

## Universities at the heart of the Industrial Strategy

**The Industrial Strategy is focused on the twin aims of boosting productivity and ensuring this prosperity is shared across the UK.** Our universities have a key role to play in both these areas:

**Sharing prosperity across the UK:** Russell Group universities are located across the whole of the UK, supporting 261,000 jobs and acting as strategic assets around which advances in research and future business growth can be catalysed to create jobs, improve productivity and enhance prosperity.<sup>1</sup> Our universities invest significantly in their local communities, investing £9bn of their own resources into major capital projects between 2012/12 and 2016/17. The University of Glasgow for example is investing £1bn in transforming the west end of Glasgow, creating world-class research and learning facilities, as well as bringing up to 3,000 new jobs to the city.

**Research, innovation and productivity growth:** World-class research at Russell Group universities in 2015/16 generated £34.1 billion for the UK economy. In addition, our universities work with over 20,000 SMEs a year, providing them with the tools to realise real productivity gains, the research and commercialisation expertise to deliver new products and services, and skills training to upskill the current workforce.

**Our universities will play an integral role across all 5 key themes of the Industrial Strategy.**

### Ideas

**The Industrial Strategy sets out the ambition for the UK to be the world's most innovative economy by 2030.** The UK is already a global leader in science and research, with over two thirds of the country's world-leading research carried out at Russell Group universities. For every £1 of public research funding, Russell Group universities deliver an average return of £9 to the UK economy. But the Industrial Strategy is right to look at how we can be even more ambitious and in particular how we can boost private investment in R&D. Our members attract external income of £2.4bn from business annually, and more could be done to encourage this work, including reforming the tax environment for research, developing a wide-ranging proof of concept fund to bridge the gap in taking ideas to market and maintaining a flexible approach to intellectual property.

Quality-related 'QR' research funding gives universities the flexibility to deploy resources into pioneering new research areas: we welcome the Industrial Strategy's recognition of its vital importance and its commitment to boost support for QR. From the development of insulin drugs at the University of York, to the discovery of graphene at the University of Manchester, QR funding has been used to keep UK universities at the cutting-edge of research.

### People

**As the Industrial Strategy states, of the around 1.8 million jobs which will be created between 2014-2024, 70% of them will be in occupations which will need graduates.** Universities are central to delivering a range of skills, qualifications and training for the economy and society. Our universities train over 80% of the UK's doctors and dentists and around half of mathematics and physical sciences graduates, helping to ensure the UK has the talent pool to meet the needs of employers.

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<sup>1</sup> References to the economic impact of Russell Group universities draw on analysis produced by London Economics in November 2017: <http://www.russellgroup.ac.uk/news/economic-impact-of-russell-group-universities/>  
[www.russellgroup.ac.uk](http://www.russellgroup.ac.uk)

For businesses to thrive they need people with the right skills and expertise. Our universities are at the leading edge in educating and training the highly-skilled and adaptable workforce the UK needs for the future, collaborating with a range of employers so courses are targeted to business needs. For example, Warwick Manufacturing Group has created a bespoke engineering degree with Dyson and Cardiff University's National Software Academy is training industry-ready software engineers in partnership with business.

The Industrial Strategy rightly sets the ambition for the UK to continue to attract top talent from around the world, including from EU member states. EU students and staff members make a significant contribution to Russell Group universities, with EU staff accounting for 22% of the overall academic workforce at our universities. For the Industrial Strategy to be successful, the UK needs a light-touch, fair and transparent immigration system which will allow our top universities to be able to attract and retain talented staff and students from across the globe.

## Infrastructure

**As core regional stakeholders, universities are well placed to help identify where investment in digital and physical infrastructure could have most impact.** University research is also highly relevant to this area. The University of Sheffield, for example, is leading research into how Britain's ageing water infrastructure can deliver sustainable supplies across the country, while the Faraday Institution responsible for building the UK's status as a global leader in battery research and technology is led by seven of our member universities.<sup>2</sup>

## Business environment

**The Industrial Strategy aims to make Britain the best place to start and grow a business, and a global draw for innovators.** Russell Group universities are not only major contributors to the UK's success in start-up development, but in 2015/16 were responsible for 59% of all university spin-out companies still active after three years. Our universities are therefore well placed to help bring start-ups to scale in the UK, with university technology transfer offices (TTOs) playing an integral role in mentoring and advising new businesses, helping them tap into local entrepreneurial ecosystems and gain access to skills, talent and finance.

Higher education is a successful export industry and with the right conditions our universities have the potential to grow this market further. International students starting courses at Russell Group universities in 2015/16 generate £8.8bn for the UK economy, even when the costs (e.g. healthcare, transport etc.) are taken into account. Spending by international students benefits local businesses and supports jobs in university towns and cities across the country. Our widespread alumni base and network of collaborative links across the globe creates a significant 'soft power' asset for the UK, essential for facilitating future trade, investment and diplomatic links. In fact, education networks (measured by the number of international students a country hosts and its alumni associations abroad) boost UK foreign direct investment (FDI) and the UK is better at translating these networks into trade than the US.<sup>3</sup>

## Places

**Russell Group universities are located across the whole of the UK and have an important role to play in their regional economies.** Russell Group universities support 261,000 jobs across the UK. It is estimated, for example, that almost one in every 50 jobs in Birmingham depends on the University.<sup>4</sup> Our universities welcome the opportunity to help develop local industrial strategies as they are active members of their local communities and anchors for growth in their regions. They have significant convening power, bringing together a wide range of stakeholders across different sectors, working help develop local and regional innovation capacity and acting as magnets for inward investment. The University of Edinburgh's Science and Innovation Audit focusing on data-driven innovation, for example, is at the heart of a new City Deal.

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<sup>2</sup> Imperial College London, Newcastle University, University College London, University of Cambridge, University of Oxford, University of Southampton and University of Warwick

<sup>3</sup> Marina Murat, 'Soft, hard or smart power? International students and investments abroad' (2014).

<sup>4</sup> 'Our Impact: The Economic, Social and Cultural Impact of the University of Birmingham' (March 2017).