

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

*February 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 made by government, such an outcome would create immediate uncertainty for EU nationals in UK universities, prospective students and staff from across 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 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 'no deal', to provide greater certainty for the university sector over the coming months. This includes government committing to:

- strengthen and clarify its existing underwrites for participation in EU programmes
- establish back-up structures to mirror Horizon 2020 and Erasmus+ where required
- review 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

There are also several suggested actions for universities to consider.

Even in the event of '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 on 29 March 2019:

- EU nationals entering the UK for more than three months 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 UK’s ability to participate in Horizon 2020 and Erasmus+ could cease
- the continued mutual recognition of professional qualifications covered by the current EU Directive would be uncertain

### 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 March 2019 (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 29 March 2019 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 will be fully open by 30 March 2019 as planned. 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 the 29 March in a ‘no deal’ scenario. These individuals will be able to travel to and enter the UK as now, but if they wish to remain for more than three months, they will need to register for European Temporary Leave to Remain 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.

**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 (i.e. multi-beneficiary grants) that are submitted after the UK leaves the EU in March 2019. In September 2018, 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.

**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.

**Erasmus+:** the UK government has [confirmed](#) that in a ‘no deal’ scenario, it will underwrite Erasmus+ grants already agreed by 29 March 2019 subject to existing projects being deemed ‘viable’ to continue. This commitment is intended to cover the UK university students on an Erasmus+ placement at the point of Brexit, and any projects that fall under these grant agreements but are yet to start (for example, an outbound student due to undertake and Erasmus+ placement in May which has already been agreed under a 2018 call). However, the underwrite will not cover funding committed to partners and participants in other Member States and other participating countries. The UK government will launch an online portal in late February/early March 2019 for UK-based recipients of Erasmus+ funding to log details of their grants.

**EU student fee status/financial support:** governments across the UK have [confirmed](#) that EU students starting a course in 2019–20 (the first cycle post-Brexit) will still be eligible for home fee status and for financial support as per existing rules. In England, Chris Skidmore MP, the Universities Minister, has confirmed that EU students starting a course in 2019–20 at an English higher education institution will remain eligible for home status even in a ‘no deal’ scenario. The UK government has also confirmed that EEA students who are currently eligible for home student fees and financial support in English universities will still be eligible for courses beginning in the academic year 2019–20, even in the case of a no-deal Brexit. The Welsh Government has confirmed that the same EU student fee status and financial support arrangements will continue in 2019/20 even in the event of a no-deal Brexit in their [Education and Skills](#) section of the Preparing Wales website.

For Scotland and Northern Ireland, announcements for EU students have not been caveated as being subject to a Brexit deal being agreed.

**Qualifications recognition:** the [Brexit White Paper](#) states 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. The government has also guaranteed that recognition decisions which have already been made by the exit date will continue to be recognised in the UK, and that applications made by (but not assessed by) the exit date will be assessed according to existing MRPQ Directive rules, including potential appeals.

### Remaining areas of uncertainty and recommended actions

Despite the above measures, there remains a substantial amount of uncertainty and unanswered questions for universities should the UK face a ‘no deal’ outcome. This includes a lack of clarity on:

- 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
- how the government’s underwrites would work in practice, including what specific actions universities will need to take before 29 March 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)
- whether a replacement to Erasmus+ would be made available to UK universities to cover bids made by universities in the 2019 calls
- what would be the legal status of Erasmus+ participants and institutional partnerships between UK universities and their Erasmus+ partner universities

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+

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 ‘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 non-UK nationalities and considering communication to this group around the EU Settlement Scheme

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, and on 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 29 March 2019 will not be covered by the EU Settlement Scheme. Instead these individuals will need to apply for European Temporary Leave to Remain.
- 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/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 29 March 2019 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 the 29 March in a ‘no deal’ scenario. Instead, EU individuals (including students) will be able to stay in the UK for up to three months, after which 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.

#### **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 ‘no deal’. 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 (staff or student) with **non-UK EU nationalities expected to start at the university (in employment or programme of study) immediately after the 29 March 2019 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 29 March 2019.
- **Encourage EU staff** at all higher education institutions to **secure pre-settled or settled status**. Prepare for full roll out (March 2019) of the EU Settlement Scheme using the [Employer Toolkit](#) provided by the Home Office. Students as well as staff will be 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***

- There is a lack of clarity on how the existing government underwrites would work in practice.
- There are no details on what would replace the loss of access to ERC and Marie Skłodowska-Curie Actions, including applications which have already been submitted but not assessed.

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

- In July 2018, the UK government extended a commitment to [underwrite payments of Horizon 2020 awards signed before 29 March 2019](#) so that it covers grant applications for funding streams open to third country participation (i.e. multi-beneficiary grants) that are submitted after the UK leaves the EU in March 2019.
- In September 2018, 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.

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

#### *Universities*

- 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*

- 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 2019. This would avoid the adverse bureaucratic and financial impact of leaving the EU without a deal on 29 March 2019.
- 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: whether the underwrite will be delivered by the UK government or the European Commission (or by universities if acting as project coordinators); what would be required by way of financial reporting; what audit rules and requirements will there be, and whether universities would remain contractually bound to the Commission as part of underwrite terms.

- 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 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. The ERC replacement fund would need to be ready to open an equivalent advanced grant call in May 2019 (total EU budget of c.€500m), and the MSCA mechanism would need to open a call for individual fellowships in April 2019 (total EU budget of c.€300m).

#### *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 underwritten 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 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 to think 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 a lack of clarity on whether the underwrite applies for incoming students, staff, or organisational support for the administration of incoming mobility for KA107 projects.
- There is a lack of clarity on what will be required as part of any back-up inter-institutional agreements in order to access the government underwrite.
- 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 2019 calls.
- 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 Commission’s budgetary proposal to pay into the 2019 EU budget. This course of action would allow the UK to participate in Erasmus+ for the rest of 2019.
- There is a lack of clarity on whether the European Commission Erasmus+ proposal to cover EU and UK students abroad at the point of exit is contingent on the UK paying its contribution in full to the 2019 EU budget.
- There is a lack of clarity on how the UK government guarantee and the two Commission proposals will interact.
- If the UK is no longer an Erasmus+ programme country, there is no certainty that the UK will be able to continue to send or receive students through Switzerland’s SEMP mobility programme.

### **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 (e.g. collaborative projects). On mobility specifically, the government has only agreed to underwrite grant agreements already ratified by the date of Brexit, although the government intends to seek agreement with the EU that the UK can continue to participate in the programme in some form, 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 29 March will not receive any funding as per current commitments – this includes anything submitted already as part of the 2019 calls. 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 the event of a ‘no deal’, the European Commission has proposed to underwrite the grants of EU and UK students participating in Erasmus+ at the point of Brexit, and until the end of their placements. This way, students can complete their studies and continue to receive their grants from the Commission. However, this is subject to further amendments and a final vote in the European Parliament. This may also be contingent on the UK’s contribution into the 2019 EU budget.

### ***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. It is not yet clear what constitutes a valid agreement for the purposes of the underwrite.
  - Uploading all relevant Erasmus+ grant information to the government’s online portal when it launches in late February/early March 2019
- 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.
- In the event that the government provide 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 set out the exact requirements of universities in order to be eligible for the current HMT 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 Commission as part of underwrite terms, and whether specific aspects of current grants are covered (such as Organisational Support).

- 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 reflect the different contexts of all UK nations; 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.

#### *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 a 'no deal', European counterparts should be aware that the UK government has already financially underwritten UK participation in Erasmus+ - the funding received by UK institutions through both centralised and decentralised actions - until the end of those projects deemed successful by 29 March 2019. However, 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*

- For Scotland and Northern Ireland, there have been no public assurances that existing commitments from government on EU students’ fee/loan status would be honoured in the event of ‘no deal’.
- There is no clarity on what fee/loan status EU students enrolling from 2020–21 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 (the first cycle post-Brexit) will still be eligible for home fee status and for financial support as per existing rules. In England, Chris Skidmore MP, the Universities Minister, has confirmed that EU students starting a course in 2019–20 at an English higher education institution will remain eligible for home status even in a ‘no deal’ scenario. The Welsh Government has confirmed that the same EU student fee status and financial support arrangements will continue in 2019–20 even in the event of a no-deal Brexit in their [Education and skills section](#) of the Preparing Wales website. For Scotland and Northern Ireland, announcements have not been caveated as being subject to a Brexit deal being agreed.
- On Thursday 31 January, the UK government 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 2020–21 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.

#### *UK governments/devolved administrations*

- Public confirmation is needed that the existing commitments made in different parts of the UK guaranteeing EU students’ fee and loan arrangements as far as 2019–20 starters will be honoured even in the event of ‘no deal’. This would provide much-needed certainty to students and universities.

## 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 29 March 2019, 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 [Technical Notice on qualifications recognition](#) 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 29 March 2019 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.

## Other matters

There are additional issues requiring consideration in preparation for a ‘no deal’ scenario. This includes:

**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’, 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 risks to consider include: 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 include: 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 European Health Insurance Cards (EHIC) of UK citizens ceasing to be valid, effectively resulting in UK citizens in the EU by 29 March 2019 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 29 March 2019 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 29 March 2019.

**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.

**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.