

09 September 2024

Rt Hon Rachel Reeves MP
Chancellor of the Exchequer
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Dear Chancellor,

Last year, a vaccine developed at the University of Oxford became only the second ever to be recommended for use by the World Health Organisation for preventing malaria in children. The University of Sheffield hosts the UK's only centre for the certification of Sustainable Aviation Fuels, playing a critical role in efforts to decarbonise a key sector of the economy. Synthesia, a spinout from University College London whose technology allows users to create AI-generated videos by typing text, reached 'unicorn' status recently with a market value in excess of \$1 billion. While research at the University of Glasgow into rehabilitation after suffering a stroke not only improves patient outcomes but is estimated to deliver annual savings over 5 years of £1,600 per patient for health care and £8,400 for social care.

These are just a few examples of the ways in which Russell Group universities are helping to deliver on the government's mission for economic growth and prosperity, while also championing the UK's place in the world as a leader in healthcare, digital and green technologies.

We recognise the extremely tough fiscal situation you currently face will mean difficult choices have to be made at this Budget and in the upcoming Spending Review, and that you will rightly want to secure maximum value for every pound of public investment. We therefore welcome your government's determination to grow the economy and recognition that universities can be at the heart of this effort – through their research and innovation activities, education and skills delivery, and as anchor institutions that can bring a range of partners together from business, the public sector and beyond to deliver local, regional and national impact.

Providing stability on policy and being ambitious with growth-focused investment at this time would enable research-intensive universities such as ours to develop longer-term plans and deliver significant economic impact over the coming years. Below we set out three priority areas where continued government support will deliver impressive returns:

- **Protecting investments in R&D will be critical to delivering the government's growth mission:** For every £1 of public funds invested in research at our universities, more than £8.50 is generated for the UK economy – and as a result, our universities' research and commercialisation activities deliver almost £38bn for the economy every year (in addition to wider productivity spillovers). This activity supports more than a quarter of a million jobs, twice as many as in the chemical and pharmaceutical manufacturing industries combined. Continuing to grow R&D investment for the UK, including in fundamental research, will be crucial to creating new industries, leveraging private investment and delivering high-value jobs across the country.
- **Continued support for university-business collaboration is essential to the delivery of the Industrial Strategy:** Located across the regions and nations, our universities are already working to deliver the Industrial Strategy missions – from the National Automotive Innovation Centre at the University of Warwick to the high-tech firms spun out of the University of Cambridge as part of Europe's largest technology cluster. Funding streams such as the Higher Education Innovation Fund (HEIF) play a crucial role in supporting research-intensive universities to harness their R&D, high-level

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skills and industry partnerships: every £1 of HEIF received by research-intensive universities returns £12.46 for society and the wider economy. Scaling this funding stream, and ensuring similar funding is available across the devolved nations, would enable universities to leverage more private investment and build capacity for tech transfer, embedding innovation into businesses and catalysing the growth of new high-potential companies.

- **Enabling universities to maximise their contribution to the government’s opportunity mission:** Over the coming years, a highly skilled workforce will be crucial to boosting productivity and tackling some of society’s biggest challenges such as delivering a net zero economy and maximising the potential of artificial intelligence and data. Our universities train 4 out of 5 doctors and dentists, two-thirds of mathematicians, and over half of physical scientists. Building on our extensive collaborative work with schools, colleges and charities, we are committed to addressing educational inequality and improving life chances for young and adult learners across the UK. Ensuring the Strategic Priorities Grant maintains its value in real-terms will be crucial to the continued delivery of strategically important high-cost subjects, such as medicine, engineering and lab-based subjects, as well as the delivery of degree apprenticeships.

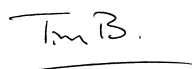
You will be aware that universities are facing some significant financial challenges at the moment and we would welcome an opportunity to talk to you about possible options for a more sustainable university funding system, while universities themselves continue to make progress with a range of efficiency programmes.

Over the coming months, we will also be working with business experts to develop options for how we can support the ambitions set out in the Industrial Strategy, incentivising more private R&D investment, creating high growth spinout companies, providing a high-quality skills pipeline, and leveraging our global reach to attract more foreign direct investment into UK regions and nations. We will share that work with you ahead of the Spending Review but, in the meantime, we would be delighted if research-intensive universities could be represented on the government’s Industrial Strategy Council.

Finally, we recognise the increasing importance of protecting university research and innovation from hostile actors and securing the UK’s economic advantage in key technology areas. A dedicated research security fund would enable universities to build additional capacity and capability to respond quickly to emerging threats, protecting national security and securing valuable overseas partnerships which bring in over £1.5bn in international research income annually. We have been discussing this with officials and hope it will be an initiative that you can support in due course – helping universities to scale existing activity with government co-investment.

Russell Group Vice-Chancellors and I would be very happy to discuss any of the issues raised in this letter with you or your officials, and we would be delighted to show you the work Russell Group members are doing to boost economic growth if you would like to see this in-person at one or more of our universities.

Yours sincerely,



Dr Tim Bradshaw
Chief Executive, Russell Group