CaSE
Campaign for Science and Engineering

Autumn Budget 2025: Representation from CaSE

About CaSE

Campaign for Science and Engineering (CaSE) is the leading independent voice for UK R&D.

We are a charity supported by a diverse membership including businesses, universities, professional bodies, research charities and individuals. Our members span the whole breadth of R&D – including discovery research, science, engineering, and innovation across the public, private, and charitable sectors.

We collaborate with our members, partners and the public to lend our clear, expert voice to decisions about research and development. We specialise in developing non-partisan, responsive solutions that help research and innovation to thrive in ways that improve people's lives and livelihoods.

Introduction

Supporting UK R&D is an essential way to generate growth in the economy, ensure excellence in UK universities and research institutes, stimulate private sector innovation, and improve lives and livelihoods across the UK. It is therefore positive that the UK R&D budget is being protected in tough fiscal circumstances, with the commitment to spend £22.6 billion on R&D by 2029/30 welcome. It's important that the Government continues this positive trajectory to signal to globally mobile private companies and investors that UK R&D is a strong, reliable destination for investment. This includes supporting the UK's universities and ensuring the world's brightest and best can come and work in the UK.

Introduce measures to address the financial challenges facing higher education institutions

Universities play a pivotal role in the R&D landscape. They are internationally recognised for their research excellence, contributing over £54 billion annually to the UK economy. [1] However, sustained financial constraints risk eroding this strength, with implications for R&D, economic growth and global competitiveness.

[1] https://www.universitiesuk.ac.uk/what-we-do/policy-and-research/publications/research-risk-impacts-financial

CaSE evidence shows that universities bring a range of diverse benefits to the UK's R&D landscape.[2] They have a central role in bringing together industry and others to create local partnerships that drive cutting-edge R&D in world class facilities. They bring diverse benefits, including: knowledge and expertise; facilities and equipment to support business R&D; providing a talented pool of researchers that organisations can tap into; and a crucial role in de-risking the research and innovation pipeline. CaSE members have told us that companies that rely on R&D and innovation from universities will go and find it outside abroad if they are at risk of losing access in the UK.

The contribution of universities to the UK's global standing is also recognised by the public – CaSE research has found that a majority (69%) think that the universities in the UK are some of the best in the world, with the same proportion of people regarding this as an important strength for the country.[3]

Universities often act as a focal point and anchor for regional research institutions and clustering of expertise. In establishing a network of research organisations, universities help bring in funding to collaborative endeavours that individual businesses would otherwise be unable to access. Universities also have a vital role as a neutral arbitrator in supporting local businesses to collaborate rather than compete. If the retrenchment of universities is uneven across the regions of the UK, then this could leave some regions without this important focal point for economic activity.

To effectively maintain and grow their vital role in the R&D system, be a cornerstone of the new Industrial Strategy, and act as major local employers, universities need sustainable funding.

Recent member survey data from Universities UK and Association of Research Managers and Administrators shows that R&D activity in UK universities is already being eroded due to sustained financial pressures.[4] TRAC data already shows that the full economic cost (FEC) of research is not met by research income, and it is clear that the real terms value of quality-related (QR) funding has fallen over the past decade. [5]

Survey data points to a growing number of institutions reporting reductions in research and knowledge exchange activity, staffing capacity and investment in infrastructure –

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[2] https://www.sciencecampaign.org.uk/analysis-and-publications/detail/universities-a-crucial-component-of-uk-rd/

[3] CaSE Public Attitudes to R&D and the General Election 2024, CaSE (June 2024)

[4] https://www.universitiesuk.ac.uk/what-we-do/policy-and-research/publications/research-risk-impacts-financial

[5] https://www.universitiesuk.ac.uk/what-we-do/policy-and-research/publications/research-risk-impacts-financial

with many indicating they are considering further cuts in the near future. The pressures on funding mean that universities risk becoming increasingly unable to pursue excellent research or knowledge exchange that is either underfunded or high-risk to support. Meanwhile, survey evidence that universities are backing away from charity-funded research, which is vital for sectors such as the life sciences, the humanities and medicine, is also worrying, as it risks narrowing UK funding sources and research areas in ways that may not be in the national interest.

To safeguard the UK's research base and maintain its global competitiveness, it is essential to put university research and knowledge exchange on a firm financial footing.

International student levy

Earlier this year the Government announced the reintroduction of maintenance grants for certain courses to be funded by a levy on international student tuition fee income. In the 2025 Immigration White Paper it was proposed that this would be a 6% flat levy on all international fee income.

While extra money to support students from diverse backgrounds is the right idea, a levy will add further pressure to universities already facing financial challenges. International student income already significantly cross-subsidises R&D, meaning the levy could have a substantial impact on the financial viability of research in the higher education sector. This would make delivery of the Government's wider economic growth and opportunity ambitions much more difficult.

Research by Public First has shown that there is limited scope to increase fees due to the levy without significantly reducing demand – and therefore income. Public First projects that, with a 6.38% rise in international student fees, the sector will lose over 16,100 international students in the first year the levy is introduced, at a combined cost of £240m.[6] The reduced income for universities will mean less is available to invest in high-cost teaching facilities, in research and in work to underpin local communities and economic growth. Emerging evidence also shows it would reduce the number of places available for domestic students and mean universities have even less of their own resource to invest into expanding access and supporting students.

Given the significant consequences a levy could have, the Government must take the time needed to consult widely with the R&D sector and to consider the impact of a levy on all areas of the higher education sector, including research. If a levy is introduced, any impact on research must be mitigated through a wider financial settlement to

[6] https://www.publicfirst.co.uk/couting-the-cost.html

enable universities to continue to deliver the research and innovation the country needs.

- **The Government must protect the real terms value of QR funding and its equivalents in the devolved administrations, allowing institutions to respond strategically to emerging challenges and sustain research excellence across disciplines.**
- **We urge the Government to consult widely and think carefully about the impact that a levy on international student fees will have on universities and the attractiveness of the UK as a study and research destination.**
- **The effects of any levy on the ability of universities to fund and carry out research must be mitigated.**

Address unnecessary barriers to attracting international talent to the UK

International research talent, alongside our skilled domestic workforce, is crucial for the UK to maintain a world-leading R&D sector. CaSE members have told us that it is important for UK institutions to attract the highest possible level of talent to maintain their positions as world leaders. International researchers are essential to stay on the cutting edge and some specialist organisations said that they face challenges in recruiting enough top-quality staff from the UK to maintain this position.

CaSE public opinion research shows that people in the UK think employing international researchers can diversify ideas and culture, improve the UK economy, increase international collaboration and strengthen the quality of UK R&D.[7]

There has been promising recognition of the value of international research talent in the commitment to make the UK's Global Talent visa easier to use and the announcement of the Global Talent Taskforce and Global Talent Fund. In addition, the reports that the Government is considering reducing visa fees paid by highly skilled researchers are welcome. If these changes happen, they will put the UK in a strong position to compete on the global skills market, especially given the changes in the opposite direction in the USA. Any reduction in fees must also include the Immigration Health Surcharge.

However, despite this positive development, visa policy continues to pose barriers to attracting international talent to work in the UK. In particular, the scale and pace of

[7] Public Attitudes to R&D and International Talent, CaSE (2025)

change means that it is difficult for organisations to stay compliant. Specific barriers that organisations reported facing include:

- **High visa costs can be a decisive barrier and can be unsustainable for organisations.** High visa costs are a significant disincentive and can make or break leading researchers' decisions to come to the UK. This support comes at an increasingly significant cost for organisations and can be unsustainable.
- **The Global Talent visa is ambiguous and confusing to navigate.** It is often ambiguous to applicants and immigration compliance professionals who is eligible, and the visa route itself is hard to navigate.
- **Complex visa policy can put significant strain on organisations.** Visa policy is increasingly complicated and puts significant strain and costs on organisations to ensure compliance. This can lead to paying for legal advice, requiring additional staff, or even outsourcing immigration administration for fear of not being compliant.