

**10 May 2024**

Dear Chancellor,

We are writing to you to highlight the risks of cutting the graduate visa route. Doing so would have a serious impact upon R&D capacity and return on government investment, besides causing damage to the wider economy.

Research and innovation are vital drivers of economic growth. [Investment in R&D helps raise business productivity and creates high value jobs.](#)

The higher education sector supports most of the R&D taking place in the UK. [77% of research and innovation activity](#) in the UK takes place in higher education institutions, representing [different types of universities and in every region of the UK](#). This diversity is important: university research activity ranges from the theoretical to the applied and includes joint innovation projects with employers and support for businesses to start up and grow. Many of the businesses we work with have benefitted from partnerships with universities. This in turn benefits our regional economies.

University R&D delivers a significant return on public investment. In England, the Higher Education Innovation Fund (HEIF) [generates £8.30 for every £1 of funding. The higher education sector itself is the](#) second largest investor in research in the UK, [spending £5.6billion](#) on research in 2021. **Most of this investment is generated by tuition fee income from international students.**

[Data collated by IDP Connect](#) indicates that if the graduate route were removed, 45% of international students would study elsewhere. [Modelling by PwC](#) shows that even if less than half of that projection came to pass, 80% of universities would be in deficit by 2026. [More than 50 UK universities are already cutting staff](#), and that number would inevitably increase with a decline in international students. Fewer staff reduces workload capacity for research, innovation, and business support.

The UK government has supported a range of valuable initiatives in recent years to support investment and economic activity, such as the creation of Investment Zones, and Scotland's City Region Deals. With reduced innovation support from universities, these initiatives will struggle to deliver return on investment. International graduates also play a key role in filling skills gaps. Many businesses benefit from them not only through direct hiring but through schemes like Knowledge Transfer Partnerships which connect universities, businesses and graduates together as part of a wider enterprise and innovation pipeline.

In all, [international students make a £58 million net economic contribution per parliamentary constituency](#) across the UK. [Since 2019, the graduate route has helped provide a £60bn boost to the UK economy.](#)

We urge you to protect the investments you have made in R&D and prioritise the longer-term impacts for our country.

Yours sincerely,

**Business and university leaders from across the UK**

## **Business signatories**

Russell Borthwick, Chief Executive, Aberdeen and Grampian Chamber of Commerce

Henrietta Brealey, Chief Executive, Greater Birmingham Chamber of Commerce

Paul Butterworth, Chief Executive, Chambers Wales

Ana Christie, Chief Executive, Sussex Chamber of Commerce

Tracie Davey, Chief Executive, Worthing & Adur Chamber of Commerce

Christina Ewbank, Chief Executive, Eastbourne Chamber of Commerce

Karim Fatehi MBE, Chief Executive, London Chamber of Commerce and Industry

Professor Alistair Fitt, Chair, Oxfordshire Local Enterprise Partnership

Despina Johnson, Chief Executive, Chief Executive, North London Chamber of Commerce and Enterprise

Scott Knowles DL, Chief Executive, East Midlands Chamber

Forbes Lowe, Chief Executive, Kingston Chamber of Commerce

Helen McIntosh, President, South East London Chamber of Commerce

Phil Smith, Managing Director, Business West

Sarah Springford, Chief Executive, Brighton Chamber of Commerce

Sara Thiam, Chief Executive, Prosper

Nigel Tipple, Chief Executive, Oxfordshire Local Enterprise Partnership

Corin Crane, Chief Executive, Coventry and Warwickshire Chamber of Commerce

James Mason, Chief Executive, West and North Yorkshire Chamber of Commerce

## **Higher education signatories**

Vivienne Stern, Chief Executive, Universities UK

Dr. Tim Bradshaw, Chief Executive, Russell Group

Professor Jane Harrington, Chair, University Alliance