

GuildHE response to:

UK Government Spending Review 2021

30 September 2021

About GuildHE

GuildHE is an officially recognised representative body for UK Higher Education. Our members are universities, university colleges and other institutions, each with a distinctive mission and priorities. They work closely with industries and professions and include major providers in technical and professional subject areas such as art, design and media, music and the performing arts; agriculture, food and the natural environment; the built environment; education; law; health and sports. Many are global organisations engaged in significant partnerships and producing locally relevant and world-leading research.

Overview of our submission document

1. We welcome the opportunity to respond to the Comprehensive Spending Review (CSR) in order to demonstrate how smaller and specialist universities, colleges and other higher education providers (HEPs) can make essential contributions to the government's Plan for Growth and achieve its immediate and long-term objectives.
2. This response draws on our many conversations with members through our weekly Heads of Institution calls, network meetings and Executive Board discussions and after consultation on this draft. We have made proposals based on the changing policy and financial environment we find ourselves in currently. We have tried to find a balance between asking for financial investments to better support HEPs and the regions they service and making recommendations that will enable members to build on their strengths and innovate their teaching, research and knowledge exchange to meet the social, economic and financial needs of the UK.
3. This document is split into three parts:
 - a. A summary of our recommendations based upon government objectives
 - b. Further policy ideas, detail and evidence grouped under each of the five CSR themes
 - c. Some specific, detailed evidence is included in Annexes A&B.

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Summary of our representation

GuildHE's submission to SR21 illustrates how smaller and specialist universities and colleges stand ready to support the government in its ambitions to level up places across the UK; ensure strong and innovative public services, and deliver The Plan for Growth. In addition, our submission demonstrates the role that smaller higher education providers can play, given appropriate support, in reaching Net Zero and in advancing Global Britain.

Our submission outlines recommendations, such as how meeting the full cost of higher education teaching for high-cost subjects and how ensuring all students regardless of background continue to have access to higher education, are essential to delivering strong public services. We recommend reforms to quality-related research funding and enhanced innovation and knowledge exchange funding to energise the untapped potential of smaller and specialist higher education providers that would result in socioeconomic recovery and development throughout the UK.

Our full submission provides further detail and additional recommendations that would enable smaller and specialist higher education providers to support the government in Building Back Better.

1. Ensuring strong and innovative public services – making people's lives better across the country by investing in the NHS, education, the criminal justice system and housing	
	<i>Recommendations</i>
	<ol style="list-style-type: none"> 1. Meet the full cost of higher education teaching for high-cost subjects, for students with more complex needs and in specialist institutions to ensure choice and quality 2. Recognise that higher education has a wider social value and financial impact on public services than individual economic returns 3. Ensure that regulation and funding mechanisms do not impose unnecessary or disproportionate bureaucratic burdens 4. The direction of travel to increase the flexibility of the apprenticeship levy should continue so that it funds other accredited HE qualifications and short courses with suitable industrial experience components. The flexibility of apprenticeships should continue to increase 5. Introduce capital funding for digital technology innovation to teach the skills of tomorrow, including in continuing investment in national broadband connectivity
2. Levelling up across the UK to increase and spread opportunity; unleash the potential of places by improving outcomes UK-wide where they lag and working closely with local leaders; and strengthen the private sector where it is weak	
	<i>Recommendations</i>
	<ol style="list-style-type: none"> 1. Ensure all students regardless of background continue to have access to higher education 2. Ensure that credit based learning is rolled out efficiently and effectively by funding the necessary infrastructure changes at the SLC 3. Review the level of maintenance loans and reintroduce maintenance grants for disadvantaged students to achieve strong outcomes for a diverse mix of students throughout the UK 4. Double the size of the Higher Education Innovation Fund (HEIF) to £500m and reform it by removing the lower allocations threshold to support regional business recovery and growth 5. Introduce the UK Shared Prosperity Fund, ensuring it at least equals the amount of money received through previous EU structural development funding by investing in capacity and capability throughout all sectors of the economy and all regions and nations of the UK 6. Act on the Innovation's Strategy definition of 'innovation' by providing flexible funding that unleashes ideas for growth throughout the UK
3. Leading the transition to Net Zero across the country and more globally	
	<i>Recommendations</i>
	<ol style="list-style-type: none"> 1. Work with the further & higher education sectors to tackle the climate crisis 2. Create a Green Transformation Fund to support smaller and specialist institutions accelerate their progress towards net zero and biodiverse campuses 3. Develop proportionate reporting metrics to support smaller institutions measure and track their commitments to become Net Zero 4. Support a wide range of subjects and disciplines so that the workers of tomorrow can easily adapt to changing jobs

4. Advancing Global Britain and seizing the opportunities of EU Exit	
	<i>Recommendations</i>
	<ol style="list-style-type: none"> 1. Introduce support and funding to ensure the full diversity UK institutions maximise their export potential 2. Ensure the UK is a welcoming environment to overseas staff and student talent and acknowledge the role of smaller higher education providers in this space 3. Increase investment in the creative industries in order to maintain their global standing which brings substantial financial benefits to the UK 4. Invest in collaborations and networks through reintroducing GCRF as soon as the fiscal situation allows
5. Delivering our Plan for Growth – delivering on our ambitious plans for an infrastructure and innovation revolution and cementing the UK as a scientific superpower, working in close partnership with the private sector	
	<i>Recommendations</i>
	<ol style="list-style-type: none"> 1. Increase the amount of quality-related (QR) research funding and devolved equivalents, ensuring that all rise with at least inflation each year. At the same time, reform the distribution of QR funding to provide targeted support for smaller research organisations with potential for growth to increase scientific excellence across the UK 2. Commit to further rounds of Expanding Excellence in England (E3) and introduce a Research and Innovation Kickstarter Fund within E3 3. Commit to further rounds of the Connected Capabilities Fund (CCF) and the Research England Development Fund (RED) with modified terms to encourage innovation throughout the country

Section 1. Ensuring strong and innovative public services – making people's lives better across the country by investing in the NHS, education, the criminal justice system and housing

A diverse higher education sector is a crucial component of the strong and innovative public services needed for the UK's long term growth

1. Professional, vocational and technical education and practical research are essential in driving local, regional and national social, cultural and economic growth. Specialist and smaller universities, colleges and other HEPs play fundamental and crucial roles in achieving this growth. They do this by bringing together higher and further education qualifications and work-based learning opportunities within the same institution, rooted in a long track record of community engagement. They are therefore well-positioned to support the UK's economic recovery and future growth.
2. For example, smaller and specialist institutions provide vocational training for health and Allied Health Professions in areas as diverse as nursing, paramedics, osteopathy and physiotherapy. It is crucial that this Spending Review recognises and supports areas that take the pressure of the healthcare system by improving and supporting wider health objectives.
3. University involvement in teacher education is essential to support the pipeline of high-quality teachers into schools and colleges as well as the role that universities play in providing the robust evidence base to continue to enhance teacher practice.
4. Specialist institutions in the built environment and construction will increasingly be needed to support the government's planning and housing objectives.
5. At the same time, the government needs to consider other sectors essential to improving peoples' lives including agriculture. Agriculture is already under pressure given the impacts caused by the Covid-19 pandemic and Brexit. Specialist and smaller universities and colleges provide highly skilled talent for such key industries. For example, GuildHE institutions account for 41% of undergraduate and postgraduate students studying agriculture and related subjects in the UK¹.

To enable higher education institutions to support the government's vision and the Plan for Growth we recommend the following interventions:

- 1. Meet the full cost of higher education teaching for high-cost subjects, for students with more complex needs and in specialist institutions to ensure choice and quality**
 - 1.1. For many students, studying at a smaller or specialist provider is attractive. These institutions provide more welcoming communities, highly specialist equipment, close key industry links (e.g. healthcare, agriculture, construction, teaching). They are frequently in more remote locations of the UK. These

¹ Based on GuildHE analysis of HESA subject data 2018-19

HEPs support the diversity of choice for students in the tertiary education system²; however many features of these institutions most valued by students also create additional running costs.

- 1.2. The KPMG costing study³ that accompanied the Augar analysis showed average teaching costs were close to or above the tuition fee and (where applicable) higher cost subject funding provided, depending on subject area. KPMG also noted that factors driving higher costs included being located in London, being smaller in size, having a more limited range of provision and a lower number of students in their staff to student ratio. Whilst overall funding for teaching is set at about the right level, OfS grants need to meet the costs of high-cost subjects in smaller and specialist institutions and for students with more complex needs to ensure choice and quality.
- 1.3. Furthermore, the tuition fee cap freeze and ever-increasing costs have meant that HEPs have already made efficiency savings. The £9,000 fee cap has been raised once since 2012 to £9,250; however the actual value has now dropped to around £7,500 if you include the impact of inflation, demonstrating the significant savings that institutions have made.
- 1.4. Large HEPs have multiple and diverse income streams from research and international students and have often been more likely to benefit from government financial assistance during the pandemic. At the same time as all institutions' income streams have been eroded due to the pandemic, smaller HEPs operate at a much lower scale, with limited amounts of international student fee income. They face barriers to diversifying their income as their size is counted against them in many bidding processes. Many of these smaller and specialist institutions have less additional income relating to research and knowledge exchange activities and so have been disproportionately impacted by the reductions resulting from the pandemic in income from other sources such as accommodation, conferences and short-courses. On top of this, providers need to meet higher costs as a result of higher national insurance and pensions payments. Therefore they will require funding in order to maximise their returns to the UK's economy.
- 1.5. Specialist institutions delivering only high cost subjects cannot cross-subsidise from lower-cost courses. Additional grant funding, similar to Institution Specific funding, is essential for these world-class, nationally significant, specialist and smaller institutions to provide a high-quality education⁴. Funding must support the full diversity of specialist institutions facing higher costs so that they can assist government in resolving skills deficits and in contributing to the UK's economy.

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<https://guildhe.ac.uk/excellence-in-diversity-a-report-celebrating-the-diversity-of-uk-higher-education/>

³

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/909349/Understanding_costs_of_undergraduate_provision_in_higher_education.pdf

⁴ The same is true with specialist research funding - see our response to Question 5.

2. Recognise that higher education has a wider social value and financial impact on public services than individual economic returns

- 2.1. When calculating the value of a degree it is important not just to think about “value” in relation to the ability of graduates to repay their debt. Continuing education after 16 is proven to make citizens healthier, happier, and more productive. Continuing engagement in education post 16 is also a key way to cut crime and education is a fundamental pillar to rehabilitate past offenders. Investing in HE improves the life chances of all those who engage, and they, in turn, make communities better places to live⁵ and cost the taxpayer less overall.
- 2.2. Government must recognise that not all highly skilled and essential careers are lucrative and high earning, especially those that support key public services. For example, agricultural careers, which are vital for the economy and for national food security, are not necessarily high earning, and public sector wages are set directly by the government. It is particularly important, therefore, that there is a focus on a diversity of career outcomes for such industries to have the high-level skills base needed to address more complex operating environments and the transitions expected under industry 4.0.
- 2.3. GuildHE members educate nurses and other professionals in subjects allied to health, such as physios and sports and exercise scientists. Such professionals have proved their worth through the current pandemic⁶ in ways that a simple evaluation of graduate salary data blatantly misses.
- 2.4. Similarly, our members are significant providers of teacher training, providing not just the next generation of teachers in schools but also working in partnerships with many providers in more remote communities. HEPs work with school-centred initial teacher training providing quality assurance, governance and academic elements to their programmes. The close partnerships between HEPs and schools enable timely responses to regional and local needs⁷.
- 2.5. Recent research by the Creative Industries Policy & Evidence Centre (PEC)⁸ indicates that creative higher education provides graduates with the high-level creative skills necessary to work within the creative industries and across the wider economy, delivering good value to students in equipping them with the tools they need to enter their chosen careers⁹.

⁵https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/524013/education-review-report.pdf

⁶ <https://guildhe.ac.uk/universities-supporting-their-communities/>

⁷<https://wonkhe.com/blogs/review-of-itt-must-recognise-the-unique-and-valued-contribution-of-universities-to-teacher-training/>

⁸ <https://www.pec.ac.uk/research-reports/for-love-or-money>

⁹ 73% took their job because it was the type of role they wanted to do - this compares with only 66 per cent of non-creative graduates:
<https://www.pec.ac.uk/assets/publications/Higher-Education-Strategic-Importance-Policy-Brief-PEC-092021.pdf>

- 2.6. Therefore, we believe graduate earnings are a wholly inappropriate measure of the economic value of higher education. The benefits go further than for the individual graduate - for example, there are multiple “spill-over effects for creative arts graduates that have been estimated to more than double the direct impact of earnings alone”¹⁰.
- 2.7. In making critical funding decisions, government must look beyond existing metrics such as Longitudinal Education Outcomes (LEO) data to ensure that the nature of the early career opportunities for many graduates within these sectors does not skew the data which is focused solely on early career earnings¹¹. The Bridge Group’s *Staying local: understanding the value of graduate retention for social equality* also emphasises this point¹². The PEC’s paper, *How to design a creative higher education system that supports economic needs*, is particularly helpful in suggesting alternatives¹³.
- 2.8. It is crucial for the government to look at the bigger picture on the impact degrees have on graduates and wider society long term: the metrics simply do not measure the true economic or personal value of attending HE in relation to the individual graduate.

3. Ensure that regulation and funding mechanisms do not impose unnecessary or disproportionate bureaucratic burdens

- 3.1. We welcome the Government’s wish to reduce bureaucracy in the sector¹⁴ and believe that more can be done to ensure that both funding and regulation policies are mindful of the cumulative impact on smaller and specialist universities.
- 3.2. The regulatory approach to HE does not fully take account of the impact of compliance on a small HEP needing to spend additional time and money on meeting the requirements of its regulators (which includes the OfS but also Ofqual, Ofsted, IfATE, DfE directly and PSRBs). The sheer number of official bodies monitoring different sorts of HE places unnecessary burden on smaller HEPs who are working hard to ensure a high-quality provision that meets the professional demands of the industries they serve.
- 3.3. The OfS having oversight of all educational provision at a registered provider (not just those that command HE loan funding) is a prime example of duplication of regulation, using different data, with different collection times,

¹⁰

<https://www.guildhe.ac.uk/wp-content/uploads/2018/09/Understanding-the-limitations-of-graduate-outcome-metrics-in-higher-education-18-09-2018-V2.3.pdf>, p.1

¹¹ Ibid

¹²

<https://upp-foundation.org/wp-content/uploads/2021/09/Staying-local-graduate-retention-in-regions-embargoed.pdf>

¹³

<https://www.pec.ac.uk/policy-briefings/how-to-design-a-creative-higher-education-system-that-supports-economic-needs>

¹⁴

<https://www.gov.uk/government/publications/reducing-bureaucratic-burdens-higher-education/reducing-bureaucratic-burdens-on-research-innovation-and-higher-education>

and different quality assurance processes which are not always suitable for different provider contexts. Similarly, the continual changes to the regulatory approach and short deadlines to respond to consultations mean many smaller institutions are unable to contribute their views.

- 3.4. We would like to see a more joined-up approach to how HE in its many guises is regulated and a joined-up approach between the HE and FE policy and regulatory bodies that work across Adult Education. There should be a commitment to better consultation and implementation times on changes to the regulatory approach. Making changes to the operation of a provider is costly and takes away resources from teaching and learning.
- 3.5. Similarly, with regards to funding mechanisms, the rules are different for designated HE institutions and designated FE institutions. This means that there are additional complexities in being able to implement the government's commitment to skills reform and some providers are put off by this complexity.
- 3.6. Furthermore, the general approach to bidding for additional funding is unfair to the totality of the HE sector. Smaller HEPs do not have the expertise or economies of scale to usually benefit from funding competitions. They very rarely secure any of these funding pots against large HEPs with professional bid writing teams. This means that only half of the sector is benefiting from government support to innovate in teaching, research and knowledge exchange and is not recognising the excellence within smaller institutions.
- 3.7. We are supportive of the Tickell Review of Research Bureaucracy and welcome the engagement we have had to date to put across the particular challenges for smaller and specialist HEPs. For example, it is important that the processes and data collection required for obtaining Research Degree Awarding Powers are aligned with other sector initiatives, such as REF.
- 3.8. We encourage funders to: adopt approaches that are proportional to funding extent and also provide clarity in their expectations; recognise the complexity and variability of infrastructure to manage research at institutional level, and how this embeds inequalities in the system; the adoption of a broader range of funding approaches than open competition, such as co-creation and collaboration, to widen access to funding and the beneficial impacts that can be delivered.
- 3.9. These approaches would honestly recognise the inequalities in the system. They would reduce the number of hours spent on bids unlikely to succeed and the bureaucracy in processing them, whilst bringing funders and institutions into mutually beneficial exchanges of expertise, expectations, and experience.

4. The direction of travel to increase the flexibility of the apprenticeship levy should continue so that it funds other accredited HE qualifications and short courses with suitable industrial experience components. The flexibility of apprenticeships should continue to increase

- 4.1. We welcome recent announcements from government that it will be easier for

large employers to transfer up to 25% of their annual levy¹⁵ and on the introduction of flexi-apprenticeships¹⁶. We also welcome, for the most part, the move towards integrated degree apprenticeships.

- 4.2. However, despite the current changes, the apprenticeship levy must be more flexible because many employers simply do not have the capacity to take on a full-time apprentice. They also wish to be able to use their levy to upskill staff in other ways (often through bitesize CPD training with a HE or FE partner).
- 4.3. At present similar qualifications (degrees and degree apprenticeships) have very different financial incentives. This distorts the choices made by students and employers. It is unsustainable to have two funding routes to the same qualification level where through one all the cost contribution falls on the graduate, and through the other, all the cost falls on the employer. The data has shown that this further entrenches unequal access to HE, with more affluent students far more likely to undertake a 'free' degree apprenticeship¹⁷.

Simplifying regulation and cutting bureaucracy for apprenticeships

- 4.4. Higher education has a long history of working in partnership with further education and industry, especially Professional and Statutory Regulatory Bodies (PSRBs). They are intertwined with the quality assurance infrastructure and support the very best standards of technical education.
- 4.5. We recognise that government must be satisfied with the quality of Technical Education, however IfATE's route panel processes coupled with Ofsted's interventions for higher apprenticeships has made the delivery of these qualifications more bureaucratic and more costly.
- 4.6. We have also seen IfATE go against the wishes of long-standing and reputable PSRBs in the decisions it has made on apprenticeship provision, evidenced by the slow rate of progress in agreeing new apprenticeship standards.
- 4.7. We have additional concerns that the current trailblazer and route panel process is secretive and exclusive. This creates unnecessary barriers to other groups forming, or delivery providers planning for future delivery and actively discourages HEPs from engaging in the policy.
- 4.8. Given government's wish to reduce bureaucracy in the sector¹⁸, we wish for there to be a review of the way in which HEPs can engage with the technical education policy reforms that span over multiple types of institutions. For example, we believe that it is a duplication of effort and resources to involve Ofsted in the regulation of degree apprenticeships when there are already robust HE regulatory processes through the OfS in place. This places additional financial and operational burdens on HEPs and ultimately put some off from engaging in the policy.

¹⁵ <https://www.gov.uk/government/news/more-businesses-to-offer-apprenticeships>

¹⁶ <https://www.gov.uk/guidance/flexi-job-apprenticeship-offer>

¹⁷ <https://www.officeforstudents.org.uk/media/c791216f-a1f1-4196-83c4-1449dbd013f0/insight-2-degree-apprenticeships.pdf>

¹⁸

<https://www.gov.uk/government/publications/reducing-bureaucratic-burdens-higher-education/reducing-bureaucratic-burdens-on-research-innovation-and-higher-education>

5. Introduce capital funding for digital technology innovation to teach the skills of tomorrow, including in continuing investment in national broadband connectivity

- 5.1. HEPs rapidly adapted to providing teaching and learning online as a result of the pandemic. While universities have been quick to return to face-to-face teaching, online teaching has enriched teaching and student experiences through supporting flexible and short courses. It has also enabled providers to attract new learners who are not as able to engage with traditional delivery methods (eg mature learners). There have, however, been some challenges to replicate online provision where there are large practical elements built into the curriculum, or where open dialogue is a key part of the pedagogical practice due to the lack of infrastructure to support such a style of learning.
- 5.2. The delivery of innovative and award winning creative education¹⁹, necessarily involves high costs such as technical facilities, studios and specialist staff. This is also the case for other practical STEM disciplines where face-to-face technical learning is hard to replicate digitally without significant investment. Online learning is also prohibitively expensive for smaller institutions to run long term, and the current funding levels do not cover the necessary infrastructure costs to deliver this in many providers - unless it is a broad institutional initiative from a large provider (e.g. the Open University).
- 5.3. GuildHE has continued to work with JISC to understand what would be needed in order to digitise this style of learning, and we believe Capital Funding to improve the technological infrastructure is essential in order to deliver flexible, accessible and valuable learning experiences to develop the graduate-level skills required by all parts of the economy.
- 5.4. We are also mindful of the digital poverty felt by many of our students. We have been working hard to ensure that all of our students regardless of background have access to the internet and equipment to enable them to access the right digital content.
- 5.5. We, therefore, welcome the announcements on infrastructure in the Plan for Growth and urge the government to continue to prioritise ensuring everyone in the UK has access to high speed broadband.
 - 5.5.1. Many of our members are situated in rural and coastal areas where the national infrastructure is not yet sufficient to provide stable access to a digital university experience.
 - 5.5.2. This coupled with the prohibitively expensive suppliers of broadband, creating an inequality in the educational experience which universities are not able to address. If the government wants more flexible provision, it must address the national infrastructure and expense to enable all of society to engage in higher-level learning.

¹⁹ Teaching Excellence Framework (TEF) results were above average for creative institutions. Of the 13 specialist institutions in UKADIA, 7 were gold, 5 silver and 1 bronze. 8 institutions received single or double positive flags for graduate outcomes.

Section 2. Levelling up across the UK to increase and spread opportunity; unleash the potential of places by improving outcomes UK-wide where they lag and working closely with local leaders; and strengthen the private sector where it is weak

Levelling up means recognising the importance of place-shaping together with investing in the full spectrum research and innovation and in supporting a diverse workforce to develop their skills through accessing higher education

1. Major national assets, especially the large, research intensive universities, are concentrated in the South East. Public investment and business investment is concentrated here which suggests that when you invest more public money, more private money follows²⁰.
2. The Nesta report, *The Missing £4 Billion*²¹, goes into much further depth and identifies several barriers. Many of the recommendations made will support the economic, social and cultural recovery and growth of the UK.
3. As part of the levelling up agenda, it is important to consider the attractiveness of place. The physical and cultural assets of places are often overlooked²². You need to develop places where people want to live and work otherwise big investments will result in commuter communities. You need to work with and for communities to work out what is important to them²³. You need to invest in places to attract and retain graduates who then in turn contribute to the local economy and wider civic life²⁴.
4. This means widening the focus from regional inequalities (although these remain stark and require immediate, sustained and significant focus) to recognise that localised inequalities can be masked by a broad geographic focus. There are other important lenses to examine inequalities such as considering coastal, rural and inner-city places as well other places where there may be small pockets of deprivation that are masked by the broader wealth of the area.²⁵
5. The importance of the creative economy in place-shaping must be recognised and supported. The evidence for the power and potential of the creative industries in levelling up is clear, including in economic, social and health and wellbeing benefits (see the Arts Council, in particular, *The Economic Spillover of Creative People and Places*²⁶; the Creative Industries Federation's *The UK*

²⁰

<https://industrialstrategycouncil.org/universities-and-colleges-and-industrial-strategy-exploring-data-knowledge-exchange-research-and>

²¹ <https://www.nesta.org.uk/report/the-missing-4-billion/>

²² <https://www.artscouncil.org.uk/sites/default/files/download-file/placemaking%20wavehill.pdf>

²³ <https://icstudies.org.uk/our-approach/safety-numbers>

²⁴

<https://upp-foundation.org/wp-content/uploads/2021/09/Staying-local-graduate-retention-in-regions-embargoed.pdf>

²⁵ <https://civicuniversitynetwork.co.uk/>

²⁶ <https://www.artscouncil.org.uk/publication/economic-spillover-creative-people-and-places>

*Creative Industries: unleashing the power and potential of creativity*²⁷; the PEC's series on *Creative places: Why we must invest in our local creative industries*²⁸).

6. Within this context, smaller and specialist universities generate multiple positive impacts through their closely entwined teaching, research and knowledge exchange for their communities, their wider regions and the national economy and must be seen as important partners in order to reach levelling up and socioeconomic targets.
 - 6.1. They are, for example, actively engaged in LEPs, with local authorities, with different communities and make measurable contributions to the places where they are based and industries and professions that they support.²⁹
 - 6.2. They are crucial in supporting local redevelopment and addressing regional skills needs as demonstrated by the Knowledge Exchange Framework³⁰.

We make the following recommendations on how the contributions of specialist and smaller universities and colleges can be maximised in order to unleash the potential of places across the UK:

1. **Ensure all students regardless of background continue to have access to higher education**
 - 1.1. School attainment plays a substantial role in defining young people's future careers and educational engagement post 18. GuildHE institutions pride themselves on providing a supportive and successful student experience to all students, recognising that prior educational attainment is not always a reflection of talent and ability. This approach is important in ensuring that all members of different and diverse communities are able to develop the skills they need to secure improved outcomes.
 - 1.2. Because many smaller and specialist providers offer industry focused qualifications, and/or are located in areas where the academic attainment of school leavers is lacking, they have developed Year 0 foundation year provision to support students with the potential to succeed, but who are deficient in specific skills and often the confidence to be a successful HE student.

²⁷

<https://www.creativeindustriesfederation.com/news/press-release-we-must-invest-creativity-new-data-reveals-creative-industries-are-catalyst-post>

²⁸ <https://www.pec.ac.uk/news/creative-places>

²⁹ See the following for evidence and examples:

- Excellence in Diversity
<https://www.guildhe.ac.uk/wp-content/uploads/2015/07/Excellence-in-diversity-Full-report-2-July-20151.pdf>
- Innovation systems and the role of small and specialist HEIs.
https://issuu.com/guildhecrest/docs/crest_innovation_systems_single_pa

³⁰ <https://guildhe.ac.uk/the-local-and-regional-impact-of-small-and-specialist-universities/>

- 1.3. We take the recruitment of mature learners very seriously who often need additional support to get back into HE after long periods away from school and/or without the prerequisite school level qualifications. Our members also recruit a large number of disabled students into their programmes and have a much higher percentage of disabled students compared to larger HEPs.
- 1.4. Foundation years are an additional way to support students who may have complex needs and would benefit from the opportunity to have additional time to engage with the academic content of the programme, as well as plugging any knowledge deficits they may have had whilst in the school system. This is especially important for this current generation of young people that have had broken schooling due to the pandemic. We, therefore, believe that Foundation Years provide an essential route into higher education for specific subject areas and to help widen participation and their funding should be protected.
- 1.5. Any restriction to funding Foundation years would have a catastrophic impact on Access and Participation for our most vulnerable and disadvantaged students.
- 1.6. This impact would be especially significant for the UK's priority industries such as agriculture where a large proportion of the skills pipeline is recruited through Integrated Foundation years³¹.
- 1.7. Similarly, we are concerned that there are proposals to only allow access to level 6 qualifications if the student holds GCSE English and Maths, and receives the equivalent of three Ds at A-Level. Not only would this have a detrimental effect on disabled learners and those from lower socioeconomic backgrounds, but would add an additional level of complexity to the recruitment of Adult learners who are in vital need of re-skilling post pandemic. Whilst we recognise that HEPs should only take on students who are capable of achieving a degree, we do not recognise A-Levels and GCSEs as the only way to measure the potential of applicants.
- 1.8. Mature learners especially may come with a wealth of professional experience and who are looking to formalise their work-based skills into a formal qualification. Likewise our next generation of gifted artists, musicians, performers and crafts people does not necessarily require a GCSE in Maths to complete their degree with first-class honours and have a successful career in their chosen industry. It also will cause difficulties with those that hold the new T-Level qualifications who both DfE and the HE sector want to have the option of attending HE too.

³¹ We have previously written to DfE outlining the many ways the Integrated Foundation year is vital to successful access strategies for our members and their students, especially for those students from non-traditional academic backgrounds or mature learners seeking access to higher education who experienced significant disadvantage in secondary school.

2. Ensure that credit based learning is rolled out efficiently and effectively by funding the necessary infrastructure changes at the SLC

- 2.1. We welcome the Prime Minister's announcements and policy directions on the lifelong loan entitlement and modular learning. Moving HE funding to a credit based funding model will not only offer the flexibility of learners to dip in and out of HE at appropriate opportunities, but also help the government's vision for students to move freely between HEPs, which at present is very challenging to do.
- 2.2. Specialist and smaller universities and colleges are experts at supporting people at different stages of their lives and in different regions of the country. They regularly recruit mature learners and already offer short course CPD training for the professions they serve. Our members stand ready to assist the government in ensuring that this policy is rolled out in the most effective way.
- 2.3. To do this there must be investment to reform the Student Loans Company processes in order to deliver the full aims and objectives of this policy and move **all** HE funding provision to a credit based system. Without the infrastructure to deliver this wholesale change, we do not believe it is possible to offer a wide range of effective lifelong learning opportunities for learners of all ages.
- 2.4. Any future funding incentives to support education providers in engaging in this policy should also be mindful of the significant financial and time investment this takes on institutions, and as such should ensure that smaller providers are able to successfully bid for financial support. In previous funding rounds small institutions nearly always miss out on financial incentives because they are either too small to bid (in terms of student numbers), do not have dedicated bid writing staff, and/or cannot engage in the short timescales imposed in writing bids, or spending the money.
- 2.5. Whilst we appreciate the Government wish to see a high return on investment, we have proven that smaller institutions like members of GuildHE are very well placed to deliver on skills reforms through their technically focused expertise, their connections to their local economy, and the breadth of qualifications they deliver yet are often sidelined because of their size of the bureaucracy of the bidding process.

3. Review the level of maintenance loans and reintroduce maintenance grants for disadvantaged students to achieve strong outcomes for a diverse mix of students throughout the UK

- 3.1. Living costs have risen significantly since the last major review of the loan system in 2012. At present, for the vast majority of students the maintenance loan does not even cover their rental costs. Universities do not supply the vast majority of student housing, and therefore have no power over the cost of rent. There is an over-reliance on parents funding this shortfall, which in many cases cannot or does not happen, even for students living at home. It is also

increasingly more expensive to live in all parts of England, and therefore not only London students require a higher living loan.

- 3.2. Relying on individual providers to offer bursaries to disadvantaged students to plug this funding shortfall has not proven to be fair to all students. A disadvantaged student in a wealthy university where there are few such students is more likely to receive a much higher bursary than if they go to an institution with a larger number of disadvantaged students.
- 3.3. Furthermore, there is academic evidence to suggest that students in financial difficulty are less able to achieve academically³². With many students now working 20 hours a week to earn enough money to support their basic living needs it undoubtedly impacts their student experience and the value they can derive from their time at university. This is particularly felt where because of their term-time work students are unable to engage in extracurricular learning and social activities which build social and cultural capital. These 'soft skills' are vital to such students' ongoing professional successes. Not having sufficient time or support to acquire such skills puts them at a significant disadvantage against their more affluent peers in the jobs market.
- 3.4. Financial pressures are also contributing to the increasingly poor mental health within the student body. Whilst HEP have heavily invested in mental health and wellbeing support to meet this increased demand, this simply treats a symptom. Financial hardship budgets are constantly stretched, and this means our members are simply not able to plug the financial gaps some students find themselves in.
- 3.5. Maintenance grants should therefore be reintroduced for the poorest students. GuildHE has argued previously for reintroduction of maintenance grants for low-income students³³ and supports the Augar recommendation that: "students from low-income households should receive a substantial part of their maintenance support in the form of a grant in order to reduce their level of debt on graduation. We recommend a minimum grant of £3,000 per year for those with the maximum entitlement."³⁴
- 3.6. For students with children we also wish the government to extend support for the additional costs of study via Childcare Grants and the Parents' Learning Allowance to all students.

³²

<https://guildhe.ac.uk/how-gaps-in-student-maintenance-loans-affects-attainment-and-graduate-outcomes/>

³³ <https://wonkhe.com/blogs/the-cost-of-doing-the-right-thing-by-part-time-students/>
<https://guildhe.ac.uk/wp-content/uploads/2018/08/LE-GuildHE-Student-support-modelling-06-08-2018-STC.pdf>

³⁴

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/805127/Review_of_post_18_education_and_funding.pdf pg191

3.7. Finally, the government should undertake an updated Student Income and Expenditure Review to better understand the change in living costs post-pandemic. The last one was published in May 2019.

4. Double the size of the Higher Education Innovation Fund (HEIF) to £500m and reform it by removing the lower allocations threshold to support regional business recovery and growth

- 4.1. HEIF is a highly effective funding method³⁵ and government has already committed to increase it to £250m,³⁶ reaffirming its importance in the Innovation Strategy³⁷.
- 4.2. Knowledge exchange is the key function that allows research and teaching to translate into economic, social and cultural growth. The full range of activities that KE entails must be funded so that more translation takes place to achieve the government's 2.4% GDP target.
- 4.3. To enable the positive effects from HEIF to be realised across the UK it must be reformed by removing the lower threshold for distributions and adding a regional weighting³⁸.
- 4.4. To this end, we welcome the recent announcement from Research England on new KE funding for smaller HEPs eligible for, but not currently in receipt of HEIF and see this as a positive step in the right direction³⁹.
- 4.5. Smaller and specialist universities are agile and can maximise impact from smaller investments due to simpler infrastructure and closer-to-market research. Amending the HEIF distribution would give them the potential to drive long term socioeconomic growth in a way that they previously have been hindered from doing in a sustainable way. Planned, annual, allocations would go a long way by providing certainty, not just for the universities, but also for the businesses and communities that they serve and with which they generate economic impact.
- 4.6. Those smaller HEPs that have HEIF have been able to drive growth for their towns (e.g. Worcester) or industries (e.g. agriculture). However, they have sacrificed other promising research initiatives and knowledge brokerage in order to continue to secure HEIF due to being so near the meaningless minimal threshold. Removing this minimal threshold, or basing innovation funding on other measures, such as active participation in the Knowledge Exchange Framework, would enable smaller and specialist institutions to unleash their untapped potential⁴⁰.
- 4.7. Minimum, annual allocations of HEIF could be at least £75,000. This would enable the appointment of professional KE managers, crucial in unlocking HEIs' innovation potential and ability to develop lasting productive partnerships with local leaders, businesses and social enterprises that drive socioeconomic growth.

³⁵ <https://core.ac.uk/download/pdf/20090197.pdf>

³⁶ <https://www.gov.uk/government/publications/industrial-strategy-building-a-britain-fit-for-the-future>

³⁷

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1009577/uk-innovation-strategy.pdf pg47

³⁸ See Annex A for analysis of current funding

³⁹ <https://www.ukri.org/news/2-5-billion-investment-to-support-governments-rd-ambitions/>

⁴⁰ See <https://guildhe.ac.uk/the-local-and-regional-impact-of-small-and-specialist-universities/>

5. Introduce the UK Shared Prosperity Fund, ensuring it at least equals the amount of money received through previous EU structural development funding by investing in capacity and capability throughout all sectors of the economy and all regions and nations of the UK

- 5.1. UKSPF offers a real opportunity for the government to build strong foundations throughout the UK that will enable all sectors of society and the economy to strengthen the UK's place in the world. Getting it right will help channel inward investment into many parts of the UK.
- 5.2. The UK Community Renewal Fund offers a positive first step in this direction. However, it is imperative that the full UKSPF is introduced with urgency as failing to do so will hold back regional growth and incapacitate all regions of the UK to support levelling objectives along with the vision of Global Britain.
- 5.3. ERDF programmes were also successful in creating local cross-sector collaborations to entice overseas investment into regions and in growing existing research in poorer parts of the UK. A UK successor, such as UKSPF, is essential in order to build up and develop capacity in all parts of the UK so that international projects can be undertaken.
- 5.4. Universities are central to these projects⁴¹ and as a result of such funding, smaller and specialist universities have led the way in local innovation to solve national and international challenges, in all regions of the UK.⁴²
- 5.5. We add that universities and other HEPs should be part of the core infrastructure for levelling-up prosperity and also assist in driving overseas investment by allocating funding directly to them for these purposes.

6. Act on the Innovation's Strategy definition of 'innovation' by providing flexible funding that unleashes ideas for growth throughout the UK

- 6.1. We support the government's definition of innovation: 'the creation and application of new knowledge to improve the world'.⁴³
- 6.2. We also reference the CBI's advocacy for end-to-end support for research and development that covers applied research and knowledge exchange as well as discovery research⁴⁴. Innovation can take time to develop before it yields economic benefits for local regions and communities. Quick wins without strong foundations will not be sustainable. Therefore projects should ideally have a long timeframe with phased development.
- 6.3. Excellence in innovation should involve looking at innovation in teaching where excellent knowledge transfer can take place and lead to growth in

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http://www.millionplus.ac.uk/documents/MillionPlus_Policy_Briefing_-_How_the_Shared_Prosperty_Fund_can_protect_the_UK_economy.pdf

⁴² <https://guildhe.ac.uk/lobsters-and-libraries-why-engagement-with-place-matters/>

⁴³

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1009577/uk-innovation-strategy.pdf pg11

⁴⁴ <https://www.cbi.org.uk/articles/don-t-wait-innovate/>

particular industries and regions. For example, Abertay University's approach to supporting the cybersecurity industry involves student placements with relevant companies, enabling genuine two-way learning experiences⁴⁵.

6.4. We believe that the following package would enable experimental innovation across the UK:

6.4.1. A research and innovation recovery and growth fund for smaller and micro companies, similar to Innovate UK funding, should be considered, with lower levels of match funding permitted, by adapting schemes run by the British Business Bank, Creative England and Innovate UK. This is particularly the case for KTPs in the creative sector - it is hard for smaller companies to provide funding even when they see the need to invest in R&D.

- For example, flexible proof of concept small-scale funding such as Business Innovation Vouchers (eg £5k-£10k) has been successful in allowing collaborations with business to start and test potential innovations.
- This fund should target poorer regions and communities of the UK and should form part of the UK Shared Prosperity Fund by adapting schemes such as [The Growth Fund](#).

6.4.2. Increase the funding allocated to Strength in Places to £500m and add mechanisms to enable less economically advanced parts of the UK to benefit from the Fund.

- Strength in Places is an innovative fund that supports cross-sector, cross-border collaboration with a place focus and one that allows bidders to define their own geographical boundaries and government has acknowledged its benefits⁴⁶. However, it is set up to support economies that already have some scale and element of excellence in research: the funding on offer is too high for developing economies in other parts of the UK.
- Similar to the Nesta recommendation,⁴⁷ we recommended that Strength in Places was expanded and we welcome government's initial expansion of this fund. However, we recommend that the Fund is increased to £500m in order to support less advanced economies as well as the larger

⁴⁵ Further examples can be found at

<https://guildhe.ac.uk/practice-informed-learning-the-rise-of-the-dual-professional/>

⁴⁶ See UK Innovation Strategy:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1009577/uk-innovation-strategy.pdf

⁴⁷ <https://www.nesta.org.uk/report/the-missing-4-billion/>. See Recommendation 10, p.68 As mentioned, we support the main recommendations in the rest of the report, including the regional adaptation of QR and HEIF.

economies currently funded. It should have synergies with the UK Shared Prosperity Fund.

- At the same time, the lower bid threshold should be decreased from £10m to £5m. This would enable emerging economies to develop research and innovation strengths that work for them and in turn lead to wider socioeconomic growth.
- A lower barrier to entry would mean that smaller and specialist institutions in poorer regions of the country could build on their expertise in areas such as the creative industries, agriculture, the built environment and subjects allied to health to deliver regionally transformational projects⁴⁸.

⁴⁸ Some examples of projects and how to measure their impact can be found in *Size Matters: Completing the Jigsaw for Rural and Regional Productivity. Exploring the Concept of Heatmapping for Evidencing the Non-Teaching Interactions and Impact of Smaller and Specialist Universities and Colleges in the United Kingdom*
<https://articlegateway.com/index.php/JABE/article/view/3883>

Section 3. Leading the transition to Net Zero across the country and more globally

The diversity of the higher education sector can support the transition to Net Zero because it works with diverse communities and industries

1. Many universities have been at the forefront of climate research over many decades. Universities have also made significant steps to embed sustainability into the curriculum and address sustainability across their estates from investments, energy usage, procurement, building development and much more.
2. Smaller and specialist universities are intimately linked with local communities and places, providing infrastructure and inspiration to places in parts of the UK where other investment is low. For example, Plymouth Marjon University has succeeded with two public sector decarbonisation rounds and are installing ground source heat pumps on a scale not seen in non-residential settings. Research accompanies this exploring behaviour change related to sustainability and utilising the campus as a living lab⁴⁹.
3. Others lead the way through their applied research, providing regions with hubs of expertise that can lead to real change. For example, the University of Cumbria led the ERDF Eco Innovation Cumbria project which supported students working with businesses on a raft of sustainability measures and contributed to important high level research. As a result, SMEs across Cumbria are working to reduce their environmental impact, whilst growing their business⁵⁰.

We recommend the following to be implemented so that HEPs fully realise their potential as catalysts - regionally, nationally and internationally - for achieving Net Zero:

1. **Work with the further & higher education sectors to tackle the climate crisis**
 - 1.1. GuildHE along with Universities UK, Association of Colleges and EAUC created the [Climate Commission for UK Higher and Further Education](#) which has identified five areas that the sector needs focused support on to ensure there is a clear and feasible pathway to reach targets. These are:
 - 1.1.1. Mobilising the Further and Higher Education voice for influence and impact
 - 1.1.2. Research and innovation– the funding and scope of research and innovation and maximising its impact
 - 1.1.3. Measuring and Reporting - Scope 1, 2 & 3 – profiling work underway, developing sector understanding of Scope 3 emissions, and supporting the sector to make significant progress in addressing these emissions
 - 1.1.4. Deep adaptation – including governance, risk, mitigation and adaptation for the future of our campuses and operations
 - 1.1.5. Education and the student experience – curriculum development and the climate emergency.

⁴⁹ <https://www.marjon.ac.uk/about-marjon/marjon-zero/>

⁵⁰ <https://www.cumbria.ac.uk/business/eco-innovation-cumbria/>

2. **Create a Green Transformation Fund to support smaller and specialist institutions accelerate their progress towards Net Zero and biodiverse campuses**

- 2.1. Universities are highly complex organisations with large carbon footprints. They are committed to tackling the climate crisis but many smaller and specialist institutions do not have the human or financial resources to invest to make the major transformations needed.
- 2.2. In almost two-thirds of responses to a recent GuildHE survey, our members reported that they only have one or two staff responsible for delivering their strategy and only about a third have already set targets for reducing Scope 1 and 2 emissions. They all cited financial and human resources as being the key issue preventing their further engagement.
- 2.3. We propose creating a **Green Transformation Fund** for smaller HEPs to further boost the engagement of these providers.

3. **Develop proportionate reporting metrics to support smaller institutions measure and track their commitments to become Net Zero**

- 3.1. Many smaller and specialist institutions have limited staff resources to make long and complicated reporting returns of their campuses - especially where some are highly complex rural estates. If we are to meet Net Zero targets we need clear and transparent approaches to reporting that enable monitoring.
- 3.2. Last year the OfS made the Estate Management Record (EMR) voluntary. Of the 30 providers who have withdrawn, two-thirds are smaller or specialist. There needs to be more bespoke and streamlined approaches to reporting data appropriate to the size of the institution. We would welcome further support to help develop these reporting mechanisms.

4. **Support a wide range of subjects and disciplines so that the workers of tomorrow can easily adapt to changing jobs**

- 4.1. Making the transition to Net Zero and a truly sustainable society requires different ways of thinking and working. Tomorrow's workers will need to adapt quickly to a changing world and their changing roles in it.
- 4.2. Higher education and degrees in the arts, humanities, social sciences develop graduates with strong analytical and critical thinking and, crucially, the ability to restrain and reskill during their multiple careers. This means that they are resilient and able to pivot quickly (for example, during economic downturns)⁵¹.
- 4.3. Government therefore needs broad and ambitious thinking in order to meet its climate goals by supporting a broad range of subjects. This should start from Level 2 onwards. As such, we are disappointed by the government's move to defund BTECs and so disincentivise learners from mixing academic and technical qualifications because this will force people into narrow career paths and make it harder for them to retrain when they only have technical skills and qualifications.

Section 4. Advancing Global Britain and seizing the opportunities of EU Exit

Specialist and smaller HEPs can make positive contributions to advancing Global Britain. They have export potential through the specialist products and services they create and they can drive inward investment efforts given the right conditions and support.

We make the following recommendations to maximise their potential:

- 1. Introduce support and funding to ensure the full diversity UK institutions maximise their export potential**
 - 1.1. Higher education, research and innovation have crucial roles to play in both export and import for UK plc. We welcome the work of the Department for International Trade in enabling the higher education sector to support the Global Britain vision.
 - 1.2. For example, one year's intake of incoming international students is worth £28.8 billion to the UK economy⁵². Meeting the targets in the International Education Strategy⁵³ to expand the number of international students to more than 600,000 will enhance this economic impact still further.
 - 1.3. At the same time, increasing numbers of HEPs are delivering high-quality transnational education (TNE) to students in other countries⁵⁴. However, due to the complex nature of setting up branch campuses and delivering TNE, the full potential of the sector is still to be realised, particularly for specialist provision. There is an opportunity to introduce funding to support collaboration between smaller and specialist providers to export overseas which should be explored in order to increase economic, cultural and social returns to the UK.
 - 1.4. Further to this, in the early years of this next spending period, it is essential that uplifts to the research and development budget are sufficient to fully cover EU funding and to address sector wider sustainability. Money already committed through uplifts to the central QR, for example, will not cover this.
 - 1.5. We support association to Horizon Europe. However, these association costs must not come at the expense of the QR budget. That would compromise government levelling up and Plan for Growth targets (see our responses to these sections for further information).

⁵² <https://www.hepi.ac.uk/2021/09/09/international-students-are-worth-28-8-billion-to-the-uk/>
<https://www.universitiesuk.ac.uk/universities-uk-international/events-and-news/uuki-news/depth-analysis-reveals-huge-contribution>

⁵³ <https://www.gov.uk/government/publications/international-education-strategy-2021-update>

⁵⁴ <https://www.universitiesuk.ac.uk/universities-uk-international/insights-and-publications/uuki-insights/scale-uk-transnational-education>

2. Ensure the UK is a welcoming environment to overseas staff and student talent and acknowledge the role of smaller higher education providers in this space

- 2.1. We are highly supportive of the government's introduction of both the Graduate Route Visa and the Global Talent Visa. Both significantly increase the attractiveness of the UK as a destination to start a career or continue to undertake world-leading research.
- 2.2. Students and staff at specialist and smaller HEPs benefit enormously from the diverse campuses that international students engender. International students provide the critical mass for some specialist, industry-informed courses to run for all students that would not otherwise have been possible.
- 2.3. However, the bureaucratic burden of compliance with UKVI regulations can be disproportionate on smaller institutions where a 10% CAS refusal rate might be a handful for students, or the cost of Premium Account Management support - the same fee for all sizes of provider whether they have five or 5,000 international students - can be a significant burden. The cost of compliance should be reviewed to assess the proportionality on smaller providers. This would enable such providers to further assist government in expanding the number of international students to more than 600,000.
- 2.4. At the same time, we welcome the government launching the Turing Scheme and the diverse range of institutions supported throughout the UK, including specialist and smaller HEPs. We urge the government to fund the Scheme on an ongoing basis in order to increase Britain's soft power.

3. Increase investment in the creative industries in order to maintain their global standing which brings substantial financial benefits to the UK

- 3.1. Before the pandemic, in 2019, the creative industries directly contributed £115.9 billion to UK GDP equivalent to approximately 6% of the UK total. In addition, they contributed £62.1 billion indirectly to UK GDP in 2019⁵⁵. Oxford Economics research commissioned by the Creative Industries Federation also predicts: "Over the entire recovery period (2021-25), the industry is expected to grow 20% faster than the UK-wide economy. This implies that the creative industries are projected to grow from representing 5.9% of UK GVA in 2019 to representing 6.1% in 2025."⁵⁶
- 3.2. The creative industries, therefore, contribute to the UK's export and import targets, along with Britain's soft power overseas⁵⁷. That said, the creative industries have skills shortages in many areas.

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<https://www.creativeindustriesfederation.com/publications/oxford-economics-report-developing-economic-insight-creative-industries>

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<https://www.creativeindustriesfederation.com/sites/default/files/inline-images/Developing%20Economic%20Insight%20into%20the%20UK's%20Creative%20Industries.pdf> pg22

57

<https://www.pec.ac.uk/government-submissions/response-to-the-integrated-review-a-new-era-of-soft-power>

- 3.3. Regional, specialist, creative higher education providers are working to fulfill these current skills gaps due to their close-to-industry courses. They collaborate with businesses in many parts of the creative economy, whether that is with animation or cyber security⁵⁸. 22% of creative arts and design students study at UKADIA institutions⁵⁹. Such institutions are fundamental parts of the talent pipeline, educating UK students and international students. Given further support (as outlined elsewhere in this section) and through methods such as bespoke trade support and missions, they could further maximise their export and import potential.

4. Invest in collaborations and networks through reintroducing the Global Challenges Research Fund (GCRF) as soon as the fiscal situation allows

- 4.1. Horizon 2020 was successful in encouraging larger UK institutions to work with smaller UK universities in order to develop global projects. This learning should be taken into account when developing UK schemes.
- 4.2. Particularly in light of global challenges, ideas can come from unexpected angles - for example, arts and design thinking could be applied to a health and sanitisation challenge (see the Waterspoutt project: www.waterspoutt.eu). Connections between disparate disciplines are not easily achieved, either by a single or even the same type of HEP (research-intensive, mid-sized civic university, small generalist or specialist institution).
- 4.3. Smaller institutions were particularly successful in developing strong relationships and delivered positive impacts with overseas partners through GCRF even with the limited funding that they received.
 - 4.3.1. For example, the Royal Central School for Speech and Drama had one project focussed on addressing challenges facing women and young people in Stofland in the Western Cape province of South Africa, formerly a site of indentured labour with the wine farms. These challenges include gender-based violence, religious persecution, and structural insecurities, such as housing, unemployment and lack of economic support. The research resulted in a community network for women facing social isolation and/or structural inequalities and led to the potential for employment and financial security (i.e. through selling crafts). It also established a partnership between local arts practitioners, the women in Stofland and Petra College (a local NGO).
- 4.4. Reestablishing the Global Challenges Research Fund is one way to do this. In doing so, GCRF should expand to include further targeted funding and support that explicitly includes and encourages specialist/specialist collaboration, whether that is for teaching, research or KE projects. Including international exchanges between specialist doctoral students would enable greater UK-led education and innovation, ultimately strengthening the UK's place in the world.

⁵⁸ See <https://guildhe.ac.uk/practice-informed-learning-the-rise-of-the-dual-professional/>

⁵⁹ Based on GuildHE/ UKADIA analysis of HESA subject data 2018-19

Section 5. Delivering our Plan for Growth – delivering on our ambitious plans for an infrastructure and innovation revolution and cementing the UK as a scientific superpower, working in close partnership with the private sector

Delivering on the Plan Growth and cementing the UK a scientific superpower means realising the potential of research and innovation in specialist and smaller universities

1. We strongly welcome the continued aspirations and funding commitments from the government for R&D. Support for innovation and research and development is key to the long term recovery and growth of the UK. We welcome the publication of the People and Culture Strategy and the work being done to tackle research bureaucracy. We support the direction of travel outlined in the Innovation Strategy and the BEIS R&D Roadmap.
2. We firmly support the definitions of science and research in the R&D Roadmap: *“All academic disciplines contribute to the vigour of the research endeavour, including the natural sciences, technologies, medicine, the social sciences, the arts and the humanities. Research and experimental development (R&D) comprise creative and systematic work undertaken in order to increase the stock of knowledge – including knowledge of humankind, culture and society – and to devise new applications of available knowledge.”*⁶⁰
3. Within this context, it is important to recognise the current and future economic, social and cultural contributions of smaller and specialist universities. They are closely aligned to the professions that they serve through carrying out practical research and well-positioned to stimulate the growth of key priority economies, such as the creative industries⁶¹, health, including sports & exercise science⁶² and agriculture⁶³.
4. However, policy support and funding often overlooks these disciplines in specialist and smaller universities, especially those found in poorer parts of the UK or working with less advantaged populations. Increasing support for their research endeavours will result in similar spillover effects as found in larger cities and lead to an increase in excellent research, innovation and knowledge exchange⁶⁴.
5. Furthermore, research funding in the UK is subject to the Matthew Effect, whereby funding attracts further funding. This means that the same regions and institutions (such as Cambridge, Oxford, Imperial College and UCL) have received heavy investment over the last couple of decades with impressive results. The flip side is that many other regions of the country have not experienced the same advantages

⁶⁰ <https://www.gov.uk/government/publications/uk-research-and-development-roadmap>

⁶¹ <https://guildhe.ac.uk/creative-universities-contribute-more-than-8-billion-to-uk-economy/>

⁶² <https://www.physoc.org/policy/sport-exercise-science-education-impact-on-the-uk-economy/>

⁶³ <http://landex-research.org.uk/about/research-with-impact/>

⁶⁴ Some evidence found at:

- <https://www.marion.ac.uk/research/knowledge-exchange/slke/> as an example of linking sport and exercise science, research and benefit to society
- <https://guildhe.ac.uk/the-local-and-regional-impact-of-small-and-specialist-universities/>
- <https://articlegateway.com/index.php/JABE/article/view/3883>

and wider benefits. In order to achieve the 2.4% R&D target and levelling up, this approach needs to change.

6. As part of this approach, we also recommend that government actively funds more part-time research students as part of the solution to increase research capacity and business interactions to drive growth⁶⁵.

- 1. Increase the amount of quality-related (QR) research funding and devolved equivalents, ensuring that all rise with at least inflation each year. At the same time, reform the distribution of QR funding to provide targeted support for smaller research organisations with potential for growth to increase scientific excellence across the UK**
 - 1.1. We agree with others, such as Universities UK and the Russell Group, that there should be an increase in the proportion of research funding given over to QR (and equivalent devolved) allocations, rebalancing the dual support system in favour of this more equitable distribution of resources⁶⁶.

 - 1.2. As a block annual grant, or 'strategic institutional support', QR allows excellent research to be undertaken in a wide variety of contexts. QR funding provides the stability institutions need to keep developing excellent research, to build a track record of performance, and implement long-term research strategies.⁶⁷

 - 1.3. This is especially true for HEPs with 'pockets of research excellence'. Such institutions do not routinely secure funding from the other part of the dual support system - the research councils. QR enables institutions to create a vibrant and engaging research culture. It stimulates and improves institutional engagement in other funding schemes and opportunities. QR provides the underpinning resource to engage in projects with other partners, including those in industry. Without QR, innovative research across the full diversity of UK HEPs, and by extension, the full diversity of researchers, would be lost.

 - 1.4. The HoC Science and Technology Committee endorsed our recommendation⁶⁸ to introduce a year on year uplift of QR, via a 'gearing' formula providing at maximum a 10% increase in funding, for institutions with relatively low QR

⁶⁵ GuildHE Research members have ability and experience in delivering part-time doctorates. Over 60% of our PGR students are part-time, compared to a sector average of 23%.

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<https://www.universitiesuk.ac.uk/sites/default/files/field/downloads/2021-09/our-universities-ma-ximising-a-national-asset-csr-2021-submission.pdf>

⁶⁷ Wellcome Trust, Empowering UK universities: how strategic institutional support helps research thrive, 2018:

<https://wellcome.ac.uk/sites/default/files/empowering-uk-universities-how-strategic-institutional-support-helps-research-thrive.pdf>

⁶⁸ Further evidence in our full submission is at

<http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/science-and-technology-committee/balance-and-effectiveness-of-research-and-innovation-spending/written/90503.html>

allocations. This would be expressly to support emerging research environments to establish infrastructure and capacity⁶⁹.

- 1.5. This would address the time lag between assessment exercises combined with the rate of change of smaller universities' research activities that results in their QR allocation quickly becoming out of kilter with their actual circumstances.
- 1.6. Combined with Nesta's recommendation to regionally weigh QR⁷⁰, this would, in our view, truly help to support excellent research, wherever it is found, at a time when the UK needs a very strong R&D system to support recovery from Covid-19 and longer-term economic, social and cultural growth (current QR distributions are illustrated in Annex B).

2. Commit to further rounds of Expanding Excellence in England (E3) and introduce a Research and Innovation Kickstarter Fund within E3

- 2.1. Many smaller, specialist HEPs undertake, and wish to expand, research and formal knowledge exchange but struggle to find the funding and support to do so, despite being established teaching institutions with close alignment with industry and demonstrating research excellence.
- 2.2. Competitive funding obtained through the Research Councils, for example, can be hard for such institutions to secure, for reasons including the size, scale, and maturity of their research operation. Demonstrating excellence through REF is often not enough to indicate the institution has the capacity to conduct competitively funded research; a track record is also often required. This creates a Catch 22 where it helps to have been successful in the past to get funds in the future. In short, those institutions which are newer to research have the odds stacked against them in open competition with more research-intensive and resource-rich universities.
- 2.3. E3 showed promise in widening access to competitive funding but also has a high barrier to entry⁷¹. E3 aimed to support "the strategic expansion of excellent research units and departments in HEPs across England by only focussing on units and departments where there is demonstrable research excellence already, and limited scale of activity".
- 2.4. However, whilst the fund did support institutions across England, it focussed almost exclusively on supporting larger research institutions with large scales of activity. Only one smaller HEP was funded - the Royal Northern College of

⁶⁹ <https://www.parliament.uk/business/committees/committees-a-z/commons-select/science-and-technology-committee/news-parliament-2017/balance-research-innovation-spending-report-published-17-19/>

⁷⁰ <https://www.nesta.org.uk/report/the-missing-4-billion/>. See Recommendation 9, p.67

⁷¹ RED and E3 funds require a level of matched funding that smaller institutions are less likely to be able to find, purely due to their scale of operation. This makes them less able to reach the scale which successful bids tend to have. Therefore another route to being involved in RED and E3 is needed.

Music - out of 13 projects despite strong interest from many smaller and specialist institutions⁷².

- 2.5. Further rounds of E3 should be introduced with urgency to support smaller research environments in smaller institutions so that they can deliver social, cultural and economic benefits from relatively small investments in order to achieve the 2.4% target.
- 2.6. This is particularly needed in light of the effects of the pandemic on teaching and learning. Such institutions are teaching-intensive, providing hybrid teaching and learning environments, and supporting those students whose educational career has been most affected by social restrictions. Institutions with emerging and consolidating research environments will need support to sustain and expand their research and knowledge exchange activities in a context where institutional budgets will be stretched by other priorities. It is crucial that we do not lose momentum for such pockets of research excellence that have the potential to drive innovation-led recovery and growth.
- 2.7. Furthermore, providers such as the University College for Estate Management (UCEM) which have unique teaching approaches, developed and led by industry experts, and which are extremely well connected to the construction industry more widely, have a strong willingness and eagerness to undertake research. However, nothing within the current R&D system allows them to establish their research expertise, not least due to the time between QR funding cycles. This includes the development of research capacity, capability and systems.
- 2.8. There is an urgent need to unleash close to the market research potential to support the government in achieving the 2.4% target, and smaller and specialist institutions are a resource with untapped potential to expand activity, given appropriate support.
- 2.9. We suggest a pilot Research and Innovation Kickstarter fund is established to award grants between REF cycles. It should form a ring-fenced part of existing enabling funds E3 funds.
- 2.10. This fund should complement our QR proposal in that it funds promising institutions that are not already funded through QR but plan to increase their research outputs and in turn socioeconomic impact.
- 2.11. Fund recipients (in England) should be on the Office for Students register (as Approved Fee Cap providers) and be partnered with existing research institutions to gain a greater understanding of the R&D landscape (partner institutions should also be rewarded for their efforts)⁷³. Organisations such as

⁷² <https://re.ukri.org/funding/our-funds-overview/expanding-excellence-in-england-e3-fund/>

⁷³ Partnering new and emerging research organisations with those that have demonstrated their excellence through REF would have a dual benefit of ensuring quality of research and providing useful collaborative experience amongst comparative institutions.

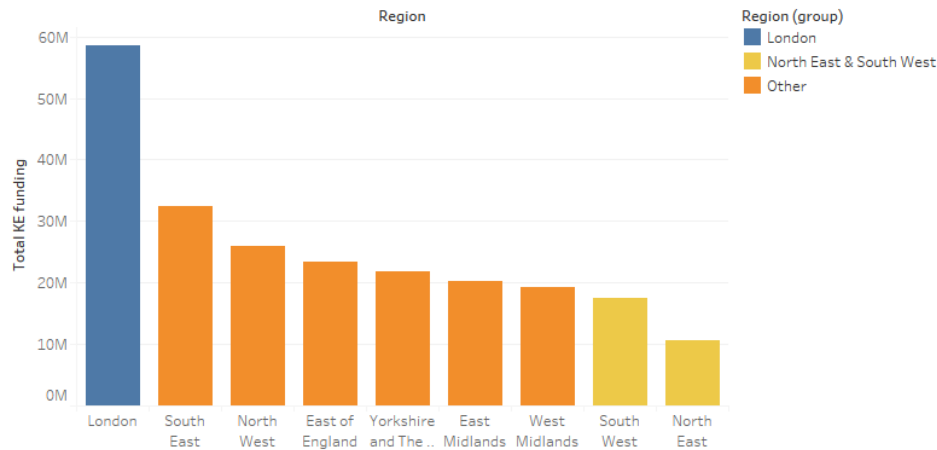
GuildHE Research, our dedicated research consortium, could help broker relationships.

3. Commit to further rounds of the Connected Capabilities Fund (CCF) and the Research England Development Fund (RED) with modified terms to encourage innovation throughout the country

- 3.1. CCF is a successful initiative that supports collaboration between universities to deliver beneficial impacts and economic growth as highlighted in the government's Innovation Strategy.⁷⁴
- 3.2. The RED Fund, delivered by Research England, exists to drive innovation in research and KE in higher education and its objectives should mean that smaller institutions can take advantage of such funding in order to deliver socioeconomic returns.
- 3.3. However, both CCF and RED have similarly high barriers to entry as E3. In particular, smaller institutions are unable to progress with their potentially powerful projects due to concerns around ongoing sustainability and match funding, both of which are at lower levels than in larger institutions.
- 3.4. Such calls can also arrive with short deadlines that prevent institutions without large research management teams to respond effectively. We encourage funders and government to consider more equitable approaches to funding competitions that make it realistic for the full diversity of institutions and individuals to engage.
- 3.5. We urge the government to go further and build on this success by introducing another round of CCF and to commit to a reformed RED Fund that permits capacity development of institutions in order to realise social, economic and cultural growth throughout the country.
- 3.6. CCF, for example, could support smaller institutions to collaborate on Knowledge Transfer Partnerships (KTPs):
 - 3.6.1. KTPs are an effective approach to supporting business innovation. Whilst several smaller institutions have successfully delivered them for their industries and regions, very few institutions have this capacity.
 - 3.6.2. There is the potential to mirror the model of the Knowledge Transfer Centres found in Scotland on a regional basis within the UK. This would enable a shared resource between institutions of different sizes and diversities. An alternative would be to develop a national shared service for specialist and smaller research organisations. Using the Scottish examples, it is clear that either approach would increase the number of KTPs and in turn lead to more innovative and productive businesses within the UK. CCF could kickstart either such initiative.

Annex A - Analysis of the Higher Education Innovation Fund (HEIF) 2020/21 allocations

Knowledge Exchange Funding by Region 2020-21

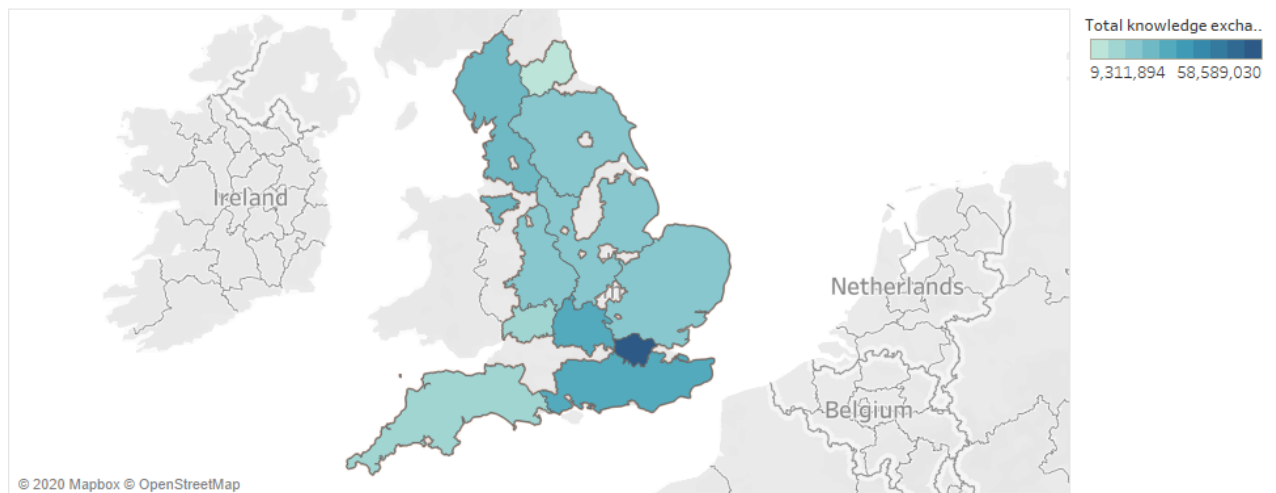


Sum of Total KE funding for each Region. Color shows details about Region (group).

This graph gives an overview of how Knowledge Exchange Funding was distributed across UK Regions for 2020-21. The highest proportion was allotted to London and South East respectively. In comparison, South West and North

East received a small proportion of the total HEIF funding.

Regional Knowledge Exchange Distribution 2020-21

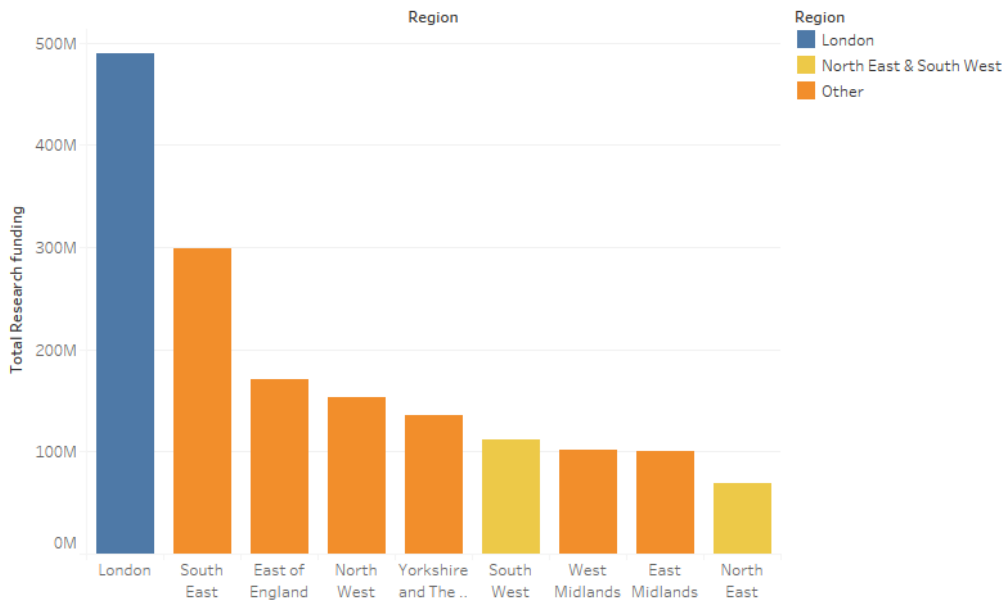


The darkest shade of blue represents London, the region of England with the highest HEIF. Followed by South East, North West, East of England, Yorkshire and The Humber, East Midlands, West Midlands, South West and North East. Only counties receiving HEIF within the aforementioned regions are highlighted.

Annex B - Regional distribution of QR Funding (England)

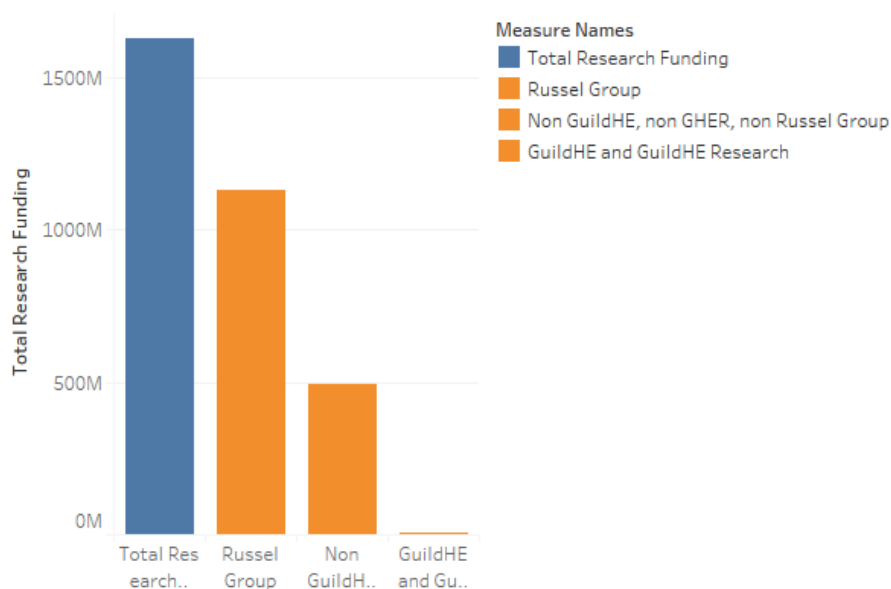
Regional distribution of research funding is similar to that of knowledge exchange funding. However, South West receives a higher relative proportion of research funding as compared to West Midlands, East Midlands and North East.

Research Funding by Region 2020-21



Sum of Total Research funding for each Region. Color shows details about Region (group) 1.

Research Funding for Higher Education Groups 2020-21



Total Research Funding, Russel Group, Non GuildHE, non GHER, non Russel Group and GuildHE and GuildHE Research.

The biggest proportion of research funding was allotted to Russell Group members, with 31.5% of the total research grants going to University College London, Oxford University, University of Cambridge and Imperial College London in the SouthEast and London region.

In comparison, GuildHE and GuildHE Research institutions received a very small portion of QR funding, with a majority of members located in

rural, coastal and poorer parts of the country.