

# A 'NO DEAL' BREXIT: IMPLICATIONS FOR UNIVERSITIES AND MINIMISING RISK

*November 2019*

## Summary

Universities UK (UUK) continues to make clear to government that a Brexit 'no deal' scenario is highly undesirable.

However, there remains a risk that the Brexit negotiations could end without a deal being reached on the UK's withdrawal from the EU. Unless further preparatory actions are taken, or commitments are made by the government, such an outcome would create immediate uncertainty for EU nationals in UK universities, prospective students and staff from across the EU, partners delivering transnational education (TNE) programmes in the EU and for those participating in any of the Horizon 2020, Structural Funds or Erasmus+ programmes.

This paper sets out the range of implications and mitigations for universities associated with a possible no-deal Brexit outcome. Suggested actions include how the government could build on the stability measures it has already put in place for universities that would help minimise any disruption in the event of a no deal, to provide greater certainty for the university sector over the coming months. This includes the government committing to:

- strengthening and clarifying its existing underwrites for participation in EU programmes
- establishing back-up structures to mirror Horizon 2020 and Erasmus+ where required
- reviewing how the process of European temporary leave to remain will work in practice, particularly for European students starting courses that are longer than three years in duration
- establishing mechanisms that ensure that UK higher education providers can continue to provide cross-border education services in the EU and that the resulting qualifications are professionally recognised where relevant

There are also several suggested actions for universities to consider.

Even in the event of a no deal, UUK wants to see the government work to secure an effective longer-term settlement for universities as set out in our [Brexit priorities paper](#), through dialogue both domestically with the higher education sector and with the European Commission.

## What a 'no deal' Brexit might mean for universities

If the Brexit negotiations end without a deal in place, then:

- there would be great uncertainty on the scale and scope of the government's enacting of specific commitments agreed as part of the Draft Withdrawal Agreement on continued participation in Horizon 2020 and Erasmus+
- there would be no agreement on implementing a transition period between the date of Brexit and 31 December 2020, during which time it was envisioned that freedom of movement would essentially still apply
- there would be no certainty on what the UK's future relationship with the EU would look like, including in areas like the mobility of citizens and access to EU programmes

Any impact from a 'no deal' Brexit could result in the following outcomes taking effect:

- the UK's ability to participate in Horizon 2020 and Erasmus+ could cease
- EU nationals entering the UK after exit day and staying past December 2020 would need to apply for [European temporary leave to remain](#) and, if intending to stay for more than three years for study or work reasons, might need to apply for a visa to cover any period of stay beyond three years
- the continued mutual recognition of professional qualifications covered by the current EU Directive would cease

## Measures taken by the government to date to provide certainty in the event of 'no deal'

The government has already committed to a number of stability measures beyond January 2020 (including [technical notices](#)) that UUK has actively lobbied for. These are set out below.

***EU citizens' rights:*** the government has published [a policy paper](#) on citizens' rights in the event of a no deal. It confirms that in the event of a no deal, the EU Settlement Scheme will continue to be implemented, enabling EU citizens and their family members living in the UK by exit day to secure their status and continue to be able to work, study, and access benefits and services in the UK on the same basis after we exit the EU as they do now. The scheme opened fully on 30 March 2019 as planned, and it is possible to apply from outside the UK. The planned application deadline will be brought forward to 31 December 2020 in the event of a no deal.

The government has also confirmed the [migration arrangements](#) for EU and EEA nationals arriving after freedom of movement has ended in a no deal scenario. These individuals will be able to travel to and enter the UK as now, but they will need to register for European temporary leave to remain if they wish to stay past December 2020, which will be valid for three years. If they wish to stay after their temporary leave to remain expires, they will need to apply for the appropriate

permission under the future immigration system. European temporary leave to remain will be free.

Freedom of movement will not necessarily end on exit day, it will only end once necessary legislation has passed through UK parliament. This legislation is contained within the Immigration Bill currently passing through parliament. If the UK exits without a deal but before the Immigration Bill passes, freedom of movement will continue as now but EEA nationals entering after exit day will not be eligible for the EU settlement scheme. They will be able to enter the UK as now but will need to apply for European temporary leave to remain once it is introduced.

The government has also issued guidance to employers on [right to work checks](#) in the event of a no deal. It states that there will be no change to the way EU, EEA and Swiss citizens prove their right to work until 1 January 2021.

**Horizon 2020:** in July 2018, the UK government extended a commitment to [underwrite payments of Horizon 2020 awards](#) so that it covers grant applications for funding streams open to third country participation (ie multi-beneficiary grants) that are submitted after the UK leaves the EU in January 2020. In September 2018, UK Research and Innovation (UKRI) launched an online portal for UK-based recipients of Horizon 2020 funding to log details of their grants. In his evidence to a House of Lords EU Home Affairs sub-committee hearing in January 2018, the universities minister stated that the government is aware that access to European Research Council and Marie Skłodowska-Curie Actions funding would be lost if the UK leaves without a withdrawal deal, and that they are considering options for domestic alternatives to these programmes.

In August 2019, the UK government [announced](#) that any Horizon 2020 funding applications which are submitted before the UK leaves the EU but which are deemed ineligible after the UK has left will be evaluated and funded by UKRI. This will cover applications to the European Research Council, Marie Skłodowska-Curie Actions and the SME Instrument. UUKi is engaging with BEIS and UKRI colleagues to input into the implementation of this important commitment.

**Structural Funds:** the same government guarantee of EU funding also underwrites the UK's allocation for structural and investment fund projects under the EU budget period to 2020, and managing authorities will continue to sign new projects until programme closure.

Nonetheless, several areas of uncertainty remain:

- How the government's underwrites would work in practice, including what specific actions universities will need to take before 31 January 2020 to ensure that they are fully eligible to access any replacement funding
- whether UK universities could access replacements to mono-beneficiary parts of Horizon 2020, such as the European Research Council (ERC)

- what would be the legal status of Erasmus+ participants and institutional partnerships between UK universities and their Erasmus+ partner universities
- whether the new system of recognition of professional qualifications will cover the same range of professions as the current one
- what conditions will apply to UK transnational education provision once the EU Directives no longer apply to UK providers

Based on these areas of uncertainty, UUK suggests a number of **actions that government should take** to ensure stability across the university sector in the prospect of no deal, including:

- reconsidering the policy of European temporary leave to remain in order to provide reassurance to EU students starting courses that are longer than three years in duration
- clarifying how the underwrite for EU grants will work in practice, including who will administer funds/make funding decisions and what would be required of universities in receipt of funds –there needs to be clarity on what the measures of success would be
- setting out its contingency plans for replacing access to single beneficiary Horizon 2020 funds, largely the ERC and Marie Skłodowska-Curie Actions
- setting out its contingency plans for replacing access to Erasmus+ through a fully funded national replacement scheme
- giving guidance on the rights and protections for the cross-border provision of services by third-country providers that are providing UK transnational higher education in relevant EU host countries.

Further, UUK suggests that **universities consider taking the following action** in order to prepare for a possible no-deal scenario:

- speaking with European partners regularly to share understanding of the impact of a no deal and collaboratively plan for such an outcome
- being mindful of how courses are described to prospective students in terms of fee/loan status, international mobility opportunities and qualifications recognition
- communicating with EU prospective students and staff with regards to future directions for immigration, focusing on the European temporary leave to remain route, and what this would mean for these groups in practice

- working with existing staff with EEA nationalities and considering communication to this group around the EU Settlement Scheme
- consider what the requirements for cross-border provision of higher education are for third countries in those EU jurisdictions where they operate transnational education programmes.

These suggested actions are set out in more detail in the following section, covering: EU citizens' rights and migration rules; participation in the Horizon 2020, Erasmus+ and Structural Funds programmes; transnational education provision, and student fees and qualifications.

### Other matters

There are additional issues to consider in preparation for a 'no deal' scenario. This includes:

- procurement, supply chains, commercial contracts
- funding, cash flow, tax/VAT
- banking relationships, access to EU payment systems
- travel arrangements between the UK and EU
- travel and health insurance for students and staff
- data protection and transfers of data
- intellectual property
- recruitment
- energy/participation in Euratom and other programmes
- regulation
- recognised professional qualifications held by staff

UUK is working with universities and sector organisations to develop information in these areas. Further information can be found at the end of this briefing.

## Recommended actions for government and universities

### *Citizens' rights and future migration rules*

#### ***Key issues linked to a 'no-deal' scenario***

- EU and EEA nationals arriving after exit day will not be covered by the EU Settlement Scheme. Instead these individuals will need to apply for European temporary leave to remain if they wish to stay past December 2020.
- Rules and requirements affecting UK staff and students on mobility/work placements within the EU on day one of a no-deal scenario will differ between EU country.

#### ***Progress and commitments to date to address these issues***

- The government has published a policy paper on citizens' rights in the event of a no deal. It confirms that EU nationals living in the UK by exit day will retain their rights in the UK, the EU Settlement Scheme will be the process through which to do this.
- The government has confirmed that the EU Settlement Scheme will not apply to individuals arriving after exit day in a no-deal scenario. Instead, after freedom of movement has ended, EU individuals (including students) will be able to enter the UK as now but if they wish to stay past December 2020 they will need to apply for European temporary leave to remain. This will enable them to work, study and live in the UK for up to three years. Once their leave to remain expires, they will have to apply under the future immigration system (operational from 2021) for the relevant visa.
- The government has also issued guidance to employers on [right to work checks](#) in the event of a no deal. It states that there will be no change to the way EU, EEA and Swiss citizens prove their right to work until 1 January 2021.

#### ***Further mitigating actions to address risk in this area***

##### *Universities*

- Identify **current staff and students with non-UK EU nationalities**, and use staff information to evaluate the risk to work rights and workforce planning posed by a no-deal Brexit. Consider internal communications to both groups on the announcement that the UK government has unilaterally committed to securing their rights in the event of no deal.
- Seek to identify individuals or groups of individuals with **non-UK EU nationalities expected to start at the university (in employment or programme of study) immediately after exit day or UK nationals on placement in EU countries at this point**. Consider communication to these individuals in the event of no deal and

consider whether their arrival date can be moved to before the planned exit day.

- **Encourage EU staff** at all higher education institutions to **secure pre-settled or settled status**. The EU Settlement Scheme is live and the [Employer Toolkit](#) provided by the Home Office can be used to publicise it. Students as well as staff are able to apply.
- **Engage with the Immigration White Paper**. UUK has provided a briefing to members setting out priority issues and will provide extensive opportunity for engagement.

#### *UK government*

- The government should reconsider its position on European temporary leave to remain, and provide guarantees for EU students planning to undertake courses longer than three years in duration in the UK, as well as for incoming staff from the EU planning to work long-term in the UK.

#### *European Commission/EU member states*

- Provide reciprocal reassurance about the rights and migration rules for UK citizens currently resident in an EU country for the purpose of work or study in the event of a no deal.

## **Horizon 2020**

### **Key issues linked to a no-deal scenario**

- UKRI have been planning for how to implement the Horizon 2020 underwrite, if needed, since 2018. Universities UK International (UUKi) has helped to facilitate UKRI engagement with universities and research managers as part of this work. However, there is still a shortage of publicly available information about how the underwrite would work in practice. UKRI has a [web page](#) with the latest information is encouraging the community to get in touch with questions and encourages institutions to send any questions they have to [EUGrantsFunding@ukri.org](mailto:EUGrantsFunding@ukri.org). UUKi has prepared a list of open questions about the underwrite as part of its 'no deal' risk register which have been shared with UKRI.
- As part of its planning to deliver the guarantee, UKRI has been working behind the scenes to ensure that its processing systems are ready. Any delays to anticipated payments could have a detrimental impact on institutional finances and on relationships with European research collaboration partners and institutions by delaying ongoing or future research project activity.
- At present there are no details available about replacing access to single-beneficiary funding call that open after 31 January 2020 in a no-deal scenario, including the European Research Council and Marie Skłodowska-Curie Actions.

### **Progress/commitments to date to address these issues**

- In July 2018, the UK government extended a commitment to underwrite payments of Horizon 2020 award signed before 31 January 2020 so that it covers grant applications for funding streams open to third country participation (ie multi-beneficiary grants) that are submitted after the UK leaves the EU in January 2020. BEIS has also clarified that the underwrite will cover awards where UK recipients are only notified of their success after the UK has left, although this depends on the European Commission including UK recipients in retained lists in this scenario. Further details on the UK government underwrites can be found in [this technical notice](#).
- In September 2018, UKRI launched an [online portal](#) for UK-based recipients of Horizon 2020 funding to log details of their grants.
- In January 2019, the universities minister stated that the government is aware that access to European Research Council and Marie Skłodowska-Curie Actions funding would be lost if the UK leaves without a withdrawal deal, and that they are considering options for domestic alternatives to these programmes.

- In February 2019, the European Commission proposed that the UK could continue to pay into the EU budget if the UK had left on 29 March 2019 in return for continued eligibility to apply for and receive EU programme funding. This proposal only covered the period until 31 December 2019 and included Horizon 2020. The UK government did not respond to this proposal and the European Commission has not yet made a similar proposal for 2020. UUK is calling on the government to accept this proposal as a short-term measure to extend UK eligibility and to allow UKRI more time to put in place domestic alternatives to single-beneficiary funding mechanisms.
- In March 2019, the universities minister invited Professor Sir Adrian Smith to review the current landscape of funding for international collaboration, in part with a view to informing the development of a domestic alternative to UK participation in EU programmes. He will report to the minister in summer 2019. Alongside this review, BEIS are developing their own plans for a domestic alternative to Horizon Europe to inform the government's decision on whether to associate to the EU programme. UUKi is calling for the UK government to seek full association to Horizon Europe even in a no-deal scenario.
- In August 2019, the UK government [announced](#) that any Horizon 2020 funding applications which are submitted before the UK leaves the EU but which are deemed ineligible after the UK has left will be evaluated and funded by UKRI. This will cover applications to the European Research Council, Marie Skłodowska-Curie Actions and the SME Instrument.

### ***Further mitigating actions to address risk in this area***

#### *Universities*

- Institutions should consider what additional capacity would be needed to respond to UKRI's administrative requirements for making underwrite payments. This is likely to include the completion of one-off financial reports for all Horizon 2020 projects to calculate what costs have been incurred prior to 31 January 2020.
- Institutions should reassure individuals whose employment is explicitly linked to EU funding about steps taken by the government to underwrite EU funding.
- Institutions should continue to liaise with international partners to communicate the existing steps taken by the government to underwrite EU funding and to seek to reassure them about the UK sector's strong commitment to strengthening research collaboration links.
- Institutions should upload information about their EU research grants to the [UKRI portal](#) which was launched on 25 September 2018. They should await further announcements from UKRI and/or BEIS about how the Horizon 2020 underwrite will be implemented and about replacement mechanisms for ERC and MSCA funding, which will be widely disseminated by UUKi.

#### *UK government and UKRI*

- The government should make clear that they will accept the EU offer to continue to pay into the EU budget for the remainder of 2019 in return for continued eligibility for EU funding until the end of 2019. This would avoid the adverse bureaucratic and financial impact of leaving the EU without a deal on 31 January 2020.
- If this commitment is not forthcoming, the government should provide fuller details on how the current HMT underwrite will work in a way that will minimise the administrative burden on universities and ensure uninterrupted provision of income.
- The government must also provide clarity on financial reporting, audit rules, and whether universities would remain contractually bound to the European Commission as part of underwrite terms.
- The government should make provision to include European Cooperation in Science and Technology (COST) action funding under the existing Horizon 2020 guarantee.
- The government should set out its detailed contingency plans on how it will replace existing access to the parts of Horizon 2020 that are not open to third countries. This will include how the government will establish parallel structures mirroring the ERC to replace this funding to avoid a substantial and sudden research funding shortfall. To minimise disruption and bureaucratic burden for UK researchers, in the short-term at least, this could adopt the same application process, the same array of calls (starter, consolidator and advanced grants) and the same evaluation process and disciplinary approach. It should be open for applications from researchers from across the world to take up grants in the UK, just like the ERC. The funding provided for this shadow scheme should at least equal, if not exceed, the level of funding received by UK entities through the first five years of Horizon 2020, and government should be prepared to continue administering these structures until the longer-term settlement around UK participation in Framework Programmes is clear and takes effect.

#### *European Commission/EU member states*

- The European Commission and the UK government should enter into discussions as soon as possible about the implications of a no-deal Brexit for researchers involved in EU-funded projects. Both sides should seek common sense solutions to practical issues that would minimise disruption to the research community.

#### *European partners*

- European counterparts should be aware that the UK government has already committed to underwriting UK participation in Horizon 2020, so there will be no negative financial impact on any collaborative projects involving UK counterparts. This guarantee also covers applications as third country participants submitted after Brexit. It should also be noted that third country entities are permitted to coordinate projects under the rules of participation for Horizon 2020, so there is no reason that UK entities would have to give up coordination responsibilities.

## **Structural Funds (ESIF)**

### **Key issues linked to a ‘no deal’ scenario**

- There is a lack of clarity on the exact details surrounding the implementation of a government underwrite (for European Regional Development Funds and the European Social Fund).

### **Progress/commitments to date to address these issues**

- In July 2018, the UK government extended a commitment on EU funding to also underwrite the UK’s allocation for structural and investment fund projects under the EU budget period to 2020. Managing authorities will continue to sign new projects until programme closure.

### **Further mitigating actions to address risk in this area** *Universities*

- Universities should continue to liaise with their local ESIF Growth Delivery Teams and Local Enterprise Partnerships about existing projects and future funding opportunities, regardless of whether the UK secures a deal or not.

### *UK government*

- The government should provide fuller details on how the current HMT underwrite will work in a way that will minimise the administrative burden on universities and ensure uninterrupted provision of projects and funding.
- The government must also provide clarity on: what would be required by way of financial reporting; what audit rules and requirements will there be, and what the following terms used will mean in practice:
  - “UK Managing Authorities would administer the guarantee through existing national and local arrangements, *modified and simplified as appropriate in line with wider rules on public spending.*”
  - “Projects will be managed to ensure appropriate audit, monitoring and evaluation arrangements are in place and that *all spending delivers good value for money and fits domestic strategic priorities.*”

## Erasmus+

### **Key issues linked to a no-deal scenario**

- There is a lack of clarity on how the existing government underwrite would work in practice.
- There is a lack of clarity on what the minimum requirements are for projects to be 'viable' and therefore eligible for the government guarantee.
- There is lack of clarity on how the government underwrite applies to Key Action 2 (strategic partnership projects), Erasmus Mundus joint master's degree (EMJMD) programmes and European Universities Consortia with UK partners
- There is lack of clarity to the definition of 'ratified' in the UK government technical notice; whether this refers to the confirmation of award notification, issuance of grant agreements or countersignatures from the National Agency.
- The UK government has not committed to replace funding/structures to facilitate activity that would have otherwise taken place under the Erasmus+ programme as part of the 2020 call.
- There is no certainty that the UK will associate to the Erasmus+ successor programme, (although the pathway for association has been provided in the European Commission's proposals).
- There is lack of clarity on the government's position regarding the European Commission's budgetary proposal to pay into the 2019 and 2020 EU budgets. This course of action would allow the UK to participate fully in Erasmus+ for the rest of 2019 and until the end of 2020.
- There is a lack of clarity on how the UK government guarantee and the European Commission's regulation [for the continuation of ongoing learning mobility activities under Erasmus+](#) will interact.
- There is a lack of clarity to whether Erasmus+ students will continue to be eligible for reduced or waived tuition fees, the higher rate of maintenance loan and travel grant, beyond the 2018–2019 academic year in the event mobility exchanges continue on a bilateral basis.
- There is a lack of clarity of the immigration and visa requirements for UK students on Erasmus+ work placements in the EU27 who participate for longer than three months.
- There is a lack of clarity on whether universities will continue to receive top-up funding (20% provided by OfS for students on full-year Erasmus+ placements in England) beyond the 2018–2019 academic year in the event mobility exchanges continue on a bilateral basis.

- There is no certainty that European Health Insurance (EHIC) cards will continue to offer healthcare coverage for both outgoing UK students and incoming EU students on Erasmus+ placements.

### ***Progress/commitments to date to address these issues***

- In July 2018, the UK government extended a commitment on EU funding to underwrite the payments to UK participants for all competitive grants to include centralised Erasmus+ actions (eg collaborative projects). On mobility specifically, the government has only agreed to underwrite grant agreements already ratified by the date of Brexit, as set out in the government's [Technical Notice on Erasmus+ in the UK if there's no Brexit deal](#). However, bids applied for before the exit date but not assessed by the date of Brexit will not receive any funding as per current commitments. Additionally, a clause in the notice indicates that the guarantee only covers funding committed to UK organisations, and not funding committed to partners and participants in other member states and other participating countries.
- In July 2019 the UK government confirmed that the Erasmus+ underwrite guarantee will extend to funding both incoming and outgoing mobilities, but only for Key Action 107 (International Credit Mobility) and Key Action 105 (Youth Mobility) projects.
- The government has launched its Grants Management Portal and provided further technical guidance on accessing the UK government underwrite guarantee. Institutions will be required to complete the Confirmation of Continuation Form provided, submitted with a letter from a head of organisation asserting that bilateral agreements are in place and project(s) can continue in their current form. Institutions will not be required to upload bilateral inter-institutional agreements for every partner in order to make a claim, but they will be required to keep any written assurances they've received which assert partnerships can continue outside of Erasmus+.
- The European Parliament and Council have approved legislation to underwrite the grants of EU and UK students and staff participating in Erasmus+ at the point of Brexit, until the end of their placements, in the case of no deal. This way, students and staff complete their mobilities and continue to receive their grants from the European Commission without interruption. This will only apply to mobilities which have started by the date that the UK leaves the EU without a deal and will not apply to any mobilities which have yet to begin.
- The European Commission have confirmed that the above contingency legislation will also apply to Erasmus Mundus joint master's degree (EMJMD) scholarship holders (both UK or international) who commence their programmes and are in receipt of their scholarships prior to the date of exit. This will allow them to complete their programmes in full, including any future planned study in the UK, as usual.

- The Swiss Ministry (SERI) and the Swiss Federal Council have announced their commitment to continue mobility between Switzerland and the UK (under the current SEMP scheme) for the academic years 2019–2020 and 2020–2021, even in the case of a no deal. This measure is contingent on changes to legislation by the Federal Council. In the case of a deal, SERI has also launched a revision of its Federal Act on International Cooperation in Education, Professional Education and Training, Youth Affairs and Mobility which would create scope for funding mobility between the UK and Switzerland and which would commence at the end of the UK–EU transition period.
- The government has also put forward a proposition to maintain existing healthcare arrangements (EHIC coverage) even in a no-deal scenario. This will apply to UK students abroad until December 2020. The government aims to create reciprocal agreements for healthcare by maintaining current healthcare arrangements for current EU nationals so that UK nationals are also covered in separate EU member states. The current status of these arrangements can be viewed on the NHS or FCO websites. The government has also announced that if these arrangements are not finalised by 31 January 2020 it will commit to providing healthcare support to UK nationals in EU member for a six-month period.
- The government has confirmed that Swiss, Irish and EFTA (Iceland, Liechtenstein, Norway) nationals who start their studies in the UK before exit day will continue to benefit from their EHIC cover for the duration of their course, even if it finishes after exit day. In England and Northern Ireland legislation will come into force in the event the UK leaves without a deal to ensure that EU students whose courses began before exit day will not be charged for ‘needs-arising treatment’ until the completion of their course of study. It also states that NHS treatment can be freely accessed if the student arrived before the date of exit and held a valid EHIC card at this time. Any EU student will also be eligible for free NHS healthcare, if they are granted pre-settled status. In order to obtain this, the student must have arrived by the date of exit and applied on the government website.

### ***Further mitigating actions to address risk in this area***

#### *Universities*

- Continue to apply through upcoming Erasmus+ calls – if a Withdrawal Agreement is ratified, universities will be able to continue participating in Erasmus+ until the end of the transition period.
- Speak with partners regularly: it would be beneficial for universities to use the opportunity to assess and seek an overview of their Erasmus+ partnerships. Opening dialogue and keeping them as up to date on developments as possible will be integral to ensuring cooperation.

- Ensure your university has met all the requirements in order to access the UK government underwrite if needed – this includes:
  - ensuring that bilateral arrangements are in place to enable projects to continue –written confirmation from European partners stating that partnerships can continue is sufficient to access the UK government guarantee
  - uploading all relevant Erasmus+ grant information to the government’s [Grants Management Portal](#)
- Be mindful of the Competition and Markets Authority (CMA) guidance: a higher education provider must give prospective students ‘clear, intelligible, unambiguous and timely information’ so they know ‘in advance what is being offered and can compare different courses and higher education providers’. This includes ‘information about the composition of the course and how it will be delivered’, ‘the location of study or possible locations’ and ‘other extra costs the students are likely to incur’. Universities should therefore be careful of advertising periods abroad as an ‘Erasmus+ year/period’ or an ‘Erasmus+ funded period abroad’, or even when advertising certain destinations without caveating that the partnership may be dependent on the UK’s position on the Erasmus+ programme, or other similar phrases.
- Where funding is available, universities are advised to prioritise outward student mobility for students with course requirements and particularly for students living with disabilities or other vulnerable students, for whom the uncertainty regarding placements or changes to their placement can have a larger impact.
- Ensure UK students abroad are covered by institutional insurance policies in the event EHIC cards become invalid, by liaising with insurance officers. Universities are advised to inform students returning home for a short break to take out cover prior to returning to their Erasmus+ placements if UK outbound students are not covered on these policies. Alternatively, [providers which offer policies](#) to travellers already in country may also provide this coverage. Future Erasmus+ participants are advised to seek healthcare coverage in addition to the EHIC prior to starting their mobilities.
- In the event that the government provides a replacement scheme to the Erasmus+ programme, universities should be encouraged to disseminate any information on this to their potential or current partners, so they are kept well informed and up-to-date on developments.

## *UK government*

- The government should urgently engage with the European Commission to seek continued UK participation in the Erasmus+ programme in the event of no deal, failing which government should commit to providing the necessary domestic funding and infrastructure to ensure that students (and staff) will continue to have the opportunities to undertake study/work abroad placements that would otherwise have taken place as part of Erasmus+ during 2019 and 2020.
- The government should further set out the exact requirements of universities in order to be eligible for the current HMG underwrite. This applies to funds received in all parts of the Erasmus+ programme under all Key Actions.
- The government must also provide clarity on: what would be required by way of financial reporting; what audit rules and requirements will there be; whether their current contracts within the Erasmus+ framework would remain valid (Erasmus Charter for Higher Education, the institutional partnerships, students' learning agreements etc); and whether universities would remain contractually bound to the European Commission as part of underwrite terms, and whether specific aspects of current grants are covered (such as Organisational Support).
- UK governments should urgently clarify, where appropriate, whether future participants on Erasmus+ exchanges will continue to be eligible for tuition fee reductions/waivers, higher levels of overseas maintenance loans, and travel [grant beyond the 2018–2019 academic year](#) if these exchanges occur on a bilateral basis.
- Governments across the UK must provide clarity on their [healthcare regulations for EU Erasmus+ students](#) in the UK; whether continued access to EHIC or access to the NHS will continue for all EU Erasmus+ students for the full duration of their placements.
- The government should ensure that any back-up programme: reflects the European systems to ensure it is as easy for institutions/exchanges with Europe as possible; provides assurance that other countries/partners can sign up; provides incentives for other countries/stakeholders to collaborate and join; is flexible on mobility options, mobility type, destination countries, and reflects the different contexts of all UK nations; and avoids heavy levels of administration and reporting. Funding levels should be commensurate with the trajectory of growth in outward student mobility in recent years and reflect the growing amounts the UK would have received from the Erasmus+ programme.

### *European Commission/EU member states*

- The European Commission and the UK government should enter into discussions as soon as possible about the implications of a no-deal Brexit for UK organisations participating in Erasmus+, with a view to UK participants continuing, where possible, to participate with the UK government underwrite. Both sides should seek solutions to practical issues that would minimise disruption to universities and to students currently studying or working in the UK or EU under the programme.
- The European Commission should ensure that any UK Erasmus Mundus joint master's consortia with three universities or fewer are protected through the European contingency legislation or through additional contingency measures. This will allow students already enrolled onto degree programmes to complete their studies uninterrupted.

### *European partners*

- If the Brexit Withdrawal Agreement is ratified, European counterparts should be aware that the UK will continue as normal on the Erasmus+ programme during the transition period and until the end of the current Erasmus+ programme. In the event of no deal, European counterparts should be aware that the UK government has already financially underwritten UK's participation in Erasmus+ – the funding received by UK institutions through both centralised and decentralised actions – until the end of those projects deemed successful by the date of Brexit, while there is a financial guarantee from the UK government, continued participation in the framework of the programme depends on agreement between the UK and the EU, or between the UK, member states and key institutions.

## *EU student fee status financial support*

### *Key issues linked to a no-deal scenario*

- There is no clarity on what fee/loan status EU students enrolling from 2021–22 can expect.

### *Progress/commitments to date to address these issues*

- Governments across the UK have [confirmed](#) that EU students starting a course in 2019–20 and 2020–21 will still be eligible for home fee status and for financial support as per existing rules. In England, Chris Skidmore MP, the former Universities Minister, has [confirmed](#) that EU students starting a course in 2019–20 or in 2020–2021 at an English higher education institution will remain eligible for home status even in a ‘no deal’ scenario. The [Welsh](#) and [Scottish](#) governments have confirmed that the same EU student fee status and financial support arrangements will continue in 2019–20 and 2020–21 even in the event of a ‘no deal’ Brexit. The guarantee for 2019–20 and 2020–21 has also been made for [Northern Ireland](#).
- The UK government has published a new [no deal technical notice](#) specifically intended for universities. This includes an announcement that EEA, EFTA and Swiss nationals within scope of the citizens’ rights EU Settlement Scheme will continue to be eligible for student finance support (if studying in England) on broadly the same terms as now.

### *Further mitigating actions to address risk in this area*

#### *Universities*

- In order to not breach CMA guidelines, universities should make sure they are not advertising their courses in a way that implies EU students enrolling from academic year 2021–22 will be eligible for ‘home’ fee status and financial support as at present.
- In assessing the level of risk of any potential fluctuation in demand from prospective EU students, consider conducting an internal analysis of how EU students have historically funded themselves, and how this might differ between subjects/courses/level of study. Across the sector, in 2015–16, 28% of EU students paid their own fees without any financial backing, although this varied substantially by country – 9% of Romanian students were self-supported, compared to 57% of French students. Overall, around 40% of EU students who pay their own fees are from France, Italy and Germany.



## Qualifications recognition

### **Key issues linked to a no-deal scenario**

- On the recognition of certain professional qualifications (not academic qualifications subject to the Bologna Agreement), the UK government has stated that it will ensure that ‘professionals arriving in the UK with EEA and Swiss qualifications after the exit date will have a means to seek recognition of their qualifications’ and that mutual recognition of qualifications will be subject to future arrangements, but has not provided further detail on what these would be.
- There is uncertainty around UK nationals studying and working in the EU due to obtain their qualifications after 31 January 2020, and what provision will be available to them by way of reciprocal arrangements, in the event of a no deal.

### **Progress/commitments to date to address these issues**

- The [Brexit White Paper](#) and the [Guidance on providing professional services after Brexit](#) state that the government wants to establish a system on mutual recognition of professional qualifications (MRPQ) that covers the same range of professions as the existing MRPQ Directive, ensuring that the qualifications of those arriving in the UK after exit date will be recognised. Also, the government has guaranteed that:
  - recognition decisions which have already been made by the exit date will continue to be recognised in the UK
  - applications made by (but not assessed by) the exit date will be assessed according to existing MRPQ Directive rules, including potential appeals
- The government has [reached](#) agreements with Iceland, Liechtenstein and Norway, and with Switzerland to include ‘specific arrangements for the recognition of professional qualifications for these countries’ nationals’, although no further details have been provided to date on the nature of these agreements.
- The European Commission has [confirmed](#) that UK qualifications that have been recognised before 31 January 2020 will continue to be so even in a ‘no deal’ scenario.

## ***Further mitigating actions to address risk in this area***

### *Universities*

- In order to not breach CMA guidelines, universities should make sure they are not advertising their courses in a way that implies they will be eligible for automatic recognition where the MRPQ Directive applies currently.

### *UK government*

- Secure agreement that ensures the professional qualifications currently recognised under the EU Directive (Mutual Recognition of Professional Qualifications) would continue to be mutually recognised across the EU.
- Outline as soon as possible what the future arrangements will be so students studying or starting courses usually covered by the directive know what these will be. This is important particularly for UK universities attracting EU students to their courses usually covered by this directive.

## *Transnational education*

### *Key issues linked to a no-deal scenario*

- In a no-deal scenario, UK providers would cease to be covered by the EU directive on services in the internal market and would instead likely be subject to each EEA member state's devolved regulations targeting non-EEA countries. The [Directive 2006/123/EC](#) on services in the internal market protects the freedom of movement of services and freedom of establishment in the EEA by removing barriers to service provision operated on a permanent or temporary basis in other EEA member states. This directive has facilitated the expansion of UK transnational education to EU member states (for example, through the removal of barriers to both validated/franchised provision and to the establishment of branch campuses).
- There is uncertainty around the regulations applicable on a country-by-country basis in the case of a no-deal Brexit and how they may impact on providers currently operating or with plans to operate in a host country. A no-deal Brexit could have a range of implications depending on the host territory and the type of provision, for example providers may have to: comply with requirements based on the nationality or residency of senior staff; re-submit information to regulators; complete mandatory applications and licenses where this is only available to EEA nationals; and even effectively cease recruitment in certain cases. For example, in Cyprus, local regulations allowed institutions from EEA states to provide education services through franchise and validation arrangements in application of the EU Services Directive. An amendment to local regulations was recently passed to allow UK providers to continue offering education services through franchise arrangements in a no-deal Brexit.

### *Progress/commitments to date to address these issues*

- In its [guidance](#) related to [providing services if there is no Brexit deal](#), the [government](#) has stated that in a 'no deal' Brexit, UK organisations providing services in the EEA would no longer be covered by the EU Services Directive, and could be subject to additional legal and administrative barriers in operation for third countries. This could apply both to the freedom of establishment and to the freedom of provision of services.
- The UK government has issued a [collection of guidance notes](#) on providing services to EEA and EFTA countries after Brexit with specific information for each member state. The guidance notes provide links to the relevant national guidance and plans for no-deal Brexit (where they exist).
- The European Commission has developed a repository of sites where providers may find information regarding preparations for Brexit concerning provision of services per member state (information may not be available in English for some countries).

## ***Further mitigating actions to address risk in this area***

### *Universities*

- Cooperate with in-country partners and local authorities to ensure transitional arrangements to provision as third country providers are in place where relevant. Partners may advise on local requirements for non-EEA providers that offer similar types of provision (eg franchise or validation), and administrative processes to meet specific license, registration or authorisation requirements that may need to be undertaken.

### *UK government*

- Seek to negotiate agreements facilitating market access where the Services Directive no longer applies. The UK and EEA members states should seek to continue to maintain access to each other's services markets through a comprehensive agreement on rules.

### *European partners/EU member states*

- European counterparts' advice should be sought on the regulations applicable to third country organisations for the provision of cross-border education services in their jurisdiction.
- EU partners could seek assurances from their governments that in those cases where the regulation of cross-border provision of higher education services is different for EEA and third country providers, steps are taken to allow UK providers to continue providing education services under similar arrangements to those in place for EEA providers.



## Other matters

There are additional issues requiring consideration in preparation for a no-deal scenario.

**Procurement, supply chains** – key risks to consider relate to: continuity of supply (shortage of supply in labour, raw materials, delays to supply arising from changes in customs clearance at ports/driver licence requirements for transporting goods); cost elements (currency fluctuation costs, increased costs due to wage rises, potential new tariffs, changes in grant funding rules); and other risk elements (suppliers ceasing to trade, capacity for procurement teams to manage all of the above).

Universities should focus on creating resilient supply chains, and in doing so evaluate existing contracts in place now, recognising whether they present high, medium or low level of risk in relation to Brexit issues. Specific considerations/questions might include: which contracts are for bottleneck supplies and core/key services? Which contracts are higher risk financially (consider the impact of exchange rate fluctuations especially on large construction contracts for example)? Consider staffing arrangements and potential impact of rising wage costs/staff shortage on key suppliers, possible shortages of supplies (consider raw materials not just end products), possible increased tax/duty/tariffs, possible border blockages/import duty/delays, increased risk of workers' rights issues, waste impact. Universities should maintain communications with key suppliers to understand their no-deal plans and anticipated implications.

**Funding and cash flow** – key risks include: possible fall in the value of sterling against the Euro which would impact income received via EU grants.

Universities should audit contracts priced in euros and, where possible, hedge against the risk of major currency fluctuations and consider the impact of income not meeting the costs of delivery as a result.

**Tax** – key risks to consider include: customs/VAT changes at the border (higher cost of bringing in goods from the EU); potential delays at the border which can particularly affect short-life/time-sensitive materials being imported for research. One substantial risk is that pan-European VAT registration number for online services won't be open for UK suppliers, so institutions involved in online services will need an EU-registered alternative, such as Ireland. In a no-deal scenario, duty will start to be levied on EU imports as for non-EU imports currently.

Universities can review HMRC guidance in this area. HMRC has published a [suite of documents](#) on no-deal, which includes implications for VAT.

**Estates** – key risks to consider include: projects taking longer to complete if key trades and skills are in shorter supply; costs increasing as a result of price rises; possible need for storage space for stockpiled supplies.

**Banking relationships** – key risk to consider: changes in banks’ passporting rights to sell their services across the EU.

Universities should ensure they maintain connectivity with their banking providers and have enterprise resource planning and treasury management systems that can integrate with multiple banking partners, allowing them to switch between partners if necessary.

**Access to EU payment systems** – key risk to consider: UK financial institutions’ access to the EU’s payment infrastructure, including the Single Euro Payments Area (SEPA), being restricted.

**Travel** – key risks to consider include: potential visa costs for travel to and from the EU/EEA, and potential increase in travel time; potential disruption in the weeks immediately following Brexit; insurance might require EHIC for European travel.

Universities should establish which members of staff may be travelling around this date and consider, for example, postponing field trips. Universities should also ensure they engage with insurers and identify whether they have prepared any specific advice of relevance.

**Health cover** – key risks to consider include: the EHICs of UK citizens ceasing to be valid, effectively resulting in UK citizens in the EU by 31 January 2020 having to cover their own medical expenses (either by insurance or through their own means); affected staff and students not having insurance or sufficient funds to cover their own medical expenses.

Universities should communicate with UK staff planning to be abroad by 31 January 2020 around the Department of Health’s [advice](#) for travellers to the EU if there is a no-deal Brexit. Universities should also check with their insurers if their existing policies will cover medical needs for UK citizens in the EU in the event of no deal. If this is not the case, universities should seek to secure additional cover for this category ahead of 31 January 2020.

**Managing data** – key risks to consider include: a possible delay/failure in achieving ‘adequacy’ status in relation to GDPR particularly affecting transfers of data from the EU to the UK; a possible halt on the free flow of personal data between the UK and EU/transfers of data; disruption to the use of clouds based outside the UK.

Universities should consider reviewing data transfers: what, who to/from, how much/often, which mechanisms? Review contracts eg references to data transfers within the EU. Other mitigations could include inserting new clauses into existing contracts to deal with the ‘adequacy’ issue.

In the event of a no-deal Brexit, and without an adequacy agreement between the UK and the EU, personal data flows from the EU/EEA to the UK will become restricted without sufficient safeguards (eg Standard Contractual Clauses, Binding Corporate Rules) in place.

Universities are encouraged to consider all data flows and transfers from the EU/EEA to the UK with the following as some examples:

- cloud services based in the EU/EEA
- HR and payroll services outsourced within the EU/EEA
- research data and databases based in the EU/EEA that are needed for research within the UK

Some helpful links:

General Data Protection and Brexit- [ICO guidance](#), particularly ‘Data protection if there's no Brexit deal’ and "Leaving the EU- 6 steps to take"

Standard Contractual Clauses [Interactive Tool- ICO](#)

**Intellectual property** – the Intellectual Property Office has published a series of technical notices which will help universities understand what they need to in the event of a no-deal scenario regarding [trade marks and designs](#), [patents](#), [copyright](#), and [intellectual property rights](#).

**HR matters** – key risks to consider include: the possible implications for staff who are jointly-employed, on secondments, or working as part of a type of transnational education provision. There is also a need to consider any possible need to build staff capacity to manage any increased/changed immigration requirements for students and/or staff. Staff wellbeing might also be affected leading to increased call on support staff.

Universities should be mindful of the impact of ongoing uncertainty on the wellbeing of staff and students. Since the UK government has already confirmed that, in a no-deal scenario, only those EU nationals arriving before the date of Brexit will be eligible for the settled status scheme, universities should consider

staff from the EU in the pipeline to starting employment and whether start dates can be brought forward.

**Staff recruitment** – key risks to consider include: increased visa costs for employment; reduced pool of applicants.