Andrew Miller MP, Chair  
Science & Technology Committee  
House of Commons  
London  
SW1P 3JA  

June 2011

Dear Andrew,

Science & Research Budget Queries From 2011-12 Allocations

Main Estimates 2011-12

Thank you for your letter of 12 May seeking further explanation of some of the figures in the Main Estimates.

You have rightly spotted that the Science & Technology Facilities Council (STFC) programme budget, reported in Annex C of the Estimates Memorandum, is £5 million lower than the figure in the published allocations booklet. This is a misstatement in the Estimates between the RB Initiatives figure and the STFC figure, for which I apologise. I can assure you that STFC have been allocated the original budget as indicated in the allocations booklet, with no reductions.

With regards to the Capital DEL budgets, there are in fact three types of difference between the published allocations and the Estimates Memorandum. Firstly, there is an increase of £100 million which was announced in the 2011 Budget. This increase has been placed initially in the Large Facilities Capital Fund (LFCF). The allocations to individual Research Councils from the LFCF will be made only as I approve the business cases for each project.

Second, the Knowledge and Innovation Group budget includes £95 million of Teaching Capital which is funded through the Higher Education Funding Council for England along with the Research Capital. This was not included in the Science & Research Allocations booklet. These two amounts explain the increase in Capital DEL between the allocations booklet and the Estimates Memorandum.
Third, there have been allocations made from the LFCF to Research Councils between the time of publication of the allocations booklet and the Main Estimate. These all relate to continuing projects started in earlier years and do not give rise to any net increase in capital. Specifically the transfers are: Biotechnology and Biological Sciences Research Council £30 million for Institute of Animal Health Pirbright Rebuild; Engineering and Physical Sciences Research Council £15 million for Hector Upgrade; Medical Research Council £31 million for Laboratory of Molecular Biology; Natural Environment Research Council £20 million for Royal Research Ship Discovery replacement; Science & Technology Facilities Council £5 million for Diamond phase 2. Coincidentally these LFCF allocations total close to £100 million.

The additional elements of the Science Budget are as follows:

**Resource DEL:**
- a) QR Research £1,549 million
- b) HEIF £113 million
- c) International £5.1 million
- d) Foresight £2.8 million
- e) Evidence & Evaluation £3.6 million

**Capital DEL:**
- a) HEI Capital HEFCE £75.2 million
- b) HEI Research Capital – England £53.2 million
- c) HEI Research Capital – Scotland £8.6 million
- d) HEI Research Capital – Wales £2.1 million
- e) HEI Research Capital – N. Ireland £0.8 million

I understand that you would find it helpful if the same level of detail and headings were to be used in the Estimates Memorandum as was used in the allocations booklet. I will be happy to use the allocations booklet format for future Memoranda.

Engineering and Physical Sciences Research Council (EPSRC) expenditure predominantly takes the form of resource grants and capital grants. By their nature, engineering research projects require a mix of these grants. The type of the grant depends on the final use of the money received. So the required mix of grants is very difficult to forecast until the awards have been made.

As I have explained previously the total EPSRC budgets were not increased in the Spring Supplementary Estimate. The Estimates adjustment took the form of a reduction in Resource DEL matched by an increase in Capital DEL. The underlying level of capital grants that EPSRC has issued throughout CSR07 has been around £60 million each year. In 2009-10 EPSRC also invested in the Hector project, leading to a higher total for capital in that year. In the run-up to the Spring Supplementary, EPSRC concluded that they had similar capital grants requirements to previous years, but their initial capital budget was lower than this. Through the
Spring Supplementary I was able to facilitate the adjustment from Resource to Capital DEL they were seeking.

**Major Capital Projects**

The Department asked the Research Councils to identify their highest scientific priorities that could use a one-off injection of capital in the 2011 Budget during 2011-12. As the 2011 Budget was focussed on supporting economic growth, each project’s contribution to growth was considered alongside scientific excellence. As the funding source was from the 2011 Budget and not from the LFCF, the Research Councils considered both LFCF projects prioritised by RCUK and also other priorities identified in their individual 2011-15 Delivery Plans. An excellent list of projects was proposed and difficult choices had to be made before BIS put forward a package of proposals to Treasury.

The extra £100 million of science capital announced in the 2011 Budget will help drive innovation and growth and reflects our commitment to cutting-edge research.

Jo and we

David

THE RT HON DAVID WILLETTS MP