



## **Joint response of Universities UK and the UK Higher Education International Unit to the UK Government Review of the Balance of Competences between the United Kingdom and the European Union – EU Budget**

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## **Universities UK**

Universities UK (UUK) is the representative organisation for the UK's universities. Together with Higher Education Wales and Universities Scotland, its mission is to be the definitive voice for all universities in the UK, providing high quality leadership and support to its members to promote a successful and diverse higher education sector.

[www.universitiesuk.ac.uk](http://www.universitiesuk.ac.uk)

## **UK Higher Education International Unit**

The UK Higher Education International Unit (IU) represents all UK higher education institutions internationally and delivers a number of programmes and initiatives to support the development and sustainability of the UK HE sector's influence and competitiveness in a global environment. It supports the sector's engagement in European Union and Bologna Process policy debates.

The IU is funded by the Higher Education Funding Council for England, Higher Education Funding Council for Wales, Scottish Funding Council, Department for Employment and Learning (Northern Ireland), GuildHE, Universities UK, the Higher Education Academy and the Quality Assurance Agency for Higher Education. It is located at Universities UK.

[www.international.ac.uk](http://www.international.ac.uk)

## Introduction

1. This document sets out the response of Universities UK (UUK) and the UK Higher Education International Unit (IU) to HM Treasury's Call for Evidence on the Balance of Competences between the United Kingdom and the European Union (EU) in the field of the EU budget.

## General value of spend

2. For the UK higher education (HE) sector, the added value of the EU budget lies in the jointly funding collaborative research funded on the basis of excellence, as well as through the funding provided for higher education mobility, joint programmes and capacity building activities. This funding is sustainable and represents an important additional funding source for UK universities, particularly in the context of national budgetary constraints.
3. In addition, international collaboration is valuable in and of itself. International collaborative research has a greater impact at a global level: citation rates, which are a proxy for research quality, tend to be significantly higher for papers published with multiple international authors compared to those with only domestic authors.<sup>1</sup> Students with international experience perform better academically and are also better equipped to compete in a globalised labour market.
4. The development of future budgets and budget priorities should reflect the evidence of added EU value for growth and address the key challenges Europe is facing in global competitiveness and youth unemployment, as well as societal and environmental challenges. With this in mind, investment in research and higher education should be prioritised relative to other areas of EU investment.
5. For every additional 1% invested in public research and development (R&D), an extra 0.17% in productivity growth<sup>2</sup> and public investment in R&D is generated which in turn encourages private investment: a 10% increase in university research increases private R&D by 7%.<sup>3</sup> The long-term impact of the EU's current Framework Programme for Research and Innovation (FP7) is estimated at 900,000 additional jobs and a growth in GDP of nearly 1% - this is a growth that equals the total expenditure of all other EU budget lines combined.<sup>4</sup>
6. Despite this evidence, the total investment through the EU in priority pro-growth areas of research and innovation (R&I) and higher education (HE) is relatively small. Heading 1a is €125. 614 billion which represents only 13.08% of the overall EU budget for 2014-2020. The UK HE sector welcomes the modest shift to an increased focus on competitiveness in the

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<sup>1</sup> The Royal Society: 'Knowledge, networks and nations: Global scientific collaboration in the 21<sup>st</sup> century'. 2011, p59.

<sup>2</sup> Guellec and van Pottelsberghe de la Potterie, *Does Foreign Direct Investment Transfer Technology Across Borders?* 2001, and *From R&D to Productivity Growth: Do the Institutional Settings and the Source of Funds of R&D Matter?* 2004.

<sup>3</sup> Jaffe, *Universities and Regional Patterns of Commercial Innovation*, 1989, Jaffe and Trajtenberg, *Patents, Citations, and Innovations: A Window on the Knowledge Economy*, 2002.

<sup>4</sup> *Impact Assessment Horizon 2020*. EU total expenditure minus FP7 spending is 0.95% of GNI. *EU Budget 2011*.

budgets 2014-2020. However, a more increased focus on the HE and R&I budgets, achieved through a review in 2016, would be supported by the UK higher education sector.

7. Increased investment on research and higher education would also increase the size of the UK's receipts from Brussels as R&I is one of the areas where the UK gains the most. With 15.2% of the research funding in the last programming period going to the UK, its share here is higher than its share in contributions.
8. The UK has received €5,205 million in funding through the first six years of FP7 (2007-2012),<sup>5</sup> which is greater than the spending power of five of the seven UK Research Councils. UK academia leads the way in FP7 accounting for 61.2 % of all UK participations and receiving 10.9 % of all FP7 funding (€3.708m).
9. This funding enables UK researchers to take part in collaborative research projects, thereby increasing their research's impact as international collaborative research has a greater impact at a global level: citation rates tend to be significantly higher for papers published with multiple international authors compared to those with only domestic authors.<sup>6</sup> EU research funding offers UK researchers established frameworks for these collaborations, as well as access to research infrastructures across Europe, and thus has unique benefits that domestic funding lacks.
10. UK participation in the Erasmus programme has also improved over the course of the Life Long Learning Programme. The total number of UK students benefiting from an Erasmus work or study placement abroad has increased from 10,251 in 2007/08 to 14,600 in 2012/13. The overall total for 2012/13 represents the largest number of UK outgoing student mobilities in the programme's 26 year history, and an increase of 6.9% on the figure for 2011/12.
11. The Erasmus programme contributes significantly to the overall number of UK students undertaking an international study or work placement abroad. Increasing this number is a strategic priority for the UK Government, as evidenced through its support of the UK HE International Unit-led UK Outward Student Mobility Programme, announced in the International Education Industrial Export Strategy.<sup>7</sup>

## **Role of institutions and budget system**

12. The current system of unanimously-agreed long-term budget periods can mean that sensible decisions, like investment in research and innovation and HE, are easily blocked by Member States with specific national interests.
13. The ability to adjust the budget at intervals provides an opportunity for the division of budget priorities to be adjusted according to a shifting global landscape and mitigates the risk of

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<sup>5</sup> e-CORDA FP7 grant agreements and participants database, Vs 14.0, released 1 July 2013

<sup>6</sup> The Royal Society: 'Knowledge, networks and nations: Global scientific collaboration in the 21<sup>st</sup> century'. 2011, p59.

<sup>7</sup> *International Education Strategy: Global Growth and Prosperity*, BIS13/1081, Department for Business, Innovation and Skills, July 2013

under-investment in research and education, particularly in light of increased competition from and growing investment by the emerging economies.

14. The UK HE sector supports the setting of priority areas for growth. The UK science and innovation ring-fence is a prime example translating this evidence into budgetary policy. At EU level, targeted investment and budgetary flexibility including the possibility of transferring unspent funds into such priority areas like R&I and HE is also important in the context of budgetary shortfalls resulting from mismatches between foreseen commitments and payments and actual expenditure. In case of shortfalls, it is of utmost importance that for growth priority areas remain protected.