

6 September 2022

RUSSELL GROUP

Prime Minister and Chancellor of the Exchequer

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Dear Prime Minister, and dear Chancellor,

On behalf of the Russell Group Vice-Chancellors and Principals, I would like to extend my congratulations as you take on your new offices. We recognise you face a number of immediate challenges and that you are considering an emergency Budget to address these, however we trust you will also continue to look at how to make the UK more sustainable and prosperous for the long-term. This is where the UK's strengths in discovery research, innovation and talent development will come to the fore, and where Russell Group universities can help deliver positive outcomes for the whole of the UK.

Higher Education is one of the UK's top export earning sectors (similar to the car industry), while businesses spun out of our 24 universities alone in 2020/21 created over 30,000 new jobs and brought £4.9bn of investment to towns and cities across the country. Boosting productivity, investment and exports is key to growing the economy and improving living standards, which is why we welcomed the decision to increase public investment in R&D to £20bn a year by 2024/25. We recognise the significance of this investment given demands on the public purse, but with Russell Group universities' track record of returning £9 for every £1 of public money spent on research, we believe it is money well spent. The potential returns to the economy – through job creation, productivity gains and higher wages – will put the UK in the best position to grow as long as this funding commitment is maintained.

As part of this investment in the future, we hope you will be able to secure association to the Horizon Europe, EURATOM and Copernicus programmes so the UK can continue to compete on the world stage, attracting the best researchers, allowing us to collaborate across borders and boost UK resilience in science, medicine, the social sciences and other disciplines vital to future innovation. If association cannot be achieved, we will continue working with your teams on alternative UK programmes.

Delivering the high-level academic and technical skills needed for the UK to thrive is another major contribution our universities can make to economic recovery and growth. However, rising student demand, cost pressures and a real-terms cut in public funding – coupled with universities increasing the range of support for students – mean per-student deficits are growing. Looking ahead, we believe there is now a real opportunity to work with you to develop a new funding formula that is fair to students and taxpayers while ensuring universities can deliver the pipeline of skilled workers we need.

In the meantime, we are deeply concerned about the potential impact of the cost-of-living challenges on our current students. We have welcomed the basic stipend increase for postgraduate research students funded by UKRI, but other students are losing out on support the Government has made available to the public more generally. Our universities are enhancing the direct support they offer to students, but an increase to hardship funds through the OfS and national funding bodies, along with an inflation-adjustment to student maintenance loans, is needed urgently. Ultimately this will pay for itself as students enter the workforce, but without this help now an increasing number of students will struggle to complete their courses successfully.

Continuing to deliver on research and innovation, and protecting the future talent pipeline, will send a clear signal about the UK's ambition to build an ideas-driven economy and tackle challenges like climate change and health inequality. When Government and universities work together in a genuinely collaborative fashion, the potential benefits to our country are huge and I hope we can work with you to build the strong recovery the UK needs.

Yours sincerely,



Dr Tim Bradshaw, **Chief Executive, Russell Group**

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