

Our universities: maximising a national asset

Our submission to the government's
Comprehensive Spending Review 2021



Contents

| | |
|---|----|
| Introduction | 1 |
| Our commitments | 2 |
| Unlocking opportunity, skills, and jobs | 4 |
| Levelling up and economic recovery | 7 |
| Achieving the UK's global ambitions | 10 |
| Research and development superpower | 12 |
| Annexe A: Supporting transformation and sector-led change | 14 |

Introduction

The Comprehensive Spending Review 2021 (CSR 2021) presents an opportunity to make even greater use of one of our important national assets: our universities.

Our submission sets out the commitment of UK universities to four priority areas:

- building back after the pandemic
- creating opportunity across the whole country
- positioning the UK on a global stage
- ensuring we maintain our world class reputation for quality and value

We also outline our recommendations to the UK government on where support and targeted investment will help us succeed in delivering these objectives.

The commitments set out in this document are shared across our diverse UK-wide higher education system. Many of the recommendations are focused on England, but also include areas of relevance to the whole UK. It is important that all decisions about higher education in CSR 2021 are understood within a UK-wide context. This will be vital in terms of our success and global standing, supporting opportunity and choice, sustainability of provision and making sure we continue to benefit from the diverse ecosystem of universities we see across the whole of the UK.



Our commitments

Over the coming Spending Review period, universities are committed to the following objectives:

Building back after the pandemic

UK universities have made a significant contribution to national efforts to combat Covid-19. We have applied world-leading research to produce vaccines, new treatments, and a better understanding of public health challenges. We have also provided facilities, equipment and highly skilled staff, as well as helping graduates (and other volunteers) join frontline healthcare services. As restrictions are eased, our efforts will continue as we help the country build back stronger. Our recent [Getting Results](#) campaign shows the potential scale of the opportunity presented by universities.

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Creating opportunity and levelling up

Universities will create opportunities for everyone to develop their skills, whether technical or academic, studying full time or part-time, while working, or through more bitesize learning.

We particularly want to support individuals and communities facing the biggest barriers to accessing education and jobs. One priority is our continuing work with schools and colleges to raise attainment and open new life opportunities. Deepening our civic roles is also vital – supporting and serving local people, businesses, and public services.

Delivering global ambitions

The government aims to reinforce the UK's position as a science and research superpower. We share these ambitions. Emphasising the strength of our research and development (R&D) will be vital to attract inward investment, continue making world-leading discoveries, generate knowledge, and create innovative new businesses.

We will use our global reach and reputation, strong international links, and positive standing to help extend the UK's influence on the world stage, and to attract talent and investment internationally. This includes playing a critical role in trade, exports and support for international business and research collaboration. We are also fully dedicated to tackling the climate emergency and supporting the government to deliver net-zero by 2050.

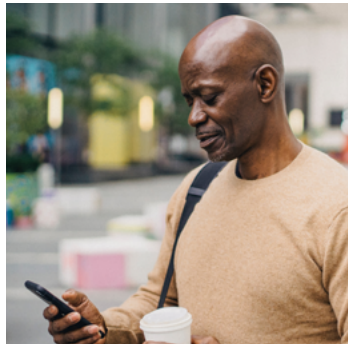
Maintaining the highest quality and value

Universities are committed to protecting and enhancing the quality and value of services for our students. Collectively, we will address legitimate challenges that threaten to undermine public confidence, including:

- making further progress tackling grade inflation
- reforming the admissions system to make it fairer
- taking a more transparent and consistent approach to maintaining high-value, high-quality courses

We are committed to innovation, learning the lessons from the pandemic and embedding digital teaching and learning as a high-quality part of the UK higher education offer. We will also continue to drive efficiency wherever we can, making the most of the investments made by students and the public.

The rest of this document sets out how the government can use CSR 2021 as an opportunity to support us and help deliver our commitments.



Unlocking opportunity, skills, and jobs

Every year, universities teach over two million students and provide hundreds of thousands of highly qualified and skilled graduates, who go on to work across all sectors of the economy or to pursue further study and research.

Almost half of this provision is vocational and technical, directly informed by employer need. Many of the UK's fastest growing industries are reliant on highly skilled graduates, such as artificial intelligence, green technology and the creative industries, with demand for graduate skills growing in many sectors of the economy. Universities are also well placed to work with employers to help those in work develop their skills and meet changing economic and societal needs.

Our universities unlock opportunities for all, ensuring people have the skills they need to get good jobs by capitalising on their deep civic and local roles, including through partnerships with employers, colleges, schools, local businesses and the public sector.

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Skills for jobs

We share the government's ambitions to make sure everyone has the right skills to get good jobs, both now and into the future. The establishment of a lifelong loan entitlement (LLE) provides the opportunity for individuals to study higher-level courses more flexibly at any stage of life.

Universities will work in partnership with the government to deliver this pioneering change. This includes testing and piloting new approaches and developing new provision and flexible approaches.

[READ OUR PRINCIPLES FOR THE DEVELOPMENT OF THE LLE](#)

To help achieve this, we ask the government to:

- Develop the higher education restructuring regime in England so that it can support transformation and catalyse sector-led change that unlocks opportunities presented by, for example, the lifelong loan entitlement. In England the OfS's modular provision pilots are an excellent example of how change and experimentation can be supported. [Annexe A](#) sets out more details on how this can work.
- Remove Equivalent or Lower Qualification (ELQ) rules and protect student choice on subjects. To genuinely increase the number of learners with higher levels of study, the lifelong loan entitlement needs to support learners of all ages, including those in work and those looking to get back into work or upskill.

Opportunity for all

Universities are engines of social mobility, investing nearly £1 billion each year in England to unlock opportunities for some of the most disadvantaged in society. As a result, 18-year-olds from the most disadvantaged backgrounds have never been more likely to go to university.

We will continue to ensure these investments are targeted effectively using reliable evidence. We can and will do more, working with the government and regulators, to identify and target stubborn equality gaps. We will also continue to drive equality of opportunity through our work to raise school attainment.

We ask the government to support further progress in the following ways:

- Continue funding for collaborative partnerships between higher and further education providers and schools to drive social mobility and education recovery, including through the Office for Students (OfS) Uni Connect programme in England. This should include expanding opportunities for engaging high-need schools.
- Introduce targeted maintenance grants for students that need them most and remove the financial barriers for those wanting to study flexibly.
- Extend support for the additional costs of study via Childcare Grants and the Parents' Learning Allowance to all students.

SEE ANNEXE A ON PAGE 14



Student funding

We ask the government to:

- Maintain the unit of resource per student to make sure the quality of higher education is not compromised. In England, the fee of £9,250 in 2021-22 is equivalent to about £7,500 in 2012-13 terms (when the fee cap was increased to £9,000). This is a decrease of about 17% in value. A cut or further erosion of this would negatively impact teaching quality and student experience, as well as the ability of universities to invest, develop new forms of provision, and deepen their regional impact. Government must also consider the impact of any changes for the whole of the UK and UK-wide mobility of students.
- Maintain remaining direct government funding per student in England and the premium for supporting those from the most disadvantaged backgrounds.
- Ensure there are no artificial limits or barrier to access for those who have the potential to benefit from a university education.



Levelling up and economic recovery

Our diverse universities contribute to their local areas in many different and overlapping ways. Universities act as magnets for investment into regions. Their cutting-edge knowledge and research also helps companies innovate and provide businesses with access to high-value services and equipment.

Combined graduate start-up and university spin-out activity in local areas generated £2.4 billion in turnover across the UK in 2018/19. Our research suggests that universities have the potential to provide support to businesses and charities of more than £11.6 billion over the next five-years, creating 21,650 new businesses and charities and attracting around £21.7 billion in research funding across the towns and regions of the UK.

To help strengthen this role and realise the full potential of universities in the recovery, we call on the government to support us in the following ways:

Helping businesses grow

We ask the government to:

- Develop the Help to Grow Scheme to help small and medium-sized enterprises (SMEs) achieve high-value, high-productivity growth through support for a flexible graduate placement/internships programme.
- Offer stimulus to increase the level of local procurement (especially with SMEs) and link this to the creation of local opportunities for skills development and employment.



Driving innovation

We ask the government to:

Grow the Higher Education Innovation Fund (HEIF) in England, and similar funding streams in the devolved administrations.

This will help leverage private investment, inject new knowledge and innovation into businesses, and create new business partnerships. Eligibility thresholds should also be lowered to help small, research-active universities drive growth and support economic recovery in their local areas. Evidence shows that the HEIF in England delivers a strong return on investment, generating around £10 for every £1 of funding.

Aid universities' efforts to promote and facilitate innovation in collaboration with businesses and industry.

This should include:

- Using the UK Shared Prosperity Fund and Levelling up Fund to support collaborations around skills training, business support, and research and innovation. In line with previous UK government commitments, the UK Shared Prosperity Fund and Levelling Up Fund should provide, at a minimum, equivalent levels of funding provided by EU Structural Funds, including to the devolved nations.
- Developing regionally focused research and innovation hubs led by institutions and businesses to pool regional strengths and drive innovation in the local economy. The focus would be on addressing local challenges by co-producing research and innovation activity to deliver research-led solutions, knowledge exchange activities, and targeted skills development.
- Supporting more university projects that drive economic growth in local areas, through consortia of research organisations, businesses, and local leadership. Initiatives such as the Research Partnerships Investment Fund will play a critical role in creating the conditions and infrastructure for these partnerships.



Supporting green recovery

The government's funding policies for teaching and research must support the higher education sector's ambitions on sustainability and recognise the need for investment in infrastructure.

The government has recognised the importance of investing in decarbonisation. However, no direct investment or explicit recognition of the higher education sector has been given. Barriers to universities accessing the public sector decarbonisation scheme must be addressed.

Any future decrease in higher education fee levels in England would damage the ability of universities to be part of the solution to the climate emergency. Decreasing fee levels would also reduce the funding available for investment in new technologies and infrastructure, as well as limiting their work in education and their local communities.

Barriers to universities accessing the public sector decarbonisation scheme must be addressed.

Changes like the recent government cuts to Official Development Assistance (ODA) funding severely constrain the power of universities across the UK to combat the world's most pressing sustainability challenges.

We also call on the government to match fund COP26 scholarships.



Achieving the UK's global ambitions

We have one of the world's best and most attractive higher education systems. Our global education activities accounted for 67% of all UK education exports, and international higher education has been among the UK's largest and fastest growing service export sectors.

The UK's universities are committed to being global in their outlook, influence and impact. Targeted investment, alongside the implementation of the government's ambitious plans for growth in higher education exports and global research collaboration, will help the UK's universities to provide a major boost to local economies, inward investment and national competitiveness. We ask the government to support us in the following ways:

67%

of all UK education exports were accounted for by our global education activities

Boosting prosperity and growth through inward investment

We ask the government to:

- Deliver on the commitments in the International Education Strategy. The government should significantly increase investment in Study UK, and draw on the expertise and experience of universities to enhance the quality and effectiveness of promotional efforts.
- Increase investment in flagship scholarship schemes, including non-ODA funds. These should be accessible to excellent students from all key markets.
- Work with the sector to develop alternative finance models for international students to support their studies in the UK. We must also learn from international best practice to leverage international scholarship funding from overseas funding agencies through targeted investment of trade and ODA funding.
- Invest in pilot projects that support UK businesses to increase exports to key markets. We must draw on the networks, skills and expertise of international graduates under the auspices of a new Graduate Export Placement Scheme.

Creating international opportunities for our students

A multi-year funding scheme is imperative for the Turing Scheme to be a lasting success, particularly in widening access to these opportunities for students from disadvantaged groups, and to get as many students using the funding as possible. A stable, multi-year settlement would ensure that universities across the whole UK can develop long-term partnerships that deliver benefits to students and serve the strategic interests of institutions and the UK's international higher education ambitions.

Funding should increase over the period in proportion to the drop off in residual Erasmus+ funding in the system. This would ensure that the volume and quality of mobility opportunities can be sustained and, in the coming years, grow as new relationships are developed.

A multi-year funding scheme is imperative for the Turing Scheme to be a lasting success, particularly in widening access

Global influence

We ask the government to:

- Ringfence a funding allocation for supporting system-level and systemic reform of higher education systems in low- and middle-income countries (LMICs), drawing on the lessons from the Strategic Partnerships for Higher Education Innovation and Reform (SPHEIR) programme. A higher education and development taskforce should be established to identifying priorities for the scheme.
- Establish a competitive response-mode fund that universities can draw on to kickstart education, training and capacity building partnerships that meet development priorities in LMICs, with specific requirements to leverage additional investments and to deliver tangible benefits to both the UK and overseas partners.
- Develop a long-term strategic approach to market development through investment in English language education in key markets, in close collaboration with the British Council, while supporting the recovery of the UK-based English language teaching (ELT) sector, which has been significantly impacted by the pandemic.



Research and development superpower

The UK's position as a global R&D superpower is underpinned by university-based research. This research is also critical to innovation and will be instrumental in driving regional and national recovery in the UK. We therefore welcome the government's commitment to spending 2.4% of GDP on research and development, along with the associated commitment to £22 billion in public investment in R&D by 2024/25.

Our success depends on stable, long-term funding across a plurality of mechanisms. Stop-start investment does not support a sustainable research system. Once lost, research capacity takes time to re-build and the UK will lose ground to competitor countries. Universities will be critical to achieving these ambitions, through diverse contributions at different stages of the research and innovation ecosystem. It is therefore crucial that the government continues to support and invest in line with these commitments.

As we look ahead, we're asking the government to support us in the following ways:

- Make sure funders can significantly increase flexible, excellence-driven and low-bureaucracy research funding for universities (known as quality-related research funding).
- Build on the development work undertaken by the Department for Business, Energy and Industrial Strategy (BEIS) and UK Research and Innovation (UKRI) by establishing a pilot of the proposed Discovery Fund as the first stage of developing a globally competitive research funding programme. This programme will fund excellence in science and attract talent to the UK.
- Continue to work in partnership with universities to promote the UK and to deliver on the commitments in the People and Culture and Innovation strategies to attract global talent and investment.

We further ask the government to support the broad range of strategic international collaborations which enhance the quality, impact and global reputation of R&D in the UK, including:

- additional and sustainable funding for the UK's participation in Horizon Europe (recognising the full costs of association over the whole three-year CSR period)
- support for strategic bilateral relationships through an enhanced Fund for International Collaboration and enhanced fellowship funding
- stable funding that enables excellent research with diverse partners to address global challenges

Creative industries

We ask the government to design R&D investment to better support our creative economy. The government should review R&D definitions to make sure the UK's internationally strong creative industries – which have been hit hard by Covid-19 measures – are included.



Annexe A: Supporting transformation and sector-led change

Regulatory interventions or other restrictions will not be sufficient to drive the level of transformation required within higher education institutions to achieve many of the goals set out in this submission and by government. Targeted funding would catalyse the most wide-ranging and high impact changes needed to drive economic recovery, enhance local and regional growth and improve the student experience.

We propose the most innovative and impactful plans for change by higher education institutions are supported by the government. Funding would be allocated based on the level of ambition, magnitude of anticipated benefits, and expected impact funding would have on accelerating the speed of change.

We propose the most innovative and impactful plans for change by higher education institutions are supported by government.

Examples of changes for support would include:

- Reshaping teaching portfolios and institutional business models to provide greater flexibility in learning opportunities (for example, to individuals accessing the lifelong loan entitlement).
- Collaborations to integrate and increase the available range and quality of course provision locally, particularly at levels 4 and 5 (for example, between higher education institutions or across higher and further education).

- Collaborations to increase the scale of course provision tailored to meet local and regional skills shortages (for example, strategic partnerships between employers and universities).
- Collaborations that strengthen international competitiveness through achieving economies of scale.
- Collaborations that allow students to benefit from a wider range of facilities and services to enhance the student experience (for example shared services or assets).
- Making sure sustainability of, and diversity in, provision meets the needs of under-represented groups.
- Improving institutional efficiency and effectiveness.

Universities UK is the collective voice of 140 universities in England, Scotland, Wales and Northern Ireland.

Our mission is to create the conditions for UK universities to be the best in the world; maximising their positive impact locally, nationally and globally.

Universities UK acts on behalf of universities, represented by their heads of institution.



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