

## Comprehensive Spending Review 2020 - Representation by Universities Wales

### 1. About Universities Wales

- 1.1. Universities Wales represents the interests of universities in Wales and is a National Council of Universities UK. Universities Wales's membership encompasses the Vice Chancellors of all the universities in Wales, and the Director of the Open University in Wales.

### 2. General comments

- 2.1. Welsh universities are a core part of the UK's national infrastructure and have a major role in driving prosperity and economic growth in the UK. Rooted within their communities, they transform lives providing a catalyst for social change, and supply the needs of the economy with highly skilled graduates. They also act as major anchors for regional and international investment, attracting world class talent, creating employment and supporting industry and businesses for benefit of their regions and the whole of the UK.
- 2.2. Universities play a major role in levelling up social and economic disadvantage. They provide vital opportunities for individuals that can transform their life-time prospects and transcend social and economic barriers. They stimulate and support economic resilience, recovery and growth in their regions and beyond through the supply of vital skills and training.
- 2.3. Our universities are among the world leaders in science and research and have the highest percentage of 'world leading' research in terms of impact of any part of the UK. The importance and wide-ranging contribution of universities has been clearly demonstrated in such areas as the battle against COVID-19, cancer, and climate change.
- 2.4. While higher education in Wales is devolved, there are areas where decisions made by the UK Government and UK Parliament directly apply to or affect universities in Wales. The UK's spending review will have major impact on universities in Wales. The UK's vision for higher education needs to embrace the strengths and diversity across the four nations and capitalise on the collective opportunities for UK higher education by working together.

### 3. Strengthening the UK's economic recovery from COVID-19 by prioritising jobs and skills

- 3.1. We currently anticipate a severe shock to the labour market, with redundancies across many sectors, reduced opportunities for people leaving education and a very large rise in unemployment. Universities in Wales currently supply around 37,000 graduates a year, around 92% of whom enter employment or further training in the UK economy. The expenditure of students whilst at Welsh universities also sustains around 18,000 jobs in the UK economy, and supports further jobs through attracting visitors to the UK.
- 3.2. Universities clearly have a major role to play in the economic recovery in the aftermath of COVID-19 and are committed to creating and supporting growth in jobs and skills, and minimising the long-term consequences of the generation of students and workers.
- 3.3. Evidence from multiple sources demonstrate that the long-term strength of the UK's economy and its economic recovery will depend on its investment in higher education in particular. The scale and speed of increased global investment and growth in higher education in other countries means that the UK is remain in danger of being outpaced by many countries. We fully support the UK government's commitment to a step change in its investment in research,

- 3.4. It is essential that universities respond to changes in work-force requirements, providing the skills and graduates required in the new economy.
- 3.5. We believe that the UK may be able to learn from the success in Wales of its policies towards part-time and postgraduate support. More people than ever will need to learn and adopt new skills and ways of working as we adapt to a 'new normal' and address structural change in the employment market including skills gaps and shortages. It will be essential to enable and support students to learn more flexibly than ever before, wherever they choose to study in the UK. We would suggest for instance, that the UK government could consider extending funding and support for flexible study at lower levels of intensity and for those with prior learning at an equivalent level.
4. **Levelling up economic opportunity across all nations and regions of the country by investing in infrastructure, innovation and people – thus closing the gap with our competitors by spreading opportunity, maximising productivity and improving the value add of each hour worked**
  - 4.1. The UK Government's levelling up agenda is vital to maximising benefits across the UK. Recent evidence from the OECD, for instance, identified that the UK's regional disparities in labour productivity are among the starkest in the OECD. The wealthiest top 10% of UK regions currently exhibit a gross domestic product (GDP) per capita close to five times higher than the bottom 10% of UK regions – 4 out of 12 of which are in Wales.
  - 4.2. Above all the UK Government must deliver on its commitment to ensuring that Wales will not receive less funding than it received under the EU. Since 2014, for instance, Welsh universities have received more than £280m in structural funding which has supported universities in driving economic growth, creating jobs, and delivering research and innovation. The UK's withdrawal from the European Union means that the benefit this investment has brought to Wales is at risk.
  - 4.3. At the same time, there are significant opportunities to ensure that, working with devolved nations, arrangements for the UK Shared Prosperity fund and any further replacement funding for the EU structural funds can be targeted more efficiently and effectively. This should continue to recognise the important role of universities as anchors for regional investment and their significant contribution to the levelling up agenda through their regional impact. We would expect research and innovation to be a key part of the future plans for the Shared Prosperity Fund.
  - 4.4. We welcome the UK government's intention to place a greater focus on place-based outcomes and evidence of the needs-base in its decision making, particularly in targeting UK funding for research and innovation.
  - 4.5. We would welcome long-term capital investment by the UK government in infrastructure to build capacity in critical industries and places across the UK, for example, through an expansion of the UK Strength in Places Fund.
5. **Improving outcomes in public services, including supporting the NHS and taking steps to cut crime and ensure every young person receives a superb education**

- 5.1. Investment in education must remain a priority, as the weight of evidence links educational attainment firmly with reductions in poverty-gaps and crime and long-term economic growth.
  - 5.2. In particular at this time, disruptions and threats to educational opportunities place a generation of young people and students at risk long-term disadvantage. It is vital that we continue to provide world-class higher education opportunities for all those who need and can benefit from it, making sure that investment in higher education caters for future projected population growth and demographic changes such as growing number of older people.
  - 5.3. In the short term significant investment is needed to adapt and enhance how higher education is delivered following the COVID-19 crisis, and to update systems and infrastructure. In the long term there will be significant benefits for the countries who are best able to make this investment and turn the experience to advantage.
  - 5.4. Universities contribution to other public services and wider support for their communities should also not be underestimated. Universities are committed to supporting the health and wellbeing of our communities by providing the best quality training for the next generation of healthcare workers, social workers and teachers. We will also enrich our communities through access to museums, the arts and sports facilities, and play a role within communities as places to meet, learn and debate.
  - 5.5. The pandemic, for instance, has thrown a spot light on how universities in Wales have provided vital support for local health boards, the NHS and their local communities making laboratories, facilities, accommodation and further research resources available to the NHS, producing PPE and other equipment, developing testing, and helping to prepare and train-up key workers and fast-tracking training of medical students in support. A wealth of tangible examples of Welsh universities' civic response to COVID-19 are provided in the Universities Wales report (see [here](#)).
- 6. Making the UK a scientific superpower, including leading in the development of technologies that will support the government's ambition to reach net zero carbon emissions by 2050**
- 6.1. We share the government's bold ambitions to place the UK as a scientific superpower, attracting inward investment and creating new and innovative businesses. The UK's long-term prosperity in a global economy will depend on its ability to foster transformational research and innovation.
  - 6.2. The COVID-19 pandemic has thrown a spotlight on the importance of national and international research and collaboration. The UK's strategy relies on research, from developing a scientific understanding of the disease and its spread to developing vaccines and treatments, testing and tracing, with universities and research institutions working together across the UK including very important contributions from Wales. There are however many other challenges from global climate change to future health risks that equally rely on investment in research and innovation.
  - 6.3. It is imperative that UK's major investment in this area is delivered in ways which benefit the whole of the UK and, in particular, recognises the regional differences such as industry and the demography, as well as the research strengths that exist across the whole of the UK.
  - 6.4. For Welsh universities, however, just like other universities across the UK, it is critical that the UK funding models recognise the full economic costs of research and innovation. Research in

universities currently relies heavily on other subsidies including in particular income from international students and activities – income streams that we may not be able to rely on so heavily in going forward. Ultimately, the only way that long-term growth in research and innovation can be achieved is if it is financially sustainable.

- 6.5. As identified by the UK government, research and innovation funding allocations are highly concentrated in particular areas in the UK at the moment, This currently includes very significant investment in higher education innovation funding in England which is not automatically passed on through the Barnett formula to universities in devolved nations There are opportunities to invest strategically in important research clusters across the UK and provide the long-term investment in areas of emerging strength which are being under-supported. Wales for instance has significant strengths in areas including artificial intelligence and data, clean growth, advanced manufacturing and ageing society. Identified strengths in Wales also include engineering and advanced manufacturing, catalysis, food and agriculture, environment, life sciences and energy systems.
- 6.6. The evidence shows that researchers in Welsh universities punch above their weight in terms of their output, given their comparatively small share of UK funding. There are high potential returns on investment for the UK to be made by being more strategic about placed-based funding, and working to level up the gaps in investment and build the capacity of their research and innovation structure around clusters of emerging strength.
- 6.7. The UK will only maximise its research potential by fostering networks and interconnection across the UK and internationally, enabling specialist expertise to be drawn together. Further incentives and support for collaboration, where this makes sense, would be welcome.
- 6.8. We would welcome further UK investment in geographically targeted capacity-building opportunities, for example, through an expansion of the UK Strength in Places Fund.
- 6.9. More generally, we would welcome additional capital targeted at building infrastructure and capacity across the UK.
- 6.10. EU Structural and Investment funds have played an important role in building capacity in research and innovation in Wales. Providing certainty and clarity for Wales over replacement funds would help ensure R&D plays its fullest role in levelling up all over the UK.

## **7. Strengthening the UK's place in the world**

- 7.1. With our exit from the EU and impact of COVID-19, the UK government's international policies become more important than ever for universities and universities' international connections become more important than ever for governments.
- 7.2. University research and innovation relies heavily on our global interconnections, and ground-breaking discoveries and innovation are more often than not the result of teams of researchers working together across institutions and nations.
- 7.3. The ability of our universities to attract and interconnect with researchers, staff and students from around the world is part of what makes UK higher education world-class. Cultural exchange and awareness fosters tolerance and understanding within our communities and an outward look strengthens participation and business activities on a global stage. Through their international activities universities also contribute a significant proportion of the inward investment for the UK's economy.
- 7.4. The mobility and international exchange of staff and students will remain key. Immigration policy and visa controls remain critical for the take up of study, particularly in the light of the

COVID-19 pandemic. We must make sure EU and non-EU international students can still study in the UK following Covid-19 and Brexit, and the UK's policies must adapt and respond flexibly as required, firmly with the implications for higher education in sight.

- 7.5. Specific schemes to support international exchange and mobility in higher education are also important. We would like to see full association with the successor programmes to Erasmus+ and Horizon 2020. If the UK does not participate in the next Erasmus+ programme, we welcome the UK Government's committed to fund international student and staff mobility through a new UK-wide national scheme, noting that this will need to cover both incoming as well as outgoing mobility.