

Friday 7 February 2025

Rt Hon Rachel Reeves MP  
Chancellor of the Exchequer  
HM Treasury  
1 Horse Guards Road  
London  
SW1A 2HQ

Dear Chancellor,

I am writing to you as President of the British Academy, the UK's national academy for humanities and social sciences, to outline the multiple ways our higher education and research sectors support key national, local and international priorities as you consider government expenditure during the Spending Review. We are deeply concerned that the UK's strengths in higher education and research are threatened by the lack of sustainability in university finances. The range of cutbacks we are seeing across universities is leading to a severe loss in UK capability – almost 100 universities are contracting or closing SHAPE (Social Sciences, Humanities and the Arts for People and the Economy) disciplines in the face of a financial crisis.

You are right to praise our world leading universities and the ways in which the UK continues to be at the forefront of some of the most exciting developments in the world. The Higher Education sector is also vital for breaking down barriers to opportunities, developing the skills we'll need in a 21st century economy. The sector also plays a crucial civic role, contributing to a healthier and culturally richer society.

The higher education sector contributes to key Government missions, which require research and innovation input. 84% of UK university research is world leading or excellent, the necessary foundation on which to solve challenges of clean energy, safer streets, or a healthy NHS. In addition, the sector supports the following:

- **Skills and learning.** Universities in the UK play a crucial role in equipping graduates with high level skills. The UK is facing a shortage of 11 million graduates by 2035, when 88% of new jobs will be at graduate level.
- **Opportunity.** The expansion of the higher education sector has afforded more people the opportunity to realise their ambitions, with 33% of the disadvantaged students progressing to university.
- **Economic growth.** Higher education makes £130 billion contribution to the UK economy, supporting over 700,000 jobs in regions across the UK. R&D is one of the long-term

sources of UK competitive advantage and growth and every £1 invested in university research and innovation returns £10 for the UK economy.

- **Soft power.** Over 50 world leaders received higher education in the UK and by educating large numbers of international students we develop our relationships around the world.

We recognise the pressure on public finances but would argue that our higher education system is an urgent problem which risks short- and long-term consequences. Research and innovation require sustained investment to play a lasting role in our knowledge-driven, services economy. As too will a well-educated workforce exposed to new ideas and cultures. To increase productivity, we must invest in our higher education and research capacity.

There are multiple ways to achieve this and we would be happy to talk more to you and your colleagues at the Department for Education and the Department for Science, Innovation and Technology about how this could be achieved, but at this stage of the Spending Review we wanted to reiterate that prioritising investment in this sector - a traditional UK strength where we have a strategic advantage that we have gained over hundreds of years – will enable our economy and society to grow and flourish.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'J Black', written in a cursive style.

Professor Julia Black CBE PBA  
President