

Spending Review 2020: levelling up at home - leading the world through science and skills

Rapid economic and social recovery from the Covid-19 pandemic is vital. But from crisis comes opportunity. Now is a key moment to reflect on the lessons of 2020 and create new opportunities and resilience for the future. The Britain of 2025 and beyond should be fairer, greener, healthier and more prosperous. Investment in people and ideas can deliver the transformation our economy needs: generating scientific discoveries and novel technologies, training an adaptable workforce of the future, and sparking prosperity in towns and cities and across the country.

The 24 globally outstanding Russell Group universities are based in every region and nation of the country, delivering high value education and graduates, ground-breaking research and thousands of quality local jobs. This unique combination makes them a crucial component in unlocking Britain's potential. Research-intensive universities already inject nearly £87 billion into the national economy every year – with enhanced support they could do even more.

Building on the Government's bold ambition for science and skills, our proposals acknowledge the economic challenges Britain faces, offering solutions on ways to invest efficiently and deliver a substantial return for investment. Now is the time to double down on our competitive advantage in education and research: levelling up at home - leading the world.

Making the UK a science superpower

The scientific response to Covid-19 has drawn on exceptional British capabilities in research and innovation across a range of disciplines. Homegrown scientific ingenuity has never been more important, while the renown of our universities and the new fairer immigration system will play a part in Global Britain continuing to attract the best talent from around the world. We can turn challenges such as carbon neutrality into opportunities that deliver high quality jobs across the country and support the work of a new ARPA-style agency.

For every £1 of public research funding they secure, our research-intensive universities deliver an average return of £9 to the UK economy. The Government has made a very welcome commitment to increase public spending in R&D to £22bn per year by 2024/25. To ensure these funds deliver maximum return for the UK taxpayer, as a priority we propose the Government should:

- Focus on long-term and low-bureaucracy investments in people and ideas by introducing a significant uplift in quality-related (QR) research funding, including the charities and business support elements of the grant, and equivalent streams in the devolved nations. This approach to funding the best research creates maximum competitive advantage for the UK. The flexibility helps universities respond to the needs of their communities while advancing fundamental research; and the multi-year allocation process focused on academic excellence and real-world impact delivers efficiency and allows for long-term planning.
- Ensure research funding is sustainable for the future by increasing the level of full economic costs (FEC) covered on all public grants, so universities have the capacity to deliver the cutting-edge R&D the country needs without compromising on the excellence of British research as the volume of our activity increases. The ambition should be to deliver at least 90% FEC through a combination of grant support for projects and research capital, helping secure our research sovereignty.
- Exploit the strength of our world-class higher education and research system to facilitate discussions with other countries, where student and scientist exchanges and joint research programmes can enhance the attractiveness of the UK for new trade deals and inward business investment. Negotiating a fair and balanced deal for the UK to associate to Horizon Europe will ensure we can attract the best researchers globally and work seamlessly with universities, institutes and businesses across Europe on shared global challenges.

Levelling up

Universities are at the heart of regional clusters of excellence, coordinating substantial partnerships with SMEs, multinational companies, local and national governments, further education colleges, schools, charities and public sector partners such as the NHS. Our proposals will strengthen universities' important role in local and regional economies using skills, knowledge and innovation to drive economic growth in collaboration with British business and new trading partners. Supporting over 260,000 jobs up and down the country, our universities are all major employers and hubs of investment that radiate out to surrounding towns.

To help universities maximise their potential in generating opportunity and productivity right across the country the Government should:

- Boost capital investment to ensure shovel-ready projects that have been paused due to the pandemic can re-start as soon as it is safe to do so. Russell Group universities have had to put over £2bn of projects on hold, which could potentially support around 28,000 jobs.
- Channel a portion of the additional R&D investment into a major scale-up of schemes with a proven track record of fostering university-business partnerships and extending local innovation capacity and training. These include the Higher Education Innovation Fund (HEIF), Strength in Places Fund, Knowledge Transfer Partnerships, the Connecting Capability Fund and the Catapult Network. Efficiencies can be achieved by working through these existing processes and taking advantage of the excellent research infrastructure and extensive links our universities already have in place. Governments in the devolved nations should work closely with the relevant funding bodies to launch similar schemes where they are not already established to ensure businesses and partners in all parts of the country can benefit.

Superb education, training and skills

Russell Group universities pride themselves on delivering academic excellence, training the highly skilled and entrepreneurial graduates the country needs. A robust university education delivers for the individual *and* for Britain: a single cohort of UK-domiciled students at Russell Group universities is estimated to contribute more than £20bn to the economy over the course of their working lives, including a total of £11bn in tax and NI contributions. Improving access to high-value degrees alongside investment into higher level technical skills will ensure a steady supply of talent to boost all regions of the country and give Britain a commanding lead in the recovery and beyond.

To put the next generation, and the talent of the future, at the heart of this spending review, the Government should:

- Seek to maintain the highest quality university education by guaranteeing teaching grants on a *per student* basis for the duration of this spending review at levels that at least match existing funding. Options to redistribute the grant to provide more support for the highest-cost – and highest priority – subjects (such as chemistry, engineering, physics, medicine, dentistry and veterinary science), where there are currently the greatest deficits, should also be considered.
- Create a new deal for funding postgraduate research, as proposed in the R&D Roadmap, to ensure UK businesses, universities and research establishments have the secure pipeline of future scientists who will be crucial to building up our research capacity as investment is scaled up. Doubling the level of full economic cost recovery for this high-level training (up from 45% FEC now) and enhancing stipends offered to training scientists will open up opportunities to a wider range of people and put PhD provision on a more sustainable footing for the future.
- Consider ways to bring Global Talent visa costs in line with those in other research-intensive nations, including revisiting requirements to pay the immigration health surcharge up front, to support the Government's ambition to become the top destination for international talent.