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AIRPORTS COMMISSION CONSULTATION: RESPONSE FROM THE UNIVERSITY OF READING

I welcome this opportunity to offer the University of Reading's support for the expansion of runway capacity at Heathrow Airport. This letter:

* outlines our context;
* states the importance of higher education to the UK;
* describes in detail our many globally-focused strengths; and
* makes the case for the expansion of runway capacity at Heathrow.

The University of Reading: Context

The University of Reading is a major international research and teaching organisation of global standing.

We are in the top 1% of universities in the world, with an annual turnover of almost £240 million. We have 4,000 staff and are one of the biggest employers in the Thames Valley. Our contribution to the regional economy is estimated to be more than £650m per annum.

Over 17,000 students from 140 countries study at the University of Reading. We do world-class research from environmental science to the arts - working with industry and businesses across the region. Our Henley Business School has an international reputation for top-class, undergraduate, postgraduate and executive-level courses.

Later in 2015, we will be opening a new state-of-the-art campus in Malaysia, for up to 2,500 students. Locally, related infrastructure work has already begun on the University's £50m science and innovation park, near junction 11 of the M4.

Despite these successes, the University must keep pace with its rivals across the world. That is why we have set out a long-term vision for our 100th anniversary in 2026 - with a clear strategy for achieving it, including growing our revenues by 25%.

An economically strong and connected Reading and Thames Valley needs a thriving University. In turn, the University needs a thriving regional economy. A strong transport infrastructure, particularly air connectivity, is essential.
London and London Heathrow are global brands. Our proximity to Heathrow enables us to penetrate the fastest growing student markets in the world - China and the wider Far East. It means we can win new business and research investment from the world’s fast growing economies.

The importance of higher education to the UK

Universities attract investment, create jobs and build growth. Universities contributed £73 billion to the UK economy (2.8% of GDP) in 2011-12, including £10.7 billion of export earnings for the UK. They generated £27 billion in revenues, comparable to the advertising and marketing industry and larger than aviation, agriculture and pharmaceutical industries.

But UK universities now operate in a global market, competing with institutions across the world for students; for academics; and for research and business investment.

Top-class transport connections are vital to how we operate and market ourselves internationally - attracting investment; securing research and business partners; recruiting undergraduate and postgraduates; and employing academics from across the world. To continue to remain competitive, the infrastructure we depend on needs long-term investment - for a number of reasons.

The UK’s competitors are investing more in higher education. We hold our own currently - but the rest of the world, is catching up fast. The demand for English-taught degrees is high, which means that the UK universities are not simply competing with each other - they are competing with US, Canadian and Australian institutions. This is compounded by the enormous expansion of tertiary education in India and China. By 2020, China will produce 10.5 million graduates a year - more than the United States and EU combined.

Universities can no longer rely on revenue from UK students or direct public funding, to underpin their finances. The raising of undergraduate tuition fees to £9,000 maximum from September 2012 and the lifting of student number controls from September 2015 mean that no institution is guaranteed financial security by relying on recruiting home or EU students to survive. To be successful, universities will need a much broader revenue base, while expanding postgraduate and international numbers.

All the main political parties are committed to further reduction in the national deficit over the course of the 2015-16 to 2019-20 Parliament, albeit on different trajectories and scope. The Institute for Fiscal Studies has projected that further reductions to ‘unprotected’ departmental budgets, including the Department for Business, Innovation and Skills, could be up to 41% if existing public finance ‘ringfences’ remain in place (in five to 16-year old school spending, National Health Service, international development and pensioner benefits).

There has been cross-party and industry consensus since 2008 global financial crash on the need to rebalance the UK economy from imports to exports; from financial services to manufacturing; and from London to the rest of the country.

Higher education is no different. Export earnings already play a big role in the balance of payments. The UK ranks first in the OECD for the proportion of R&D funded from abroad. UK universities rank second in the world for business collaboration – up from
ninth in 2006. And 63% of UK researchers are affiliated to a non-UK institution – showing that their expertise is valued worldwide.

In total, higher education-related export earnings, including tuition fees, are projected to grow 70% to £16.8 billion over the next decade to 2025. Given the global headwinds, however, the sector cannot take this for granted - and to lock it in, we need to offer potential international investors a strong economic infrastructure.

The University of Reading: A global institution and regional powerhouse

The strength of the University of Reading is illustrated in a number of ways, all of which depend on suitable, appropriate, well-connected and modernised infrastructure.

- We are in the top one per cent of higher education institutions in the world - 202 in QS World Rankings and within the 201st to 225th band of the Times Higher Education World University Rankings - from more than 20,000 universities globally.

- We generated £239.8 million revenue in 2013-14 - with £35.6m income from full-time international students' tuition fees outside the EU.

- 23.65% of our students are from overseas – coming from 140 countries – with 1,365 full-time non-EU and 245 EU postgraduate students, and from 1,100 full-time non-EU and 440 EU undergraduate students in 2013-14 out of a student population of around 17,000 overall.

- 4,121 Chinese students took undergraduate and postgraduate degrees in the five years from 2009-10 to 2013-14 – with a 92% rise in numbers overall.

- The Research Excellence Framework (REF) 2014 confirms the University of Reading's place as a world-leading research-intensive university. 98% of University of Reading research is internationally recognised - up 10 percentage points since 2008. 78% of our research is classed as internationally excellent. 27% of our research is world leading.

- The REF places the University of Reading 19th in the UK by research intensity (a measure of quality adjusted by the proportion of researchers submitted), and 27th in the UK by research power (out of 154 submitted institutions).

- Our fifth campus, University of Reading Malaysia, will open at the EduCity, Iskander, in September 2015 - a state-of-the-art £175m complex, educating 2,500 under- and postgraduates in the long-term.

- Henley Business School is in the elite group with a triple-accreditation for the quality and capability of research and teaching. It is consistently ranked among the world’s top 50 business schools by the Financial Times and The Economist. It runs Henley Business School, Africa, in Johannesburg – one of the biggest executive education centres in the whole of Africa.

- We contribute £650 million annually to the regional economy every year - £1.75 million for every day of the year.

- We are building the £50m Thames Valley Science Park, targeted for high-tech firms - which opens in 2017, adjacent to the M4, at Shinfield.
• We are home to 80 start-up companies at our Enterprise Centre, with 55,000 square feet of office space and a Science and Technology Centre, with a purpose-built research and development facility offering laboratory and office accommodation.

• We host one of the most successful Knowledge Transfer Centres in the UK – with award-winning collaborations with businesses.

• 93% of our students are in work or further study within six months of graduating.

• Our International Study and Language Institute has provided language courses and academic training to thousands of international students and the wider University community. We run a thriving ERASMUS scheme for UK students to study abroad.

We can market ourselves as being ‘the best of both worlds’ - 40 minutes from the biggest airport in the UK, in the heart of the regional economy west of London and with fast links into the capital - by road - on the M4; by rail to London Paddington and London Waterloo, with the multi-million pound investment in Reading Station building further capacity and Crossrail to be extended to Reading in 2019.

**The case for expanding runway capacity at Heathrow**

To meet our ambitions to expand further and compete globally, the University of Reading backs:

• the findings of the London Heathrow Economic Impact Study which set out the severe economic impact from airport closure and steady decline in local employment and prosperity of a ‘do-nothing’ option by simply maintaining Heathrow’s two runways and letting them reach full capacity as forecast from 2025;

• rapid investment in surface road and rail connections to Heathrow and Gatwick in the short-term - including the proposed Western Rail Access route, giving direct connection from Reading to Heathrow, and Southern Rail Access schemes; the Heathrow Spur link to High Speed 2, once the Airports Commission reports; as well as upgrading of the Reading to Gatwick rail links;

• building new runway capacity at Heathrow in the long-term - whether a new runway to the north west of the existing northern runway at Heathrow or an extension to the existing northern runway at Heathrow, to operate as two separate runways. We believe there are significant business and reputation costs to not increasing hub capacity in the South East - with airlines moving their operations to cheaper rival hubs in Paris, Frankfurt, Amsterdam or even Dubai. Heathrow expansion will add 40 new long haul routes; and

• all reasonable, practicable mitigation measures on noise and emissions being imposed as a condition of expansion, or as a condition of interim changes which make better use of existing capacity - with a properly regulated, competitive market for airport provision, the allocation of landing slots and the improvement in environmental impacts of aviation activity.
In summary, the University of Reading is unambiguously behind the expansion of runway capacity at Heathrow. Without it, our future prosperity as a leading UK university will be put at risk, as will the vital economic centre that is the Thames Valley.

SIR DAVID BELL KCB
Vice-Chancellor
University of Reading