this is deemed to be £10,000 for the group, which is the capitalisation threshold for UKRI.

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 and liabilities are recognised at the discounted value of the minimum lease payments (excluding VAT, which is expensed) on a straight-line basis over the term of the lease) and shown as leased assets and lease liabilities within the accounts (asset values also include any prepaid rent, lease incentives and direct costs). In instances where no interest rate is stated within the lease, the HMT discount rate in effect at the commencement of the lease is used.

Lease assets will be depreciated over the life of the lease; where they relate to assets held at fair value (including land and buildings), they will be subject to the same revaluation treatments as other assets within the category.

Lease liabilities are adjusted during the year to reflect both the repayments made and the impact of interest on the balances outstanding. Buildings are recognised as leased assets only if the building itself is leased from the lessor. The value of these assets will include any capital costs incurred in their construction (including lease premiums), and any subsequent improvement works to the building that will belong to the lessor at the end of the lease. The value of such leased building additions, where material, will be disclosed within the PPE note.

In instances where the land has been leased and then constructed-on by UKRI, the land will be included under leased assets and the buildings under freehold.

Where a lease comes to an end and the lease liability has been extinguished, lease assets will also be derecognised as disposals, these normally being of zero net book value at that point (the lives being tied to the lease term). Where a lease is terminated early, the remaining liability will be released via a lease reassessment shown under PPE in the accounts with the related lease assets also being derecognised as disposals (the NBVs having been reduced via the lease reassessment). In both cases any difference between the liability and asset net book values will be recognised under Other operating expenditure in the SoCNE.

All new leases are reviewed to ensure that any requirement to rectify dilapidations is appropriately provided for via provision covering the discounted estimated future costs.

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 1.26 Pensions

Retirement benefits to employees of UKRI are generally provided by:

- the Research Councils' Pension Scheme (RCPS);
- the Civil Service Pension Scheme (CSPS);
- the Medical Research Council Pension Scheme (MRCPS);
- United Kingdom Atomic Energy Authority (UKAEA); and
- National Employment Savings Trust (NEST).

RCPS and CSPS members can transfer to the Partnership Pension scheme. Partnership is a Defined Contribution arrangement provided for RCPS by Scottish Widows and Standard Life and by Legal and General for the CSPS.

The RCPS, CSPS and UKAEA are unfunded Defined Benefit pension schemes and the MRCPS is a funded Defined Benefit pension scheme. The treatment of the different pension schemes is explained below.

NEST is a Defined Contribution workplace pension scheme.

Unfunded Defined Benefit pension schemes

The RCPS, CSPS and UKAEA pension schemes are public sector pension schemes and, as required by the Government Financial Reporting Manual, it is the scheme (rather than the employer) that reports the expected value of future pension payments. Employers whose employees are members of these pension schemes account for the scheme as a defined contribution plan, with employer contributions charged to the Statement of Comprehensive Net Expenditure in the period to which they relate.

Funded Defined Benefit pension schemes

Employer superannuation costs are based on an actuarially-derived calculation under IAS 19: see Note 11. The defined benefit plan requires contributions to be made to separately administered funds. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method.

Actuarial gains and losses are recognised in full as income or expense in the Statement of Comprehensive Net Expenditure.

The past service cost is recognised as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits are already vested immediately following the introduction of, or changes to, a pension plan, past service cost is recognised immediately.

The defined benefit asset (or liability) is the aggregate of the present value of the defined benefit obligation and actuarial gains and losses (not recognised reduced by past service cost not yet recognised) and the fair value of plan assets, out of which the obligations are to be settled directly. If such an aggregate shows a surplus, the asset is measured at the lower of this aggregate, or the aggregate of cumulative unrecognised net actuarial losses and past service cost and the present value of any economic benefits, available in the form of refunds, from the plan or reductions in the future contributions to the plan. The net asset is recognised as UKRI derives benefits from the reduced contributions to the scheme. The critical judgements and assumptions are explained in Note 1.28.

Defined Contribution pension schemes

Contributions are charged to the Statement of Comprehensive Net Expenditure when they become payable. UKRI has no further liabilities in respect of benefits to be paid to members. UKRI pays a nominal contribution to the main schemes for provision of Death in Service benefits for Partnership scheme members (0.5% of pensionable pay for CPCS and 0.8% for RCPS).

NOTE 1.27 Contingent assets and liabilities

Contingent assets and liabilities are disclosed in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Where an outflow of economic benefits from a past event is possible but not probable, UKRI discloses a contingent liability. No disclosure is made for those contingencies where crystallisation is considered to be remote or the amounts involved are immaterial.

Where an inflow of economic benefits from a past event is probable, UKRI discloses a contingent asset. No disclosure is made where realisation is considered to be possible, but not probable, or the amounts involved are immaterial.

NOTE 1.28 Judgements, estimates and assumptions

Funded Pension Scheme

The determination of the pension cost and defined benefit obligation (liabilities) of the Medical Research Council Pension Scheme depends on the selection of certain assumptions, which include the discount rate, inflation rate, salary growth, mortality rates and expected rate of return. The pension assets include £351 million of property investments and approximately £698 million of unquoted equity investments, which are estimates and are based on fund manager, and valued by the expert valuation reports as at 31 March 2024. See Note 11 for further details.

Property, Plant and Equipment

A number of judgements have been made around valuation of PPE, useful economic lives, depreciation rates and indices used. These have been more fully explained in Note 1.16 above.

Patents and Royalties

Where patents and royalties are recognised as intangible assets, these are revalued annually by specialists on the basis of future royalty income streams. Management applies the discount rate. Estimates are subject to business uncertainty in terms of sales and the fluctuation of exchange rates. Judgement has been required in assessing the impact of these variables. The policy has been judged to be compliant with IAS 38.

Innovation Loans

The measurement of the expected credit loss under IFRS 9 for the innovation loans made to UK small or medium-sized enterprises is an accounting estimate.

In assessing the expected credit loss provision which management believes is required, the most critical accounting judgements are:

- the approach to applying the staging requirements – identifying significant increases in credit risk and identifying credit impaired loans and the definition of default
- the basis of forward-looking information and multiple economic scenarios and the application of weightings of expected credit loss models for the sensitivity of systemic risk factors

In assessing the fair values of innovation loans, management believes the most critical accounting judgements are:

- the approach of calculating a fair value at origination of an innovation loan including discount rate
- the approach to calculating a fair value at the reporting date for loans classified as FVTPL.

Grant Accruals and Prepayments

Financial statements include a grant accrual for each project (including fellowships, studentships and grants) where it has been determined that there is an unclaimed amount at the year-end that is due to participants.

Given the nature of this estimate and the history of recipients not spending, and therefore not being reimbursed for, their full entitlement, an expected future underspend percentage is calculated based on historic data of underspend against payment profile and applied to the year-end balance.

A No Cost Extension (NCE) arises when a grant recipient moves the end-date of a research or fellowship grant into the future without changing the value of the grant. In prior years NCE's were modelled off system and a prepayment journal was applied to the year-end balances ensuring grant spend was reflective of the current financial year. The process was updated in 2023-24 and NCE's are managed locally with payment profiles being adjusted as required within the system. As part of this process update prior year NCE's have been unwound (£97m in 2023-24) and are offset by the NCE's that have been processed within the system.

Research and Fellowship grants with cash limits above £0.2 million have their payment profile reprofiled via the grant system. Where grants have a cash limit of more than £3 million an Interim Expenditure Statement will be requested and will inform the new profile.

Recognition of Research Grants and Fellowships Expenditure, and payment profiles

Where Research Grant and Fellowship grant payment profiles are linear, as referenced in Note 1.11, and a grant is not subject to NCE, UKRI judges that there is an alignment between the payment profile, the underlying activity it supports, and costs incurred by grant recipients. UKRI makes this judgement because the majority of costs incurred by grant recipients are similarly linear (for example, direct costs of employing researchers, overheads associated with a grant), and therefore sufficiently aligned with the payment profile of the grant such that it is the most reasonable and appropriate basis for recognising expenditure. This judgement means that UKRI therefore recognises expenditure on individual Research Grants and Fellowships when payment is made, except where final payment is withheld awaiting a final statement of expenditure from a grant recipient. Based on historic funding assurance sampling, in the absence of more granular data, UKRI has made a significant assumption that some, 4.5%, is evenly profiled. This assumption is required due to some cost categories potentially following a more variable profile at points during the life of a project. For example, a cost category that may follow a more variable profile would be that of an equipment grant which may be spent at fixed points in a project rather than spread throughout the whole life of the grant. Historic sampling shows on average this type of expenditure equates to 4.5% during a financial year, however as the main grant expenditure types show a consistent even profile and is most of the grant spend UKRI recognises a linear profile. Other alternative profiling has not been considered due to impracticability and the current straight-line policy output being a true and fair reflection of the economic activity being undertaken. The reprofiling of grants on system, as referenced above, also ensures expenditure is captured as incurred and recognised in the appropriate accounting period.

Innovate UK Grant Accrual

The grant accrual is based on participants' forecast of expenditure submitted with their latest claim. For a number of large non-core projects, the Innovate UK Business Connect (IUKBC) and Catapult Centres, Innovate UK contacts the participants directly to obtain further information and assurances on claims due at the year-end date. For those grants that are based on procurements, Innovate UK confirms the accruals based on purchase orders raised for the period. The grant accrual as at 31 March 2024 was £701.7 million (31 March 2023: £673.1 million).

The major sources of uncertainty in the estimate relate to the profiling of incurring and defraying the project costs that create the entitlement to the grant, and the amount of the grant not utilised at the end of the project. The projects funded by Innovate UK are typically collaborations between private businesses and academia; this aspect introduces a degree of interdependency between project partners that may impact on the timing of individual work packages. In addition, projects are typically two to five years long, which permits a degree of flexibility for grant recipients in the scheduling of their project activity. These projects seek to develop new technology-based products and services for future markets and, as such, are inherently uncertain in terms of their success and, related to this, the project duration and activity costs ultimately incurred.

Decommissioning Provisions

Calculation of the decommissioning provision for scientific facilities uses assumptions and estimates to forecast the cost of the work to be undertaken, based on the latest decommissioning plans, technology and any legal requirements. Internal experts provide a profiled estimate of the current cost of the work to be undertaken which is then translated into a provision using discount and inflation rates provided by HMT. The estimates and assumptions are reviewed annually, any future changes could significantly change the provision.

UKRI has recognised a decommissioning provision of £29.3 million for the ISIS facility at RAL. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove the plant from the site, radioactive waste disposal and clean-up costs and the expected timing of those costs. ISIS is forecast to be decommissioned over 45 years commencing in 2040-41. The decommissioning costs are estimated to total £169 million at current prices. The decommissioning provision for ISIS is sensitive to changes in inflation/discount rates that are provided by HMT. This year the long-term discount rate (11-40 years) increased from 3.51% to 4.72%, and the very-long-term rate (> 40 years) increased from 3% to 4.4%, the inflation rate staying the same at 2%. The ISIS decommissioning provision decreased by £13.5 million due to the change in discount rates (last year the movement due to discount rate changes was a decrease of £69 million).

UKRI has recognised a provision of £105.1 million for its share of the decommissioning costs of the ILL; this has been taken to be its share of the ILL decommissioning provision recognised in the ILL latest accounts. The calculation by the ILL assumes that the ILL will shut down in 2030 and decommissioning will be completed in 2057. The main sources of uncertainty are associated with future developments in waste processing and site rehabilitation technology, and with nuclear and conventional safety constraints and environmental requirements. The value of UKRI provision will also be affected by the EUR:GBP exchange rate.

2 Statement of Operating Expenditure by Operating Segment

Analysis of UKRI information by business segment

	AHRC £000	BBSRC £000	EPSRC/ UKRI £000	ESRC £000	IUK £000	MRC £000	NERC £000	RE £000	STFC £000	Total £000
2023-24										
Total operating income	(1,728)	(3,371)	(13,347)	(6,198)	(480,068)	(88,938)	(35,062)	(990)	(63,909)	(693,611)
Staff costs	6,769	9,742	114,928	11,538	84,088	84,131	81,990	5,430	175,392	574,008
Purchase of Goods and services	1,442	3,799	105,269	1,852	60,056	73,923	58,160	1,854	444,701	751,056
Depreciation and impairment charges	(10)	13,070	12,888	(182)	13,847	60,060	60,305	35	103,762	263,776
Research and Innovation	139,752	479,691	1,413,912	266,517	1,726,529	879,894	330,087	2,837,854	395,789	8,470,025
Provision expense	-	-	(5)	-	1,638	129	(6,366)	-	(12,767)	(17,371)
Other operating expenditure	-	(94)	-	-	-	1,744	63	-	13,052	14,765
Net expenditure	146,225	502,837	1,633,645	273,527	1,406,090	1,010,943	489,177	2,844,183	1,056,021	9,362,648
2022-23										
Total operating income	(2,059)	(5,552)	(12,052)	(6,584)	(63,478)	(93,217)	(36,343)	(1,522)	(59,776)	(280,583)
Staff costs	6,236	9,930	100,176	10,446	67,943	93,280	73,767	4,756	155,489	522,023
Purchase of Goods and services	1,364	3,664	84,757	2,811	52,410	72,825	53,360	2,347	478,829	752,367
Depreciation and impairment charges	16	12,141	11,671	189	8,666	40,461	47,864	-	93,725	214,733
Research and Innovation	164,013	451,481	1,101,693	261,506	1,565,054	883,223	318,163	3,022,743	306,677	8,074,553
Provision expense	-	-	(3)	-	323	37	(2,582)	-	(60,940)	(63,165)
Other operating expenditure	-	(248)	-	-	40	2,075	(38)	-	(606)	1,223
Net expenditure	169,570	471,416	1,286,242	268,368	1,630,958	998,684	454,191	3,028,324	913,398	9,221,151

UKRI reports its expenditure by operating segments in accordance with IFRS 8 Operating Segments.

Operating segments are funding segments about which separate financial information is available that is regularly reviewed by the chief operating decision maker, the UKRI Executive Committee.

3 Total operating income

	2023-24 UKRI £000	2023-24 Consolidated £000	2022-23 UKRI £000	2022-23 Consolidated £000
Current grants from Central Government	(27,877)	(57,448)	(21,250)	(54,730)
Current grants from European Commission	(9,788)	(9,817)	(17,896)	(18,180)
Capital Grants	(6,925)	(6,925)	(7,176)	(7,176)
Current grants from private sector	(58,116)	(58,116)	(64,033)	(64,033)
Income from other government departments and public sector	(467,366)	(467,704)	(56,810)	(57,167)
Rental income	(10,047)	(10,047)	(9,159)	(9,159)
Sales of goods and services	(33,045)	(33,240)	(29,652)	(30,795)
Other income	(25,674)	(50,314)	(27,769)	(39,343)
	(638,838)	(693,611)	(233,745)	(280,583)

Overall total operating income has increased by £413 million from £280 million to £694 million. The majority of the increase (£410 million) relates to income from other government departments (OGD's) as the Machinery of Government (MoG) changes in reorganising the former sponsoring Department into DSIT, Department for Business and Trade (DBT) and Department for Energy Security and Net Zero (DESNZ) in February 2023 resulted in Innovate UK now having managed programmes with OGD's.

4 Staff costs

	2023-24 UKRI £000	2023-24 Consolidated £000	2022-23 UKRI £000	2022-23 Consolidated £000
Wages and salaries	416,202	432,725	365,570	381,031
Social security costs	42,098	43,854	32,879	33,065
Other pension costs	94,332	96,731	104,011	106,096
	552,632	573,310	502,460	520,192
Staff severance costs	698	698	1,831	1,831
	553,330	574,008	504,291	522,023

Staff costs have increased by £51 million from £522 million to £573 million. The main increases relate to the rise in staff numbers and back dated pay awards paid in the year, while social security costs contains a £3.8m accrual in regard to UKRI global tax liabilities. More information is provided in the staff related costs note on page 98 of the annual report.

5.1 Purchase of goods and services

	2023-24 UKRI £000	2023-24 Consolidated £000	2022-23 UKRI £000	2022-23 Consolidated £000
Rentals under operating leases	5,247	5,469	4,497	4,683
Finance, HR, IT and support costs	29,549	29,681	28,166	28,331
Accommodation and office equipment costs	181,964	186,344	168,574	172,506
Consultancy and legal expenditure	567	567	1,989	2,156
Training and other staff costs	6,869	7,098	7,135	7,340
Travel and subsistence costs	22,907	24,467	16,359	17,691
Advertising and publicity	5,495	5,851	4,672	5,344
Professional services	107,422	111,114	75,634	78,975
Auditors' remuneration	533	717	474	670

	2023-24 UKRI £000	2023-24 Consolidated £000	2022-23 UKRI £000	2022-23 Consolidated £000
Programme management and administration of grants and awards	4,961	8,764	3,625	6,024
Professional and international subscriptions	309,576	309,576	368,130	368,130
Recharges	17,123	17,168	18,888	18,970
Other purchase of goods and services cost	44,104	44,240	41,117	41,547
	736,317	751,056	739,260	752,367

There has been an increase in accommodation and office equipment costs of £14 million from £172 million to £186 million. This increase relates to increased energy prices at sites and spend required to reduce backlog maintenance (at STFC sites).

The majority of the increases in professional services of £32 million from £79 million to £111 million relates to the SHARP programme as a critical stage to implementation was expected in late 2023-24. There was an increase of £6.5 million relating to professional services required to progress NQCC/Quantum and Hartree Centre projects.

The decrease in professional and international subscriptions of £58 million from £368 million to £310 million are driven by the decrease in the international subscriptions held by STFC. There has been an increase in forex and inflation charges (£20 million) as the subscriptions (and payments) are within Europe and a decrease of £70 million in costs relating to ESO where 2022-23 spend included costs for construction, additional funding and payments to cover 2023-2025.

5.2 Depreciation and impairment charges

	2023-24 UKRI £000	2023-24 Consolidated £000	2022-23 UKRI £000	2022-23 Consolidated £000
Depreciation	205,969	206,311	174,974	175,234
Amortisation of intangible assets	23,054	23,054	22,070	22,070
Impairment of PPE	21,347	21,347	12,784	12,784
Impairment of financial assets	-	588	-	-
Impairment of investment properties	476	476	107	107
Expected Credit Loss	2,801	12,000	1,303	4,538
	253,647	263,776	211,238	214,733

Overall depreciation increased by £31 million and is made up of:

Depreciation of land and buildings has gone up by £1.8 million following significant upward revaluation of the STFC RAL estate in March 2023.

Depreciation of plant, equipment, fixtures and fittings has increased by £14.4 million, and of IT equipment by £2.5 million, in line with the significant transfers into this category as major projects have come online in the last two years (£42.7 million in 2022-23 and £52.4 million in 2023-24 for PMFF and £7.8 million in 2022-23 and £17.0 million in 2023-24 for IT).

Transport depreciation has increased by £12.4 million due to depreciation adjustments following the professional revaluation of the NERC research vessels, specifically those of the RRS *Discovery* and RRS *James Cook*. These adjustments being necessary to better recognise the period over which the benefits from subsequent improvement works are achieved and thus align the net book values of the assets with their current market values.

Amortisation of software intangibles has fallen by £2.2 million in line with a continuing general reduction of in-service intangible assets as UKRI has harmonised its capitalisation criteria and older assets have reached the end of their useful economic lives.

Amortisation of patents has increased by £3.2 million following significant additions and revaluations during the last two years (£21.8 million in 2022-23 and £9.4 million in 2023-24).

Impairment of PPE has increased by £8.6 million following the professional valuation of MRC & STFC Land and buildings (excluding STFC’s Rutherford Appleton Laboratory) during 2023-24.

See Note 7 Property, plant & equipment for more details of the various valuation exercises.

5.3 Research and Innovation

	2023-24 UKRI £000	2023-24 Consolidated £000	2022-23 UKRI £000	2022-23 Consolidated £000
Core Funding	1,314,087	1,315,722	1,190,962	1,190,962
Research England funding	2,461,217	2,461,217	2,522,858	2,522,858
Institutes, Catapults, Centres & Networks	579,356	579,356	558,333	558,333
Knowledge Exchange, Translation and Commercialisation	216,712	216,712	225,661	225,661
COVID-19 Research	4,272	4,272	34,902	34,902
International	20,990	20,990	21,864	21,864
Talent	623,486	623,486	603,746	603,746
Other costs - Core Research	101,395	101,395	(6,303)	(6,303)
Core Research	5,321,515	5,323,150	5,152,023	5,152,023
Infrastructure	215,054	215,054	159,425	160,153
World Class Labs	466,064	466,064	478,775	478,775
Cross-cutting Funds	150,149	150,149	186,659	186,659
Strategic Themes	23,299	23,299	4,984	4,984
Strength in places fund	66,578	66,578	58,613	58,613
Other costs - Non Core Research	28,078	28,078	15,022	15,022
Non Core Research	949,222	949,222	903,478	904,206
Cross-cutting Funds	404,519	404,519	419,459	419,459
Technologies Missions Programme	55,071	55,071	1,118	1,118
Other costs - R&D Other	55,731	55,731	4,672	4,672
R&D Other	515,321	515,321	425,249	425,249
Institutes, Catapults, Centres & Networks	347,789	347,789	321,601	321,601
Innovation Policy & Other	228,838	228,838	57,597	66,468
International	66,211	66,211	43,662	43,662
SMART	91,171	91,171	104,996	104,996
Biomedical Catalyst	52,833	52,833	31,403	31,403
Fast Start	3,209	3,209	26,665	26,665
DfT Zero emission HGV technologies	15,147	15,147	-	-
Innovation	805,198	805,198	585,924	594,795
ODA	60,145	60,145	125,852	125,852
DSIT Managed Programmes	472,030	472,030	439,611	439,611
EU Programmes	344,959	344,959	432,817	432,817
Ringfenced Capital	877,134	877,134	998,280	998,280
	8,468,390	8,470,025	8,064,954	8,074,553

Total Research and Innovation grant expenditure increased by £395.5 million in 2023-24. The key movements are explained below:

- Core research – Research England received additional funding from DSIT for the financial year 2023-24. This is in addition to the funding previously issued and is allocated as the Regional Innovation Fund (RIF) of £48 million.
- Non-core research – Strategic theme allocations mainly started in 2023-24. UKRI received and additional funding allocation of £18.3 million.
- R&D other – The Technologies Mission Fund increased funding by £77.7 million which was managed for UKRI across BBSRC, EPSRC & Innovate UK. BBSRC increased funding by £8 million, EPSRC received new funding of £31 million and IUK received new funding of £39 million, mainly in their Quantum programme.
- Innovation – Policy & Other increase from 2022-23 relates predominately to the new Future Economy Review (FER) Domain programmes. These started in late 2022-23 (in that FY we had £1 million assigned to this programme), which then increased substantially to £82 million in 2023-24. We increased significantly DFT's UK Shore projects of which Manufacturing, Materials (MMM) co-funding was the largest segment (Clean Maritime Demonstration Competition (CMDC) for 23/24 CMDC2 was a further £7 million, CMDC3 was £18.5 million, CMDC4 £1 million and ZEVI £19.5 million, a total of £46 million).
- DfT Zero emission HGV technologies – A new programme, the first project started in July 2023 with remaining 3 projects starting in Q4 2023-24.

5.4 Provision expense

	2023-24 UKRI £000	2023-24 Consolidated £000	2022-23 UKRI £000	2022-23 Consolidated £000
Provision expense - Early retirement	125	125	34	34
Provision expense - Other provisions	(1,949)	(1,949)	844	844
Provision expense - Loan commitments	-	1,638	-	323
Provision expense - Decommissioning	(17,185)	(17,185)	(64,366)	(64,366)
	(19,009)	(17,371)	(63,488)	(63,165)

The Public Expenditure System paper produced by HM Treasury lays down the discount rates to be used. The very long-term discount rate increased from 3.0% to 4.4%, the long-term rate increased from 3.51% to 4.72%, medium-term rate increased from 3.2% to 4.03% and the short-term rate increased from 3.27% to 4.26%.

The largest element of the provision movement relates to decommissioning. £15.8 million of the provision credit was due to the increase in the discount rates of which £13.5 million (£70.2 million 2022-23) related to the ISIS decommissioning provision.

5.5 Other operating expenditure

	2023-24 UKRI £000	2023-24 Consolidated £000	2022-23 UKRI £000	2022-23 Consolidated £000
Revaluation - investment property	-	-	40	40
Loss on disposal - assets held for sale	-	-	-	-
Profit on disposal - PPE	(146)	(146)	(178)	(178)
Loss on disposal - PPE	-	-	124	124
Loss/(Profit) on disposal of other investments	-	(69)	-	505
Share of profits on joint venture and associates	-	-	(12,880)	(12,880)
Share of losses on joint venture and associates	14,980	14,980	13,612	13,612
	14,834	14,765	718	1,223

The reduction in profits was due to Harwell Science and Innovation Campus (HSIC) results showing a loss of £2.9 million as opposed to 2022-23 showing a profit of £12.9 million. See Note 9 for details of the losses and profits on joint ventures and associates.

6 Taxation and Deferred Taxation

	2023-24 UKRI £000	2023-24 Consolidated £000	2022-23 UKRI £000	2022-23 Consolidated £000
Corporation tax				
Taxable profit for the year	54,371	53,378	1,014	1,437
Corporation tax @ 25%	13,593	13,344	193	272
Prior year corporation tax	-	-	(14,262)	(14,262)
Total corporation tax	13,593	13,344	(14,069)	(13,990)
Deferred Tax				
Origination and reversal of temporary differences	(13,368)	(13,368)	83,590	83,590
Adjustments in respect of earlier years	-	-	-	-
Impact of change in UK corporation tax rate to 25% (FY21: 19%)	-	-	-	-
Remeasurement of temporary differences	-	-	-	-
Total deferred tax	(13,368)	(13,368)	83,590	83,590
Taxation	225	(24)	69,521	69,600

Corporation Tax – current and prior years

Tax charges for current year relate only to corporation tax incurred by UKRI and Innovate UK Loans Limited in the normal course of business. UKRI has recognised an accrual of £7.1 million for 2023-24 based on an initial calculation of the tax liability. This may be subject to change prior to final submission of the UKRI 2023-24 Corporation tax return during 2024-25.

There is a change in the taxation rate applied in 2023-24 of 25%, (2022-23 19%) being the rate defined for this period.

Regarding adjustments for prior years in 2022-23, UKRI recognised an estimated accrued tax charge of £14.5 million for 2021-22 based on an estimate of taxable profits; following completion of the 2021-22 tax return, the charge was settled at £6.5 million leading to £8.0 million adjustment in 2022-23 in respect of 2021-22 and a further £6.3 million adjustment for years prior to 2021-22.

Deferred Taxation

Factors that may affect future tax changes.

All deferred tax assets and liabilities have been calculated using a tax rate of 25%. A corporation tax rate of 25% for profits over £250,000 has been set with effect from 1 April 2023. UKRI has assumed that taxable profits will be above £250,000 in future periods.

Detail of Deferred Tax Assets & Liabilities

Parent Asset Category	Deferred Tax (Asset)/Liability recognised in the Statement of Financial Position	Deferred Tax (Asset)/Liability recognised in the Statement of Comprehensive Expenditure
	2023-24 £000	2023-24 £000
Tangible fixed assets	51,723	51,723
Intangible assets	-	-
Investment Property	330	330

Parent	Deferred Tax (Asset)/Liability recognised in the Statement of Financial Position	Deferred Tax (Asset)/Liability recognised in the Statement of Comprehensive Expenditure
Asset Category	2023-24 £000	2023-24 £000
Investments in Joint Ventures	-	-
Investment in Associates	-	-
Other Investments	-	-
Pension Reserve	18,194	18,194
Provisions	(25)	(25)
Capital losses	-	-
	70,222	70,222

Capital losses relate to the transfer to Government Property Agency of the Polaris House freehold in 2020-21; this leads to a deferred tax asset of £4.775 million which has reduced deferred tax expense in 2023-24.

7. 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
Consolidated							
Cost or Valuation							
At 1 April 2023	294,690	2,577,062	1,576,155	186,786	450,767	509,950	5,595,410
Additions	1,527	14,323	34,806	4,749	6,717	176,127	238,249
Disposals	(196)	(588)	(58,439)	(21,382)	(1,336)	(31)	(81,972)
Transfers	(9)	94,579	53,356	17,033	1	(165,738)	(778)
Revaluation	98,406	(36,491)	65,042	(436)	42,796	-	169,317
Lease Remeasurement	-	1,354	-	-	-	-	1,354
Impairment	5,688	(26,386)	(649)	-	-	-	(21,347)
At 31 March 2024	400,106	2,623,853	1,670,271	186,750	498,945	520,308	5,900,233
Depreciation							
At 1 April 2023	(31,333)	(947,021)	(1,019,612)	(109,834)	(150,339)	-	(2,258,139)
Charged in period	(1,048)	(67,491)	(75,003)	(29,419)	(33,350)	-	(206,311)
Disposals	-	434	58,295	21,380	1,335	-	81,444
Transfers	-	290	(296)	203	(4)	-	193
Revaluation	(1,965)	(51,247)	(39,204)	263	(14,839)	-	(106,992)
Impairment	-	-	-	-	-	-	-
At 31 March 2024	(34,346)	(1,065,035)	(1,075,820)	(117,407)	(197,197)	-	(2,489,805)
Net book value							
At 31 March 2024	365,760	1,558,818	594,451	69,343	301,748	520,308	3,410,428
At 31 March 2023	263,357	1,630,041	556,543	76,952	300,428	509,950	3,337,271
Asset financing:							
Owned	235,556	1,474,176	594,451	69,343	301,708	520,308	3,195,542
Leased	130,204	84,642	-	-	40	-	214,886
At 31 March 2024	365,760	1,558,818	594,451	69,343	301,748	520,308	3,410,428

	Land £000	Buildings £000	Plant, equipment, fixtures and fittings £000	IT equipment £000	Transport £000	Assets under construction £000	Total £000
Consolidated							
Cost or Valuation							
Cost or Valuation							
At 1 April 2022	254,556	2,238,430	1,408,782	185,762	416,680	558,451	5,062,661
Additions	119	5,867	50,432	7,887	10,020	152,075	226,400
Disposals	(1,375)	(19,070)	(44,718)	(19,104)	(537)	-	(84,804)
Transfers	(1,779)	150,638	42,712	7,825	385	(200,576)	(795)
Revaluation	43,169	211,143	118,947	4,416	26,328	-	404,003
Lease Remeasurement	-	730	-	-	-	-	730
Impairment	-	(10,676)	-	-	(2,109)	-	(12,785)
At 31 March 2023	294,690	2,577,062	1,576,155	186,786	450,767	509,950	5,595,410
Depreciation							
At 1 April 2022	(29,887)	(852,631)	(934,074)	(99,803)	(122,914)	-	(2,039,309)
Charged in period	(481)	(66,294)	(60,596)	(26,950)	(20,913)	-	(175,234)
Disposals	1,375	19,062	44,594	19,104	514	-	84,649
Transfers	96	428	(324)	(127)	(73)	-	-
Revaluation	(2,436)	(47,586)	(69,212)	(2,058)	(6,953)	-	(128,245)
Impairment	-	-	-	-	-	-	-
At 31 March 2023	(31,333)	(947,021)	(1,019,612)	(109,834)	(150,339)	-	(2,258,139)
Net book value							
At 31 March 2023	263,357	1,630,041	556,543	76,952	300,428	509,950	3,337,271
At 31 March 2022	224,669	1,385,799	474,708	85,959	293,766	558,451	3,023,352
Asset financing:							
Owned	200,121	1,541,375	556,543	76,952	300,408	509,950	3,185,349
Leased	63,236	88,666	-	-	20	-	151,922
At 31 March 2023	263,357	1,630,041	556,543	76,952	300,428	509,950	3,337,271

Land additions include £1.521 million for Right of Use lease assets relating to new leases, the remaining £0.06 million being leasehold improvements.

Building additions include £6.200 million for Right of Use lease assets relating to new leases (including £0.374 million for IUKBC's Harwell site). Additionally £1.627 million of Building additions relate to leasehold improvements.

Transport additions include £0.030 million for Right of Use lease assets relating to new leases.

Depreciation of Buildings charged during the year includes £6.553 million for leasehold assets.

Building disposals include £0.053 million of cost and £0.025 million of accumulated depreciation relating to a lease surrender at NERC's Lancaster site.

Included under transfers are: £76.60 million for STFC's National Satellite Test Facility (NSTF), £70.23 million under Buildings, £0.14 million under IT and £6.23 million under Plant, equipment, fixtures and fittings; £24.89 million for STFC's ISIS Neutron and Muon Source, £0.08 million under Buildings, £1.39 million under Intangibles and £23.42 million under Plant, equipment, fixtures and fittings; and £11.95 million under Buildings for the Biggs Avian Research Building at BBSRC's strategically supported Pirbright Institute.

Assets under construction additions include:

- £22.68 million (2022-23 £29.98 million) for STFC's National Quantum Computing Centre (NQCC)
- £14.13 million (2022-23 £0.37 million) for STFC's Extreme Photonics Application Centre (EPAC)
- £12.05 million (2022-23 £3.92 million) for STFC's ISIS Neutron and Muon Source
- £23.20 million (2022-23 £3.46 million) for STFC's Supercomputing Centre at Daresbury
- £15.81 million (2022-23 £24.39 million) for the new aircraft for NERC's British Antarctic Survey
- £24.38 million (2022-23 £17.20 million) for NERC's Antarctic Infrastructure Modernisation Programme and other Antarctic projects.

Included in Assets under construction are: £86.37 million (2022-23 £98.32 million) for the Brooksby Building at BBSRC's strategically supported Pirbright Institute; £16.81 million (2022-23 £86.93 million) for STFC's National Satellite Test Facility (NSTF); £57.89 million (2022-23 £44.09 million) for STFC's National Quantum Computing Centre (NQCC); £28.92 million (2022-23 £22.53 million) for STFC's ISIS Neutron and Muon Source; £30.86 million (2022-23 £4.78 million) for STFC's Supercomputing Centre at Daresbury; £53.83 million (2022-23 £37.25 million) for the new aircraft for NERC's British Antarctic Survey; and £105.05 million (2022-23 £81.47 million) for the Antarctic Infrastructure Modernisation Programme and other Antarctic projects.

MRC & STFC Land and buildings (excluding STFC's Rutherford Appleton Laboratory) were professionally revalued during 2023-24, as at 31 December 2023 by Carter Jonas LLP, Chartered Surveyors, an independent valuer. Land and buildings were valued in accordance with the appropriate sections of the current RICS Professional Standards (PS) and the valuation report was prepared in accordance with the appropriate sections of the current RICS Valuation - Global Standards (incorporating the IVSC, International Valuation Standards) and the UK national supplement (the 'Red Book').

STFC Land and buildings at the Rutherford Appleton Laboratory were professionally valued during 2022-23 as at 31 March 2023 by Avison Young Limited, Chartered Surveyors, an independent valuer. Land and buildings were valued in accordance with the relevant HM Treasury guidance, cross-referencing to IFRS 13 subject to variations to meet the specific reporting standards adopted by Government bodies. This effectively provides that assets should be assessed to Fair Value, with non-specialised operational assets valued on the basis of Market Value for Existing Use (the equivalent of Existing Use value) and specialist operational assets assessed according to a Depreciated Replacement Cost approach. Non-operational, surplus and investment assets are valued to their underlying Market Value.

Impairment of land includes £5.740 million (including £3.115 million for leased land) of impairment reversals recognising improvements in the market value of MRC land, as established by professional valuation (see above for details of the valuation exercise), since the last professional valuation, the remaining £0.051 million represents other leased land being impaired to market value.

Impairment of buildings includes a £0.558 million impairment reversal of leased buildings recognising increased depreciated replacement costs of an MRC building, as established by professional valuation. The remaining £26.945 million (which include £6.269 million of leasehold properties) relates to MRC & STFC land & buildings being impaired to their depreciated replacement costs as established by professional valuation.

NERC and EPSRC UK land and buildings were professionally revalued during 2021-22 as at 31 December 2021 by Carter Jonas LLP, Chartered Surveyors, an independent valuer. Land and buildings were valued in accordance with appropriate sections of the current RICS Professional Standards (PS), and in accordance with the appropriate sections of the current RICS Valuation - Global Standards (incorporating the IVSC, International Valuation Standards) and the UK national supplement (the 'Red Book'), and are prepared either on a Market Evidence or a Depreciated Replacement Cost basis. NERC's Antarctic buildings were professionally revalued during 2021-22, as at 31 March 2021 by Powis Hughes Ltd, Chartered Surveyors, an independent valuer. Buildings were valued at Fair Value as defined by the International Accounting Standards Committee (IASC) under IFRS 13 as the basis of value in accordance with the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020 (effective from 31 January 2020) and the UK Supplement (together with the Red Book) on a Depreciated Replacement Cost basis.

The former BBSRC land and buildings were professionally revalued during 2020-21, as at 31 January 2021, by Avison Young Limited, Chartered Surveyors, an independent valuer. Land and buildings were valued in accordance

with the Royal Institute of Chartered Surveyors Valuation Standards (8th Edition), the Red Book, and are prepared either on a Market Evidence or a Depreciated Replacement Cost basis.

NERC’s research ships (RRS *Sir David Attenborough*, RRS *Discovery*, and RRS *James Cook*) were valued by Clarksons Valuations Limited during 2023-24, as at 31 October 2023. All NERC aircraft were revalued by the International Bureau of Aviation Group Limited in 2023-24 as at 2 November 2023.

Lease Remeasurement costs include £1.147 million reflecting the rent review on NERC’s Lancaster site alongside a number of other smaller amounts relating to rent reviews (including £0.056 million for IUKBC’s London offices).

Impairments of plant & equipment relate to the need to prematurely decommission an aquarium at NERC’s British Antarctic Survey Cambridge site due to faults during the building process resulting in it no longer being deemed fit for purpose, the costs for which cannot be recovered from the contractors due to their insolvency.

The consolidated PPE note includes £1.216 million of cost and £0.601 million of accumulated depreciation under Buildings that relate to Right of Use lease assets and leasehold improvements for the Innovate UK Business Connect; these are excluded from the UKRI PPE number within the Statement of Financial Position.

8. Intangible assets

	Patents and Licences £000	Software Intangibles £000	Assets under development £000	Total £000
Cost or Valuation				
At 1 April 2023	391,411	141,472	1,761	534,644
Additions	-	1,772	1,602	3,374
Disposals	-	(70,226)	-	(70,226)
Transfers	-	1,956	(1,178)	778
Revaluation	9,454	-	-	9,454
Impairment	-	-	-	-
At 31 March 2024	400,865	74,974	2,185	478,024
Amortisation				
At 1 April 2023	(311,766)	(124,483)	-	(436,249)
Charged in period	(16,618)	(6,436)	-	(23,054)
Disposals	-	70,226	-	70,226
Transfers	-	(193)	-	(193)
Revaluation	-	-	-	-
Impairment	-	-	-	-
At 31 March 2024	(328,384)	(60,886)	-	(389,270)
Net book value				
At 31 March 2024	72,481	14,088	2,185	88,754
At 1 April 2023	79,645	16,989	1,761	98,395
Cost or Valuation				
At 1 April 2022	369,659	134,991	5,498	510,148
Additions	3,633	820	2,499	6,952
Disposals	-	(1,370)	-	(1,370)
Transfers	-	7,031	(6,236)	795
Revaluation	18,119	-	-	18,119
Impairment	-	-	-	-

	Patents and Licences £000	Software Intangibles £000	Assets under development £000	Total £000
At 31 March 2023	391,411	141,472	1,761	534,644

Amortisation

At 1 April 2022	(298,351)	(117,198)	-	(415,549)
Charged in period	(13,415)	(8,655)	-	(22,070)
Disposals	-	1,370	-	1,370
Transfers	-	-	-	-
Revaluation	-	-	-	-
Impairment	-	-	-	-
At 31 March 2023	(311,766)	(124,483)	-	(436,249)

Net book value

At 31 March 2023	79,645	16,989	1,761	98,395
At 31 March 2022	71,307	17,793	5,498	94,598

Disposals of software intangibles are all of zero net book value assets and include £67.7 million of open source software licenses that have reached the end of their lives.

9. Investments in group undertakings

	Notes	2024 UKRI £000	2024 Consolidated £000	2023 UKRI £000	2023 Consolidated £000
Investments in joint ventures	9.1	832,297	832,297	753,407	753,407
Investments in associates	9.2	9,306	9,306	9,212	9,212
Other investments	9.3	2,151	11,149	2,959	11,571
		843,754	852,752	765,578	774,190

9.1 Investments in joint ventures

	FCI £000	DLSL £000	ILL £000	HSIC £000	Other £000	Total Joint Ventures £000
At 1 April 2023	316,361	319,891	48,686	67,013	1,456	753,407
Additions	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Revaluation	141,602	(45,704)	(1,934)	-	-	93,964
Impairments	-	-	-	-	-	-
Share of joint venture profit/ (loss)	(1,744)	(10,352)	-	(2,925)	(53)	(15,074)
At 31 March 2024	456,219	263,835	46,752	64,088	1,403	832,297
At 1 April 2022	300,981	320,159	44,165	54,133	1,469	720,907
Additions	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Revaluation	17,331	11,499	4,521	-	-	33,351
Impairments	-	-	-	-	-	-

	FCI £000	DLSL £000	ILL £000	HSIC £000	Other £000	Total Joint Ventures £000
Share of joint venture profit/ (loss)	(1,951)	(11,767)	-	12,880	(13)	(851)
At 31 March 2023	316,361	319,891	48,686	67,013	1,456	753,407

The revaluation of investment in ILL relates to the movement in UKRI share of the ILL capital investment reserve. The adjustment is taken to the revaluation reserve.

The revaluation of investment in Diamond Light Source Limited (DLSL) relates to the adjustment required to account for differences in accounting policy between UKRI and DLSL. The adjustment is taken to the revaluation reserve.

The revaluation of investment in the Francis Crick Institute (FCI) relates to the adjustment required to account for differences in accounting policy between UKRI and FCI. The adjustment is taken to the revaluation reserve.

The Francis Crick Institute Limited (FCI)

The FCI is a UK registered charity and limited company formed in partnership with Cancer Research UK, University College London, Kings College London, Imperial College of Science, Technology and Medicine and the Wellcome Trust. The Institute became operational on 1 April 2015. The entity is designed to allow the delivery of the scientific aims of the joint venture.

The FCI’s objectives as set out in its Articles of Association are “the advancement of human health and education for the benefit of the public by the promotion and carrying out, directly and indirectly, of all aspects of biomedical research and innovation”.

The funding of the project was via capital contributions leading to shares. The UKRI investment in the FCI is represented by issued shares. The investment is therefore valued under the equity method in accordance with the arrangements of IFRS 11 Joint Arrangements as a Joint Venture and additional disclosures regarding the investment are made under IFRS 12 Disclosure of Interests in Other Entities. The principal place of business is Midland Road, London. The proportion of share capital of the Francis Crick Institute that the UKRI holds is 41.9%.

Summarised financial information relating to the FCI is presented below:

Summarised financial information	2023-24 £000	2022-23 £000
Current assets	163,555	155,254
Non-current assets	468,340	482,398
Current liabilities	(79,289)	(80,884)
	552,606	556,768
Revenue	216,649	209,983
Profit/(loss) from continuing activities	(4,363)	(9,214)
Other financial information	2023-24 £000	2022-23 £000
Cash and cash equivalents	11,084	11,640
Depreciation and amortisation	(38,465)	(34,918)
Other information	2023-24 £000	2022-23 £000
Capital commitments	5,029	5,029
Grant commitments	-	-

A lease dated 7 June 2012 between the original founders and the FCI grants land at Brill Place, Camden, London (site of the FCI) to the FCI. The lease term is for a period of 55 years at peppercorn rent. The land had been revalued by Carter Jonas, Chartered Surveyors, as at 31 December 2023. The valuation was carried out in accordance with RICS Valuation Manual, as amended in April 2010, known as the revised "Red Book", at Market Value. MRC's interest in the land is recorded at £9.2 million (2020 £6 million) and reflected in the financial statements accordingly.

Diamond Light Source Limited (DLSL)

UKRI has an 86% interest in DLSL, a company incorporated and operating in the UK. DLSL is a synchrotron science facility. Its purpose is to produce intense beams of light to be used in scientific research, and the principal activities are research and experimental development in natural sciences and engineering. The principal place of business is Diamond House, Harwell Science and Innovation Campus, Didcot.

DLSL is a separate structured vehicle under the joint control of UKRI and the Wellcome Trust. UKRI has a residual interest in its net assets. Under IFRS 11 this joint arrangement is classified as a joint venture and has been included in the consolidated accounts using the equity method.

UKRI holds 86% of the ordinary share capital and 100% of the non-voting redeemable shares in DLSL. The purpose of the redeemable shares is to provide for the funding of irrecoverable VAT incurred during the construction and operation of the synchrotron facility.

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

Summarised financial information relating to the DLSL is presented below:

Summarised financial information	2023-24 £000	2022-23 £000
Current assets	36,949	32,547
Non-current assets	291,438	304,842
Current liabilities	(27,906)	(22,177)
Non-current liabilities	(49,721)	(52,415)
	250,760	262,797
Revenue	120,457	108,022
Profit/(loss) from continuing activities	(12,036)	(13,298)
Other financial information	2023-24 £000	2022-23 £000
Cash and cash equivalents	22,762	16,787
Depreciation and amortisation	(35,383)	(33,729)
Other information	2023-24 £000	2022-23 £000
Capital commitments	41,309	6,324
Grant commitments	-	7

Institut Laue-Langevin (ILL)

UKRI has a 33% shareholding and 27.5% net interest (31 March 2023: 27.5% net interest) in the ILL; an international research centre for neutron science, incorporated and operating in France. UKRI is the UK representative and, along with the French and German Foreign Ministries, jointly controls the ILL. The ILL is a separate structured vehicle and UKRI has a residual interest in its net assets. Under IFRS 11 this joint arrangement is classified as a joint venture and has been included in the consolidated accounts using the equity method. ILL prepares accounts to 31 December (in euros); they are produced in accordance with French accounting rules and principles. The principal place of business is Paul Langevin Societe Civile 71, Avenue des Martyrs, 38000 Grenoble.

Summarised financial information relating to the ILL is presented below:

Summarised financial information	2023-24 £000	2022-23 £000
Current assets	100,044	97,590
Non-current assets	539,435	530,462
Current liabilities	(59,280)	(50,926)
Non-current liabilities	(403,189)	(391,688)
	177,010	185,438
Revenue	128,360	106,270
Profit/(loss) from continuing activities	-	-

Other financial information	2023-24 £000	2022-23 £000
Cash and cash equivalents	52,261	46,364
Depreciation and amortisation	(15,102)	(12,866)

Other information	2023-24 £000	2022-23 £000
Capital commitments	-	-
Grant commitments	-	-

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

UKRI has a 29% (31 March 2023: 38%) interest in HSIC PubSP, a company incorporated and operating in the UK. Management and control of HSIC PubSP is jointly shared by UKRI and the UKAEA, with financial interests reflecting the relative contributions of the partners; under IFRS 11 the joint arrangement is classified as a joint venture and is equity accounted. The principal activity of HSIC PubSP is to manage and develop the Harwell Campus as a partner in the Harwell Science and Innovation Campus LP alongside the private sector partner, Harwell Oxford Developments Limited. The principal place of business is Royal Observatory Edinburgh, Blackford Hill, Edinburgh.

Summarised financial information relating to HSIC is presented below:

Summarised financial information	2023-24 £000	2022-23 £000
Current assets	24,950	24,255
Non-current assets	121,425	136,672
Current liabilities	(19)	(16)
Non-current liabilities	-	-
	146,356	160,911
Revenue	-	-
Profit/(loss) from continuing activities	(10,048)	33,566

Other financial information	2023-24 £000	2022-23 £000
Cash and cash equivalents	10,647	24,252
Depreciation and amortisation	-	-

Other information	2023-24 £000	2022-23 £000
Capital commitments	-	-
Grant commitments	-	-

UK Shared Business Services Ltd (Registered in England)

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

Alan Turing Institute (ATI)

The Alan Turing Institute, headquartered in the British Library, London, was created as the national institute for data science in 2015. In 2017, as a result of a government recommendation, we added artificial intelligence to our remit. ATI was established as a charity by joint venturers UKRI and five founding universities – Cambridge, Edinburgh, Oxford, UCL and Warwick. The charity is registered and is a company limited by guarantee governed by its Articles of Association and a joint venture agreement with the founder members.

9.2 Investments in associates

	2024 UKRI £000	2024 Consolidated £000	2023 UKRI £000	2023 Consolidated £000
Opening balance	9,212	9,212	9,093	9,093
Impairment	-	-	-	-
Transfers	-	-	-	-
Profit/loss	94	94	119	119
	9,306	9,306	9,212	9,212

The UK Innovation & Science Seed Fund LP (UKI2SF)

The UKI2SF is an independently managed capital venture fund, which is backed by government, was established to invest in technologies developed from publicly funded research. UKRI is a limited partner in the fund and has invested £37 million. UKI2SF was previously known as the Rainbow Seed Fund and changed its name on 8 February 2018 www.ukinnovationscienceseedfund.co.uk

Anglia Innovation Partnership (AIP) LLP (formerly Norwich Research Park (NRP) LLP)

BBSRC's investment of £833,000 in AIP LLP is an equal share of a £2.5 million capital investment made by three landowners of the NRP in 2011-12, (BBSRC, John Innes Foundation, and the University of East Anglia). The NRP LLP was formed between the NRP Partners – which consist of the three landowners, the Norfolk and Norwich University Hospital, the John Innes Centre, The Sainsbury Laboratory, and the Earlham Institute – with the aim of transforming the NRP into a world-leading centre for research and innovation in life and environmental science, as well as delivering significant economic benefits and growth in jobs, as a result of the government's £26 million capital investment in the facilities and infrastructure on the NRP www.norwichresearchpark.com

Babraham Research Campus Ltd (BRCL) (formerly Babraham Bioscience Technologies Ltd (BBT))

UKRI currently holds 25% of shares in BRCL, with a nominal value of £6.6 million, with the Babraham Institute holding the remaining 75%. This equity stake in BRCL will ensure that £50 million of government investment to date in the Babraham Research Campus facilities and infrastructure, and in any future developments, will deliver economic growth and job creation. This will be achieved through the creation of an environment where life science businesses can focus on developing their science and building their business in a supportive and highly networked community, helping to create new medicines, jobs and growth, and maximising the impact of UK science. BRCL is incorporated in England and Wales. www.babraham.com

Plant Bioscience Ltd (PBL)

110 ordinary shares at 10p each, representing one third of the issued share capital of PBL, a company incorporated in England and Wales. UKRI holds 110 ordinary shares at 10p each, representing one third of the issued share capital of PBL, with the John Innes Centre and the Sainsbury Laboratory also holding a third each of the shares with the same nominal value. All of the shareholders have therefore equal voting rights. PBL offers an extensive range of technologies for licensing in Life Sciences including those in Agriculture, Food & Nutrition, Microbiology, Biotechnology and related Life Science industries. These technologies have been sourced by PBL from research institutes and universities worldwide. PBL is a company incorporated in England and Wales. www.pbltechnology.com

Rothamsted Enterprises Ltd (REL) (formerly Rothamsted Centre for Research and Enterprise (ROCRE))

UKRI holds one ordinary share at 100p, representing 20% of the issued share capital of REL. Lawes Agricultural Trust and Rothamsted Research each hold two ordinary shares, or 40% of the remaining issued share capital. Government has invested £10.9 million in REL facilities and infrastructure alongside investments from the other shareholders. REL’s primary aim is to promote collaboration and innovation through providing the facilities and expertise for start and scale up agricultural technology and food businesses to prosper and establish the Rothamsted Campus as a world class centre for research and innovation in food security, green energy, and climate change. REL is incorporated in England and Wales. www.rothamstedenterprises.com

Leaf Systems International Ltd

UKRI holds 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

Aberystwyth Innovation and Enterprise Campus Ltd (AIEC)

UKRI holds 25 ordinary shares in AIEC, valued at £25, representing 25% of the issued share capital. Aberystwyth University holds the remaining 75% of issued share capital. Government has invested £12 million, out of a total investment of £40.5 million, to provide world-leading facilities managed by AIEC at Aberystwyth University’s Goggerdan campus. AIEC’s primary aims are to support innovation and promote industrial and academic collaboration, within the biotechnology, agri-tech, and food and drink sectors, whilst facilitating the development of spin-out companies and inward investment so as to drive economic growth through the creation of high value-add jobs and thriving knowledge-based companies. AIEC is incorporated in England and Wales. www.aberinnovation.com

9.3 Other investments

	2024 UKRI £000	2024 Consolidated £000	2023 UKRI £000	2023 Consolidated £000
Opening balance	2,959	11,571	5,703	11,996
Additions	-	974	-	100
Revaluation	(808)	(808)	(2,744)	41
Impairments	-	(588)	-	-
Disposals	-	-	-	(566)
	2,151	11,149	2,959	11,571

9.4 Subsidiary Undertakings

STFC Innovations Limited (SIL)

STFC Innovations Limited (SIL), a company registered and operating in the UK, is a wholly owned subsidiary of UKRI. SIL was established to manage and commercially exploit intellectual property owned by UKRI for the benefit of the UK economy in accordance with HM Government policy.

SIL is consolidated in UKRI’s financial statements in accordance with IFRS 10. In 2023-24 SIL recorded a loss of £0.5 million. Its net surplus of capital and reserves at 31 March 2023 was £5.7 million.

Innovate UK Loans Limited (IUKLL)

Innovate UK Loans Limited (IUKLL), a company registered and operating in the UK, is a wholly owned subsidiary of UKRI. IUKLL was incorporated on 22 February 2018 to implement a programme of innovation loans for the benefit of the UK economy in accordance with HM Government policy.

IUKLL is consolidated in UKRI’s financial statements in accordance with IFRS10. In 2023-24 IUKLL recorded a post tax loss of £1.0 million. Its net deficit of capital and reserves at 31 March 2024 was £1.9 million.

Knowledge Transfer Network (KTN) operating as Innovate UK Business Connect (IUKBC)

Knowledge Transfer Network (KTN) operating as Innovate UK Business Connect (IUKBC), a company limited by guarantee, registered and operating in the UK, is a wholly controlled subsidiary of UKRI.

Innovate UK Business Connect exists to connect innovators with new partners and new opportunities, helping to accelerate ambitious ideas into real-world solutions. Businesses make up the core of its network, but its diverse connections span government, funders, research and the third sector. This overview and connectivity enable it to take partners, clients and communities through the complex landscape of research, development and innovation.

IUKBC is consolidated in UKRI's financial statements in accordance with IFRS10. In 2023-24 IUKBC recorded a surplus of £0.3 million. Its total reserves at 31 March 2024 was £3.4 million.

10 Financial Assets

10.1 Loans

	2024 UKRI £000	2024 Consolidated £000	2023 UKRI £000	2023 Consolidated £000
At 1 April	11,399	141,090	11,399	138,326
Additions	-	22,667	-	19,693
Loans repaid	-	(7,949)	-	(7,106)
Expected credit loss	-	(9,200)	-	(3,235)
Amortisation	-	4,762	-	5,179
Fair value movement - Day 1	-	(3,012)	-	(787)
Fair value movement - FVTPL	-	(12,120)	-	(10,450)
Loans written off	-	(2,400)	-	(530)
At 31 March	11,399	133,838	11,399	141,090

10.1.1 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 IUKLL loans receive contractual interest in a range from 3.7% to 7.4%, whilst the DSIC loan's contractual interest rate is 3%.

	UKRI			Consolidated			
	DSIC £000	IUKLL £000	Total £000	DSIC Amt cost £000	IUKLL Amt cost £000	IUKLL FVTPL £000	Total £000
At 1 April 2023	11,399	-	11,399	11,399	66,973	62,718	141,090
Additions	-	-	-	-	22,667	-	22,667
Loans repaid	-	-	-	-	(5,295)	(2,654)	(7,949)
Expected credit loss	-	-	-	-	(9,200)	-	(9,200)
Amortisation	-	-	-	-	2,614	2,148	4,762
Fair value movement - Day 1	-	-	-	-	(3,012)	-	(3,012)
Fair value movement - FVTPL	-	-	-	-	-	(12,120)	(12,120)
Loans written off	-	-	-	-	-	(2,400)	(2,400)
At 31 March 2024	11,399	-	11,399	11,399	74,747	47,692	133,838
At 1 April 2022	11,399	-	11,399	11,399	56,490	70,437	138,326
Additions	-	-	-	-	17,578	2,115	19,693
Loans repaid	-	-	-	-	(4,985)	(2,121)	(7,106)
Expected credit loss	-	-	-	-	(3,235)	-	(3,235)

	UKRI			Consolidated			
	DSIC £000	IUKLL £000	Total £000	DSIC Amt cost £000	IUKLL Amt cost £000	IUKLL FVTPL £000	Total £000
Amortisation	-	-	-	-	1,912	3,267	5,179
Fair value movement - Day 1	-	-	-	-	(787)	-	(787)
Fair value movement - FVTPL	-	-	-	-	-	(10,450)	(10,450)
Loans written off	-	-	-	-	-	(530)	(530)
At 31 March 2023	11,399	-	11,399	11,399	66,973	62,718	141,090

Innovation continuity loans (ICLs) are classified as FVTPL following a detailed assessment of an equity conversion clause on the cash flow characteristics of these loans. ICLs were made available to support the continuation of innovation by Innovate UK award recipients who are SMEs or third sector organisations that found themselves facing a sudden shortage or unavailability of funds resulting directly from the COVID-19 pandemic. The intention of the equity conversion feature is defensive, to support the recovery of any outstanding capital and interest.

Maximum credit risk exposure

The maximum credit risk exposure is calculated by adding the balance sheet carrying value of loans advanced (net of expected credit loss provisions) to the irrevocable loan commitments that are not yet advanced (and so are not recognised on the balance sheet), less provisions on these commitments. The maximum credit risk exposure totalled £149.4 million at 31 March 2024 (2023: £157.6 million).

Staging & credit quality (amortised cost loans only)

UKRI's most substantial exposure to credit risk relates to the lending by its subsidiary Innovate UK Loans Limited (IUKL). More detailed disclosure is available in the published statutory accounts of this subsidiary, which will be approved by the IUKL directors and will be made available on the Companies House website later this year.

The nature of innovation loans is such that this type of lending is expected to have a relatively higher credit risk profile compared to lower-risk commercial lending secured on a range of tangible and intangible assets at the market interest rates that private sector financial institutions typically offer. IUKL adopts robust credit risk management policies designed to recognise and manage the risks arising from the portfolio. At 31 March 2024 there were 26 innovation loans classified as amortised cost with a significant increase of credit risk and 17 loans that were credit impaired (defaults) (at 31 March 2023 there were 17 loans with a significant increase of credit risk and 11 loans with credit impairment (defaults)), as defined by the IUKL's staging transfer criteria, at the end of the financial year.

A consequence of the classification of innovation continuity loans as FVTPL is that these loans are outside the scope of ECL provisions and the provisions for irrevocable commitments, and so provisions cannot be made for these loans, to avoid double counting, as such loans already have fair value adjustments which reflect an assessment of recoverability.

The table below shows the loan balances and provisions for DSIC and amortised cost IUKL innovation loans, by risk grade.

Loan balance and provisions by risk grade

31 March 2024

Amortised cost loans only	Loan balance				Provisions			
	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
DSIC non-graded	11,399	-	-	11,399	-	-	-	-
Strong (AAA to A-)	-	-	-	-	-	-	-	-
Good (BBB+ to BBB-)	3,917	-	-	3,917	25	-	-	25
Satisfactory (BB+ to BB-)	22,643	-	-	22,643	522	-	-	522

Amortised cost loans only	Loan balance				Provisions			
	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
Weak (B+ to B-)	35,123	8,230	-	43,353	2,378	1,245	-	3,623
Bad/financial difficulties (CCC+ and below)	430	13,439	-	13,869	88	4,777	-	4,865
Default/credit-impaired (D)	-	-	9,231	9,231	-	-	9,231	9,231
Total	73,512	21,669	9,231	104,412	3,013	6,022	9,231	18,266

Although ICLs are outside the scope of ECL provisions, IUKL manages the credit risks of ICLs on exactly the same basis as other innovation loans and is exposed to the same risks of default. As at 31 March 2024 the additional provisions that would have been made if ICLs had been classified as amortised cost would have been £3.8 million (2023 £4.1 million). Stage 3 ICL ECLs have not been included in these numbers because this would not disclose additional information as these loans are deemed irrecoverable under both FVTPL and amortised cost methodologies, so are fair valued in the Statement of Financial Position as £Nil.

Innovation Loans: Level 3 unobservable inputs

Level 3 inputs for fair value measurement are those derived from valuation techniques that include inputs for financial assets and liabilities that are not based on observable market data (unobservable inputs). The only Level 3 unobservable inputs into financial assets that are recorded in the Statement of Financial Position are for fair values at origination for amortised cost innovation loans and FVTPL loans measured at fair value at reporting date as per the loan analysis 10.1.1 table above. The market-based unobservable approach used is described in the accounting estimate section above. Further details are published in IUKL's annual accounts.

11 Funded Pension Scheme

The MRC operates a funded pension scheme (MRCPS) providing benefits based on service and final pensionable pay at the normal retirement age of 65. The scheme is a defined benefit scheme that prepares its own scheme statements. Benefits accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. Members pay contributions of 6.5% pensionable earnings to the Scheme.

Following the transfer of MRC research units and employees to universities, a University section was set up to account for the obligations to individuals that remain in the MRCPS. During the period obligations of £4.6 million were recognised under Section 75 (S.75) of the 1995 Pensions Act in respect of liabilities of transferred employees; the University section, has been set up within MRCPS to manage S.75 liabilities. These costs are reflected in the valuation of the pension scheme.

Under section 222 of the Pensions Act 2004, every scheme (or section of a scheme) is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its Technical Provisions, which represent the present value of benefits to which members are entitled based on pensionable service to the valuation date. This is assessed at least every 3 years using assumptions agreed between the Trustee and the Employer, and the actuarial review will inform the required MRCPS contribution rate. The Scheme actuary is Aon UK Ltd.

The results of the 2022 valuation were agreed by the Trustee and the Employer in December 2023 and showed that the Principal Section had a surplus of assets over liabilities of £582.6 million, and the Universities Section had a surplus of £24.4 million. A combined surplus of £607.0 million. These surpluses corresponded to funding levels of 148% and 124% for the Principal and Universities Sections respectively.

The present MRCPS employers' contribution rate remained at 16% in 2023-24 (2022-23: 16%).

The contributions due to the scheme are set out in the schedule of contributions for each section. The most recent schedules of contributions were signed on 21 December 2023 and are due to be reviewed following the next actuarial valuation of the scheme, which is due to be carried out as at 31 December 2025.

The following payments are due in 2023-24:

MRC Section

By the members: 6.5% of pensionable pay
 By MRC: 16.0% of pensionable pay
 By other employers: 16.9% of pensionable pay

The total contribution expected to be paid into the MRC section in 2024-25 is £12 million.

University Section

By the members: 6.5% of pensionable pay
 By the universities: 16.9% of pensionable pay
 By MRC: 13.3% of pensionable pay

The total contribution expected to be paid into the University section in 2024-25 is £6 million.

On the technical provisions bases, we estimate that the duration on each section’s Technical Provisions basis at 31 March 2024 is:

- 14.6 for the MRC section
- 21.4 for the Universities section

The valuation used for IAS 19 disclosures has been based on the data for the most recent actuarial valuations as at 31 December 2019, and updated to take account of the requirements of IAS 19 in order to assess the liabilities of the scheme at 31 March 2023. The mortality assumptions included within the figures are that male and female members who retire at typical ages will live to approximately age 87 and 89 respectively.

In June 2023, the UK High Court issued a ruling in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others relating to the validity of certain historical pension changes. This case may have implications for other defined benefit schemes in the UK, although is subject to appeal in June 2024. The Company are aware of this legal ruling and are assessing whether there is any potential impact, although currently no conclusion has been reached therefore no quantification of any potential impact has been determined.

a. Financial assumptions used to calculate scheme liabilities

	2023-24 %	2022-23 %
Rate of increase on pensionable salaries	3.75	3.60
Rate of increase on pension payments	2.75	2.60
Discount rate	4.75	4.65
Inflation rate	2.75	2.60
Expected return on equities	4.75	4.65
Expected return on bonds	4.75	4.65
Expected return on overall fund	4.75	4.65

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 2024 of changes to the main actuarial assumptions.

Change in assumption			Approximate effect on total liability (£m)
Discount rate	-0.5%	+8.2%	101
Rate of increase in earnings	-0.5%	-0.5%	-6
Rate of increase in pensions	-0.5%	-5.7%	-71
Removing age rate for pensioner mortality one year younger		3.8	47

b. Analysis of Actuarial gain

	2023-24 £000	2022-23 £000
Actual return less expected return on pension scheme assets	36,469	(148,372)
Experience gains arising on the scheme liabilities	(4,289)	(79,207)
Changes in demographic assumptions	7,904	-
Changes in financial assumptions	(3,606)	543,654
Actuarial gain (note 11e)	36,478	316,075

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

	2023-24 %	2022-23 %
Actual return less expected return on pension scheme assets	1.79	(7.59)
Experience (loss)/gain arising on the scheme liabilities	(0.35)	(6.51)
Actuarial gain	2.96	25.98

d. The assets and liabilities in the scheme

Assets	2023-24 £000	2022-23 £000
Equities	1,060,182	1,124,494
Property	351,223	375,570
Bonds	466,117	393,644
Cash	164,037	60,266
	2,041,559	1,953,974
Actuarial value of liability	(1,232,942)	(1,216,560)
	808,617	737,414

Equities and bonds contain assets that have a quoted market price in an active market. As at March 2024, the value of those assets within equities is £362 million and £173 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

	2023-24 £000	2022-23 £000
Surplus at the start of the period	737,414	420,226
Current service costs net of employee contributions	(18,252)	(34,276)
Employer contributions	21,093	26,541
Past service costs	-	-
Administrative expenses paid from scheme assets	(2,416)	(2,363)
Other finance income (note 11f)	34,300	11,211
Actuarial gain (note 11b)	36,478	316,075
Surplus at end of period	808,617	737,414

f. Other finance income

	2023-24 £000	2022-23 £000
Expected return on pension scheme assets	89,967	55,574
Interest on pension scheme liabilities	(55,667)	(44,363)
Net return – other finance income (note 11e)	34,300	11,211

12 Trade and other receivables

	2024 UKRI £000	2024 Consolidated £000	2023 UKRI £000	2023 Consolidated £000
Due within one year				
Trade receivables	286,883	292,159	116,057	124,366
Other receivables	35,470	35,486	32,745	32,754
Prepayments	270,415	271,423	346,362	347,412
Accrued income	335,119	339,953	83,162	88,792
Contract assets	9,643	9,643	14,586	14,586
Total receivables	937,530	948,664	592,912	607,910
Due after more than one year				
Other receivables	124,943	-	128,413	-
Prepayments	-	-	-	-
	124,943	-	128,413	-

Overall trade and other receivables due within one year has increased by £340 million from £608 million to £948 million in the year. The majority of the increase lies within trade receivables which has an increase of £170 million and accrued income which has an increase of £251 million. These increases are slightly offset by prepayments decrease of £70 million.

The majority of the increase in trade receivables and accrued income relates to Innovate UK income due from other government organisations. As a result of the Machinery of Government changes in February 2023 IUK invoices other government departments for funded programmes.

Innovate prepayments have seen an increase in year of £45 million relating to a change in funding timescales for catapult spend that now runs to March 2028 rather than March 2023. Changes to accounting for no-cost extensions whereby changes to profile are directly changed on the grants system rather than through journals and the release of previous years rewinds has seen prepayments related to these decrease by £92 million.

13 Cash and cash equivalents

	2024 UKRI £000	2024 Consolidated £000	2023 UKRI £000	2023 Consolidated £000
Balance at 1 April	143,890	157,645	290,739	299,030
Net change in cash and cash equivalent balances	559,497	557,401	(146,849)	(141,385)
Balance at 31 March	703,387	715,046	143,890	157,645

The following balances at 31 March were held at:

Government Banking Service	667,567	676,148	113,634	117,577
Commercial banks and cash in hand	35,820	38,898	30,256	40,068
Total	703,387	715,046	143,890	157,645

14 Trade and other payables

	2024 UKRI £000	2024 Consolidated £000	2023 UKRI £000	2023 Consolidated £000
Amounts falling due within one year:				
VAT	1,069	1,038	(1,877)	(2,029)
Other taxation and social security	(10,213)	(10,213)	(8,301)	(8,304)
Trade and other payables	(166,810)	(180,319)	(156,644)	(169,427)
Accruals	(214,526)	(216,334)	(233,558)	(244,658)
Grant accruals	(1,057,658)	(1,057,658)	(1,056,396)	(1,056,396)
Deferred income	(48,568)	(54,599)	(41,693)	(48,878)
Lease liability	(2,844)	(3,155)	(2,816)	(3,027)
Contract liabilities	(14,350)	(14,350)	(5,690)	(5,690)
	(1,513,900)	(1,535,590)	(1,506,975)	(1,538,409)

Amounts falling due after more than one year:

Deferred tax	(70,222)	(70,222)	(83,590)	(83,590)
Lease liability	(54,154)	(54,408)	(50,325)	(50,538)
	(124,376)	(124,630)	(133,915)	(134,128)

Analysis of lease liability movements

Lease Repayments	4,446	4,752	4,866	5,080
Lease Interest	(1,537)	(1,554)	(1,568)	(1,573)
Lease Remeasurements	(1,300)	(1,356)	(730)	(730)
New Leases	(5,467)	(5,840)	(250)	(882)
	(3,858)	(3,998)	2,318	1,895

Analysis of expected timing of cash flows

Not later than one year	(2,844)	(3,155)	(2,816)	(3,027)
Later than one year and not later than five years	(9,732)	(9,987)	(8,532)	(8,745)
Later than five years	(44,422)	(44,421)	(41,793)	(41,792)
Balance at 31 March	(56,998)	(57,563)	(53,141)	(53,564)

Further information on deferred tax can be found in note 6.

15 Provisions for liabilities and charges

Consolidated	2023-24 £000	2022-23 £000
Balance at 1 April	200,336	262,846
Provided in the period	5,833	10,768
Provisions not required written back	(7,441)	(1,039)
Provisions utilised in the period	(1,537)	(595)
Reclassification of ICLs irrevocable commitment reversals	-	-
Change in the discount rate	(15,762)	(72,894)
Unwinding of discount	3,134	1,250
Balance at 31 March	184,563	200,336
Analysis of expected timing of cash flows		
Not later than one year	5,198	10,181
Later than one year and not later than five years	19,710	18,380
Later than five years	159,655	171,775
Balance at 31 March	184,563	200,336
Analysis of provisions		
Decommissioning		
ISIS	43,148	57,819
ILL	105,141	101,514
Other	32,547	36,075
Early retirement	1,112	1,227
Other provisions	2,615	3,701
	184,563	200,336

The ILL decommissioning provision of £105.1 million (2022-23: £101.2 million) is UKRI's share of the ILL's decommissioning provision disclosed in its Financial Statements for the year ended 31 December 2023, produced in accordance with French accounting rules and principles and compatible with IFRS. ILL calculated its provision using a discount rate of 4.98% (2022-23: 5.46%). The main sources of uncertainty are around future developments in waste processing and site rehabilitation technology, changes in nuclear and conventional safety constraints and environmental requirements, future inflation and the EUR:GBP exchange rate.

End of Life (EoL) – no decision has yet been made on the EoL of the ILL facility; the current plan assumes that the reactor will be shut down in 2030 and decommissioning completed in 2057. The timing of the EoL will determine the start date of the decommissioning plan, which will impact the future costs of decommissioning and the discounting of the provision.

Discount rate – if the HM Treasury PES (2023) discount rate of 4.72% for general provisions had been used, the provision would increase by £13.5 million. Exchange rate – a change of 10% in the EUR:GBP exchange rate would result in a movement of £10 million in the provision.

UKRI places reliance on the detailed Decommissioning Feasibility Study that was produced by the ILL in conjunction with the CEA (French Atomic Energy Commission) in 2019 and the subsequent review by the Decommissioning Costs Working Group (DCWG) as to its reasonableness concerning the decommissioning costs and timescale. The DCWG concluded that it was content with the current estimate of the ILL decommissioning costs and the key assumptions used are a reasonable base case.

The membership of the DCWG comprised representatives from the UK, Germany and France with experience in the nuclear industry and nuclear decommissioning.

ISIS decommissioning includes:

£29.3 million (2022-23: £42.2 million) for the decommissioning (and radioactive waste disposal) of the ISIS Spallation Neutron Source facility; decommissioning is expected to begin in 2040 and be completed in 2095.

£13.8 million (2022-23 £15.6 million) for construction of a Waste Separation Facility (WSF) to handle the higher activity waste (HAW) produced by the ISIS facility. A significant proportion of ISIS waste is HAW, which is the most expensive and difficult to prepare for disposal. The WSF will handle and segregate the waste to minimise the cost for transportation and disposal. Construction is forecast to be completed in 2028-29.

Decommissioning provisions have been discounted to present value using discount (and inflation) rates provided by HM Treasury.

16 Adjustments for non-cash transactions

	2023-24 UKRI £000	2023-24 Consolidated £000	2022-23 UKRI £000	2022-23 Consolidated £000
Depreciation and impairment charges	250,846	263,776	209,935	210,196
Other operating expenditure	9,156	18,665	247	9,001
IAS19 Pension costs	(30,992)	(30,992)	2,916	2,916
Employer contributions to Pensions	21,093	21,093	26,541	26,541
	250,103	272,542	239,639	248,654

17 Commitments

Consolidated

17.1 Capital commitments

	2023-24 £000	2022-23 £000
Contracted capital commitments at 31 March 2024 not otherwise included in these accounts		
Property, plant and equipment	373,296	283,344
Intangible assets	-	86
	373,296	283,430

Capital commitments by year

As represented by UKRI Entity	Not later than one year £000	Later than one year but not later than five years £000	Later than five years £000	Total £000
BBSRC	52,107	200,633	49,949	302,689
MRC	5,887	1,013		6,900
NERC	7,696	11,050		18,746
STFC	44,961	-		44,961
	110,651	212,696	49,949	373,296

The commitments comprise the following material items:

- a Capital commitment of £90 million over a 5 year period to the Institute Strategic Cases-IGP Programme.
- a Capital commitment of £60 million over a 5 year period to the Institute Estates Cases-EIP Programme.
- a Capital commitment of £126.5 million over a 5 year period to the ALERT Programme.

17.2a Grant commitments

	2023-24 £000	2022-23 £000
Not later than one year	5,300,148	4,345,185
Later than one year but not later than five years	7,075,410	5,033,911
Later than five years	149,105	132,128
	12,524,663	9,511,224

UKRI have multi-year contractual obligations for grants. These are legal commitments that are not captured in the comprehensive statement of financial position but will become an expense at a future date.

UKRI group grant commitments include:

- £669 million over a 4 year period to the High Value Manufacturing Catapult Core Delivery Programme.
- £293 million over a 5 year period to the Francis Crick Institute (FCI), See note 9 for further details of the FCI.
- £105 million over a four year period to the UK Dementia Research Institute (DRI), which was established in 2017, by MRC, and Alzheimer's Research UK to bring together research into dementia.
- £104 million over a 4 year period to the Connected Places Catapult.

17.2b Grant agreements

	2023-24 £000	2022-23 £000
Not later than one year	-	290,200
Later than one year but not later than five years	-	1,304,000
	-	1,594,200

In 2022-23 there were ongoing discussions to finalise investment of up to £1.6 billion into the Catapult Network for five years, these are now on the IUK-UKRI Grant system.

17.3 International subscriptions

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

	Within one year £000	Between one year and five years £000	After five years £000	Total £000
2023-24				
Organisation				
European Organization for Nuclear Research (CERN)	170,732	99,866	-	270,598
Institut Laue-Langevin (ILL)	20,355	84,094	38,896	143,345
European Synchrotron Radiation Facility (ESRF)	9,024	35,692	-	44,716
European Molecular Biology Laboratory (EMBL)	21,708	23,845	-	45,553
European Organisation for Astronomical Research in the Southern Hemisphere (ESO)	30,600	15,298	-	45,898
European X-Ray Free-Electron Laser Facility GMBH (XFEL)	7,407	46,617	34,236	88,260
Square Kilometre Array (SKA)	28,512	56,668	19,433	104,613
Other	2,923	1,725	-	4,648
	291,261	363,805	92,565	747,631

	Within one year £000	Between one year and five years £000	After five years £000	Total £000
2022-23				
Organisation				
European Organization for Nuclear Research (CERN)	167,440	104,295	-	271,735
European Spallation Source (ESS)	14,389	27,364	-	41,753
Institut Laue-Langevin (ILL)	20,905	59,899	-	80,804
European Synchrotron Radiation Facility (ESRF)	9,049	25,164	-	34,213
European Molecular Biology Laboratory (EMBL)	18,519	20,341	-	38,860
European Organisation for Astronomical Research in the Southern Hemisphere (ESO)	32,945	17,000	-	49,945
European X-Ray Free-Electron Laser Facility GMBH (XFEL)	2,744	18,204	-	20,948
Square Kilometre Array (SKA)	36,633	69,954	27,565	134,152
Other	11,817	13,305	139	25,261
	314,441	355,526	27,704	697,671

18 Contingent liabilities

UKRI recognises a contingent liability for its share of Institut Laue-Langevin (ILL) staff related commitments that will arise on the closure of the facility. The contingent liability will become a provision when a detailed closure plan has been documented and communicated to all those affected.

UKRI recognises a contingent liability against operations linked to global fiscal obligations. We are continuing to investigate historic activity and to ensure future compliance across all operational sites.

19 Related party transactions

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

The accounts provide disclosure of all material transactions with those who are recognised as key management personnel as per IAS 24 'Related Parties'. This is taken to be those members of staff who are included under Executive Directors' remuneration in the Remuneration Report and all UKRI Board members.

During the year, UKRI had transactions with other government departments and with other central government bodies, such as: Department for Business and Trade; Intellectual Property Office; the Foreign, Commonwealth and Development Office; the Department for Environment, Food and Rural Affairs; the Department of Health and Social Care; the Department for Transport and the Ministry of Defence. UKRI also had transactions with devolved administrations, such as the Scottish Government and the Welsh Government.

During the year UKRI entered into no new awards or contracts funded by UKRI where UKRI Board members or Executive Directors are the principal investigator.

The following aggregated payments were made by UKRI in respect of funded awards or contracts to Institutions where Executive Directors, Board members or their close family members were employed during the year:

Organisation	Board Member or Director* (Relationship where involvement is not direct)	Position	Amount awarded (£)
Courtauld Institute of Art	Professor Julia Black	Board Member and Trustee	5,263,999
DEFRA	Professor Sir Anthony Finkelstein (Sibling)	Permanent Secretary	76,760
Diamond Light Source Ltd	Professor Mark Thomson	Board Member	98,292,099
Digital Catapult Services Ltd	Priya Guha	Senior Independent Director	61,217
Dynamic Earth Enterprises Ltd	Professor Miles Padgett (Partner)	Board Member	29,508
Fera Science Limited	Sir Ian Boyd	Non-executive Director	515,411
Foundation For Science & Technology	Lord David Willetts	Chair	4,800
	Isobel Stephen	Trustee	
Future Planet Capital (Ventures) Ltd	Priya Guha	Member and Venture Partner	1,050
Gonville & Caius College, Cambridge	Professor Patrick Chinnery	Director	9,111
Intrinsic Semiconductor Technologies Ltd	Nigel Toon	Board Member	115,992
Lancaster University	Professor Louise Heathwaite	Pro-Vice Chancellor	76,623,503
London School of Economics and Political Science	Professor Julia Black	Director	43,787,817
Muscular Dystrophy UK	Professor Patrick Chinnery	Vice President	3,166
National Oceanography Centre	Sir Ian Boyd	Trustee	66,776,795
Priya Guha Ltd	Priya Guha	Director	2,750
Queen's University Belfast	Professor Nola Hewitt-Dundas	Pro-Vice Chancellor	37,020,710
Shell UK Limited	Sir Andrew Mackenzie	Chair	2,298,605
SKA Observatory	Professor Mark Thomson	Board Member	37,095,097
The Financial Reporting Council Ltd	Ruwan Weerasekera	Board Member	18,118
The Royal Society	Professor Miles Padgett	Chair	24,201
The Royal Society of Biology	Sir Ian Boyd	President	52,902
UK Research Integrity Office	Sir Ian Boyd	Chair	32,487
UK Space Agency	Lord David Willetts	Chair	800,240
University of Cambridge	Professor Dame Ottoline Leyser	Regius Professor	377,084,487
University of Exeter	Professor Miles Padgett	Chair	103,318,520
University of Leicester	Lord David Willetts	Chancellor	59,739,771
University of London	Professor Sir Anthony Finkelstein	President	20,612,471
University of Oxford	Professor Charlotte Deane	Co-Director	433,009,100
University of Reading	Tim Bianek (Partner)	Academic	41,553,505
University of Southampton	Professor Guy Poppy (Partner)	Employee	74,923,461
Verditek plc	Lord David Willetts	Chair	4,557

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:

Joint Venture	Type of transaction	Transaction amount Expense/(Income) £000	Balance Debtor/ (Creditor) £000
Crick	Operations funding	65,495	(2,907)
	Sale of goods and services	6	-
DLS	Sale of goods and services	(1,328)	-
	Purchase of goods and services	696	-
	Operations funding	95,605	(7,316)
Institute Laue-Langevin	Operations funding	20,803	-
	Purchase of goods and services	20	-
Daresbury SIC LLP	Purchase of goods and services	583	-
	Sale of goods and services	(88)	-
HSIC PubSP	Purchase of goods and services	1,745	-
	Sale of goods and services	(40)	-
Alan Turing Institute	Operations funding	15,403	3,598
	Sale of goods and services	(300)	-

UKRI sponsors nine research institutes, which conduct long-term, mission-orientated research using specialist facilities that are in line with UKRI's priorities. UKRI provides Strategic Programme Grants to the institutes to fund specific research programmes. The sponsored institutes have separate charitable status, and an independent governing body oversees the institutes' activities.

	Type of transaction	Transaction amount Expense/(Income) £000	Balance Debtor/ (Creditor) £000
Transactions with UKRI-sponsored Institutes			
Babraham Institute	Purchase of goods and services	18,357	(1,439)
The Pirbright Institute	Purchase of goods and services	29,682	(1,101)
Quadram Institute Bioscience	Purchase of goods and services	17,414	-
John Innes Centre	Purchase of goods and services	54,823	(964)
Rothamstead Research	Purchase of goods and services	28,925/(1)	(2,529)
The Earlham Institute	Purchase of goods and services	12,176	(1,297)
UK Biobank Limited	Sale and Purchase of goods and services	13	-
	Operations funding	43,530	-
UK Dementia Research Institute	Sale and Purchase of goods and services	(136)	-
	Operations funding	27,960	-
Health Data Research UK	Operations funding	16,917	(827)
Transactions with other related parties			
LifeArc Limited	Operations funding	3,317	(1,253)
Babraham Research Campus Ltd	Sale and Purchase of goods and services	63/(713)	(44)
Anglia Innovation Partners LLP	Operations funding	1,591	(364)
Aberystwyth Innovation and Enterprise Campus Ltd	Purchase of goods and services	226	(40)
Rothamsted Enterprises Ltd	Purchase of goods and services	355	-
Leaf Systems International Ltd	Operations funding	-	(6)

20 Financial instruments and derivatives

IFRS 7, Financial Instruments: Disclosures, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks that UKRI faces in undertaking its activities. Specifically: (a) the significance of financial instruments affecting financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which it is exposed. As a result of the largely non-trading nature of its activities and the way it is financed, UKRI is not exposed to the degree of financial risk faced by businesses. Moreover, financial instruments play a limited role in creating or changing risk around its operational activities.

Liquidity risk

UKRI's net revenue resource requirements are largely funded by the grant-in-aid from its sponsor department. The capital expenditure is also financed through the grant-in-aid. UKRI is therefore not exposed to significant liquidity risks.

Market risk

The assets most exposed to market risk are the funded pension. An investment strategy is in place which has been developed by the pension trustee, in consultation with the Employer to mitigate the volatility of assets, to diversify investment risk and to manage cash. To this end the majority of assets are invested in growth assets, which in the long term are expected to yield a greater return than would be available for fixed income assets such as bonds and gilts.

Interest rate risk

UKRI has a low level of exposure to interest rate fluctuations; it does not actively seek to invest cash in money markets. Any excess funds held outside of the Government Banking Systems banking framework, which could attract interest, are maintained in low-level current accounting arrangements, as part of its banking arrangements with Lloyds Banking Group.

Foreign currency risk

UKRI maintains US Dollar, Euro and Swiss Francs bank accounts in order to deal with day-to-day transactions.

Foreign currency risk arises when UKRI enters into transactions denominated in a foreign currency. UKRI makes payments in Euros and Swiss Francs for the UK's membership to the international collaborations of CERN, ESO, ESRF and ILL. To minimise the currency risk, UKRI policy is to take out forward contracts arranged by the Bank of England to cover up to 90% of its annual international subscriptions due over the course of the current spending review period.

Execution of this policy is subject to DSIT approval. DSIT may consider other aspects beyond UKRI's immediate financial considerations in evaluating the business case for hedging, e.g., sector reform and related budgetary uncertainty, and potential to manage risks across the department.

Receivables and creditor risk

Financial assets and liabilities are held at fair value and changes in values are recognised in the Statement of Comprehensive Net Expenditure. The fair value of UKRI's financial assets and liabilities are equivalent to the carrying amount unless stated above. UKRI has limited powers to borrow or invest funds; financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the council in undertaking its activities. Of current outstanding trade debt, 32% is more than 30 days old.

Credit risk

Innovation loans are exposed to credit risk, which is the risk of a customer or a counterparty failing to meet their financial obligations. Credit risk also encompasses refinance risk and concentration risk. Refinance risk is the risk of loss arising when a repayment of a loan occurs later than originally anticipated. Concentration risk is the risk of loss arising from insufficient diversification. Further details on credit risk are disclosed in Note 10 in this set of financial statements.

21 Events after the reporting period

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



UK Research and Innovation

UK Research and Innovation (UKRI)

Polaris House

North Star Avenue

Swindon SN2 1ET

T: 01793 444000

E: communications@ukri.org

www.ukri.org

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