

Submission of written evidence from Universities UK to the House of Commons Education Committee inquiry on ‘The impact of exiting the European Union on higher education’

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About us

Universities UK is the representative organisation for the UK’s universities. Founded in 1918, its mission is to be the voice for universities in the UK, providing high quality leadership and support to its members to promote a successful and diverse higher education sector. With 135 members and offices in London, Cardiff (Universities Wales) and Edinburgh (Universities Scotland), it promotes the strength and success of UK universities nationally and internationally.

Summary of positions and asks

Background

- Our universities are a British success story, world-renowned, internationally competitive and a major economic asset, generating annual output of £73bn for the British economy.
- As Government looks to minimise the turbulence and maximize the opportunities associated with leaving the European Union, universities can play a central role in driving inclusive economic growth locally, regionally and nationally; improving productivity as part of a new industrial strategy; and strengthening our international trade and diplomatic relationships across Europe and the wider world.
- Leaving the European Union poses some major challenges for the UK higher education system, in relation to the recruitment of talented students and staff from across Europe and beyond, future access to invaluable EU networks and funding and international opportunities for UK students and staff.
- However, Universities UK (UUK) believes that, with the right support and investment from Government – both now and in the future - universities can thrive outside the European Union. UUK welcomes the statements made thus far by Government on research, structural funding and EU students starting in 2016/17 and 2017/18. This submission includes further

measures that Government can take to help universities maximize their contribution to the UK's economy, regional development and global influence in the coming years.

EU students

- Overseas students make an enormous contribution to UK higher education – academically, culturally and economically. EU students alone make up 5.5% of the student body and generated an estimated £3.7 billion for the UK economy and 34,000 jobs across the country in 2011/12.
- In order to minimise uncertainty in the short term, UUK urges the Government to provide assurances for prospective EU students considering study from 2018/19, that they will qualify for Home student tuition fee status and have access to student loans for the duration of their course, irrespective of when the UK formally exits the EU.
- While recognising that the future tuition fee status and access to student finance of EU students is dependent on the outcome of EU-UK negotiations, UUK also calls on the Government to ensure that any change to these arrangements are preceded by a transition period, to allow universities to make the necessary adjustments to their planning processes.
- Regardless of the final settlement between the EU and the UK, it is important that the UK Government publicly affirms the value placed on EU students and their contribution to UK universities, invests in supporting future recruitment overseas through promotional activity, and provides reassurances to current EU students that they will remain welcome in the UK following its departure from the EU.
- Beyond any transition period, it is imperative that EU students and their dependents in future come to the UK to study and work without unnecessary administrative barriers, regardless of the wider agreement reached on the immigration status of EU nationals.

EU staff

- EU staff represent 16% of the academic workforce in UK higher education, and play a critical role in supporting the excellence of the UK research base, as well as the quality and diversity of teaching provision.
- In recognition of the contribution made by EU staff, UUK urges the Government to make a clear and unequivocal statement affirming that their future right to reside, alongside their dependents, will not be brought into question following the UK's exit from the EU and investing in promotional efforts to support the attractiveness of the UK as a destination for talent.
- In the long term, UUK urges Government to affirm that it is a priority to ensure that future EU staff coming to the UK will not be impeded by unnecessary bureaucracy regardless of the wider immigration status of EU nationals
- The Government is also encouraged to review the immigration system to ensure the most talented academics, researchers and university staff globally can come to the UK, regardless of their nationality in recognition of the value of attracting overseas talent to the UK

- Alongside this, it is necessary to recognise that access to globally competitive and attractive research funding, networks and collaboration is central to the UK's continued attractiveness to overseas talent and in this context encourages Government to include continued access to EU funding and networks as part of the UK's negotiating position, as well as more support for excellent research domestically

Access to Erasmus+ programme

- UUK calls on the UK Government to prioritise negotiating continued participation in the Erasmus+ programme and its successor, given the support it provides for students and staff to gain vital international skills and experience.
- The UK Government should at the same time consider further domestic policy interventions to support UK students and staff to gain the international skills and experience necessary to support the UK as a global trading nation, including by setting quantitative targets regarding the percentage of UK students and researchers accessing international opportunities.
- The UK Government should clarify as soon as possible whether the HMT guarantee to under-write 'competitive funding' allocated prior to the UK's departure from the EU includes competitive funding allocated through Erasmus+.

Supporting universities to thrive post-Brexit

- The attached paper '*Universities at the heart of a global and thriving UK*' makes clear the five key areas which the UK Government should prioritise in order to ensure UK universities can thrive during and following the UK's exit from the European Union:
 1. Enhancing international research collaboration
 2. Making the UK an attractive destination for talented university staff
 3. Encouraging talented and entrepreneurial students from around the world to choose to study in the UK
 4. Increasing public investment in research and innovation
 5. Supporting UK students and staff to access vital global opportunities
- UUK would like to see a joined-up approach from Government in supporting, promoting and growing UK research and higher education, ideally through the establishment of a cross-Government strategy covering both areas, and jointly-owned by relevant Ministers. UUK is also keen to see both science and innovation, and skills, recognised as critical to the UK's emerging industrial strategy.
- It should also be recognised that in some regions, structural funding plays a crucial role in supporting universities to generate local growth and jobs by turning ideas and research discoveries into new companies, by fostering entrepreneurship and employability, and by attracting talented people to study, work and spend in their areas. It is crucial that this funding for infrastructure and capacity-building particularly in deprived regions is maintained, regardless of whether this comes from the EU or national budgets.

UUK priorities for Government's approach to EU-UK negotiations

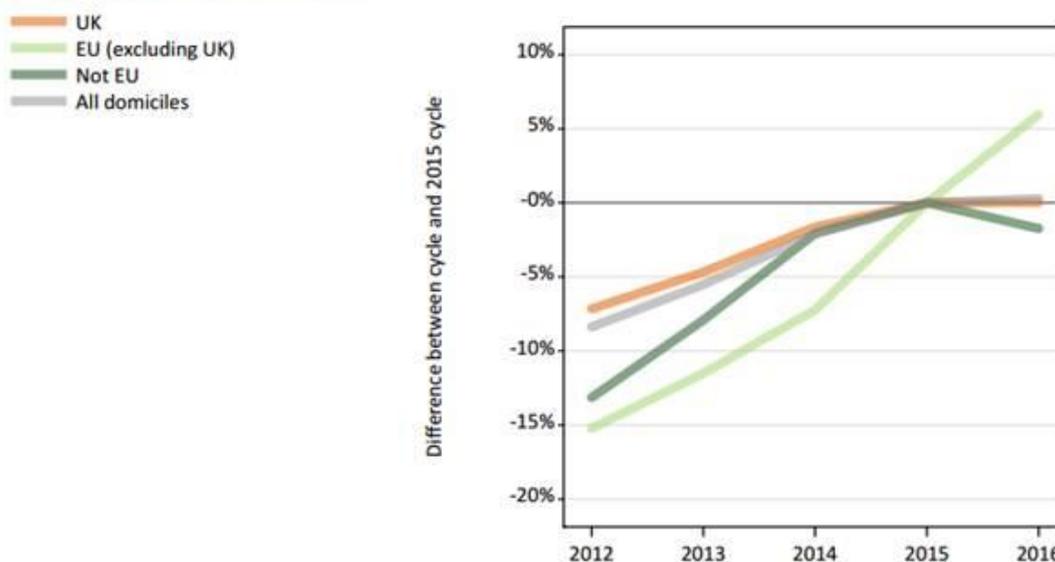
- UUK would like to see the following areas prioritised by the Government in relation to forthcoming EU-UK negotiations:
 - To secure an outcome that enables continued participation in European science and higher education programmes and policy - broadly defined as access with influence

- To secure residency rights for EU nationals currently working in the sector post-Brexit
 - To minimise barriers for EU university staff and students coming to the UK in future regardless of the future status of EU nationals more widely
 - To secure an outcome which preserves and builds on regulatory and standards equivalence with other EU countries
 - To secure an outcome which allows for the continued recognition of professional qualifications between the UK and the EU 27
- **The likely impact of the UK exiting the EU on EU students studying in England and what protections should be in place**
 1. In 2014/15, there were 124,575 EU students enrolled at UK universities – 5.5% of all students. Of these, 95,620 were EU students studying at institutions in England (5.1% of all students).
 2. Overseas students make an enormous contribution to UK higher education – academically, culturally and economically. UK universities are open, outward-looking institutions, and welcoming to students from around the world, collectively attracting more international students than any other country aside from the USA.
 3. The international diversity of our universities' campuses substantially enriches the educational experience of 'home' students through the mix of cultures and perspectives that students from other parts of the world bring.
 4. EU students alone make up 5.5% of the student body and generated an estimated £3.7 billion for the UK economy and 34,000 jobs across the country in 2011/12.
 5. In recent years, EU student recruitment particularly has been a major growth area across the sector. This has compensated for a) a stagnation in domestic demand and b) a drop in demand from key international markets, as evidenced by Figure 1 below.

Figure 1

Applicants by domicile at the 30 June deadline

I.1.1 Applicants by domicile group
Difference between cycle and 2015 cycle



6. There is significant concern across the UK university sector about the impact of the UK's decision to leave the EU on perceptions of the attractiveness of the UK as a study destination, and associated export earnings, as well as the cultural and academic diversity of UK universities.
7. Initial evidence suggests that the UK's attractiveness as a destination of study could have already been affected by the referendum vote:
 - Polling done by Hobsons after the referendum showed that 43% of prospective international students feel that Brexit has affected their decision to study in the UK. Of these students, 83 per cent say it has made them less likely to study in the UK.
 - Early indications from UCAS for 2017/18 enrolment show that the the number of EU applicants applying through UCAS for the October deadline was 8% lower than in the previous year, and back to levels seen three years prior. This is the first measure of EU student demand taken since the referendum vote on 23 June 2016.

Figure 2

Domicile of applicant	2013	2014	2015	2016	2017
England	35,970	36,120	34,370	34,040	35,190
Northern Ireland	1,130	1,020	1,010	980	940
Scotland	2,080	2,120	1,930	1,940	1,950
Wales	1,410	1,480	1,400	1,370	1,360
--UK	40,600	40,740	38,720	38,330	39,440
EU (excluding UK)	5,970	6,230	6,340	6,860	6,240
Not EU	10,240	11,230	11,310	11,440	11,510
--All	56,810	58,200	56,360	56,630	57,190

8. The uncertainty around the future recruitment of EU students is of particular concern to universities given that, at the institutional level, EU students can represent as much as 25% of the entire student population. For some, predominantly small specialist institutions, EU student fee income can also represent upwards of 5% of total income.

Figure 3

Institution	% students from other EU countries
Cranfield University	25.3%
Royal College of Art	24.2%
Royal Academy of Music	21.3%
Royal College of Music	20.5%
LSE	18.0%

9. High levels of demand from EU students can also underpin the viability of specific courses, which might otherwise be unavailable for home students to study. For example, around one quarter (26%) of all EU students in England are studying for a Master's or other taught postgraduate qualification. This compares to 15% of UK students. However, at subject level, EU students represent 26% of all European language students at Masters-level, 15% of non-European language students, and 16% of law students.
10. Access to recruiting PhD students and post-doctoral students from other EU countries also constitutes an important pipeline to the UK research network. In 2014/15, 13% of postgraduate research (e.g. PhD) students in England were from other EU countries (and a further 30% were from outside the EU). This is equal to 12,030 (EU) and 28,215 (non-EU) students across institutions in England specifically.
11. In addition to the general risk that the UK will be perceived as a less welcoming place for overseas students, prospective EU students are faced with specific uncertainties regarding:
- their future immigration status
 - their future tuition fee status, and
 - their future ability to access student finance
12. In relation to EU students' tuition fee status and access to student loan finance, Universities UK welcomes the assurances provided by the UK Government for EU students starting in academic years 2016/17 and 2017/18 that they will qualify for Home student tuition fee status and have access to student loans for the duration of their course, and that this will apply beyond the date the UK formally exits the EU.
13. However, the guarantee covering 2017/18 entrants itself was not provided by Government until 11 October 2016, while the deadline for applying to a number of university courses (including to Oxford and Cambridge) was 15 October 2016. Universities UK believes that this uncertainty contributed to the evident 8% drop in EU applicants within UCAS (see Figure 2 above).

14. Beyond any transition period, it is imperative that EU students and their dependents in future come to the UK to study and work without unnecessary administrative barriers, regardless of the wider agreement reached on the immigration status of EU nationals.
15. While UUK acknowledges that EU students' tuition fee status will depend on EU-UK negotiations it is also emphasised that any change must be preceded by a transition period, to allow universities to make the necessary adjustments to their planning processes.

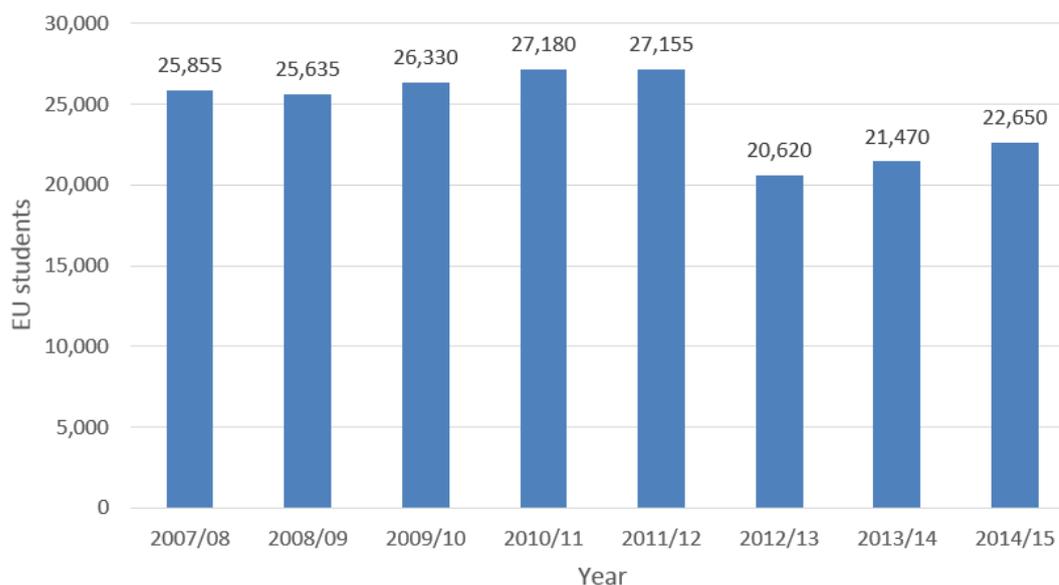
UUK positions

- **In order to minimise uncertainty for prospective EU students, Universities UK urges the Government to provide assurances for prospective EU students considering study from academic year 2018/19, that they will qualify for Home student tuition fee status and have access to student loans for the duration of their course, irrespective of when the UK formally exits the EU.**
- **Recognising that the future tuition fee status and access to student finance of EU students is dependent on the outcome of EU-UK negotiations, UUK calls on the Government to ensure that any change to these arrangements are preceded by a transition period, to allow universities to make the necessary adjustments to their planning processes.**
- **Regardless of the final settlement between the EU and the UK, it is important that the UK Government publicly affirms the value placed on EU students and their contribution to UK universities, invests in promotional activity overseas and provides reassurances to current EU students that they will remain welcome in the UK following the UK's departure from the EU.**
- **Beyond any transition period, it is imperative that EU students can in future come to the UK to study and work without unnecessary administrative barriers, regardless of the wider agreement reached on the immigration status of EU nationals.**

16. While it is difficult to predict the exact impact that any change to EU students' tuition fee status and access to student finance will have on future applications and enrolments, we can get some sense of price/fee sensitivity from the changing levels of EU undergraduate enrolments in England before and after the 2012/13 fee increase.
17. The graph below shows the number of EU entrants to undergraduate programmes at English institutions between 2007/08 and 2014/15. Although numbers have recovered slightly since 2012/13, they still remain 12% below even the 2007/08 level.

Figure 4

EU undergraduate entrants at institutions in England, 2007 – 2014



18. Beyond this example, it is very hard to model the likely impact of increasing EU student fees to international student fee levels. However, we could expect a substantial fall in EU student applications. It would also be fair to predict that the impact would vary by institution with some institutions perhaps more likely to attract EU students at higher fee levels than other institutions.
19. In 2014/15, 64.6% of EU students studying at institutions in England, eligible to take out a loan to pay for their fees, did so, compared to 91.6% of English students. Removing this access to loan finance, and switching to a system whereby EU students would have to pay their tuition fees upfront (rather than repaying a loan post-graduation), would almost certainly deter substantial numbers of prospective students from choosing the UK as a study destination. This would come at a time of growing competition from low-cost or no-cost higher education providers offering English language courses in continental Europe.
20. It is worth noting that overseas recruitment generally is one of the UK's fastest growing export industries, and putting up barriers to international students risks undermining UK universities' contribution to their local economies, without addressing public concerns on immigration.
21. The international activities and connections of UK universities represent a substantial and successful export industry for the UK. Higher education export earnings are currently estimated at £10.7 billion, the vast majority of which is derived from tuition fees paid by non-UK students for a UK university education (£3.6 billion), and the expenditure of such students on and off campus in local economies across the country (£5.7 billion).
22. According to polling done by Universities UK, only a quarter (24%) of British adults think of international students as immigrants. Of those that expressed a view, 75% say they would like to see the same number, or more, international students in the UK, a figure which jumped to 87% once information on the economic benefits of international students was provided.

- **The likely impact of the UK exiting the EU on EU staff working in England and what protections should be in place**

23. The ability for UK universities to recruit the top minds in their fields regardless of where they come from is of fundamental importance to the excellence of the UK university system, across teaching and research. The UK university system is world-class in its own right, but membership of the EU has enhanced the system's attractiveness by ensuring freedom of movement for EU staff and students and providing access to invaluable EU networks and funding.

24. Recent Nobel prize winners Duncan Haldane and Sir Fraser Stoddart have both warned of the potentially adverse impact of the UK leaving the EU on the country's ability to attract overseas talent, highlighting the advantages of freedom of movement for science and the role that access to ERC grant funding plays in attracting top scientists to the UK.¹

25. As detailed below, this highlights the importance of providing reassurance in the short-term to EU staff at UK universities, and of guaranteeing a future system which allows talent from across Europe and the world to come to contribute to UK universities.

26. Currently, there are 55,000 members of staff with EU or non-EU nationalities employed on academic contracts at UK universities, equal to 28% of the UK's academic workforce, 12% from countries outside the EU (23,160 staff), and 16% are from EU countries (31,635 staff).

27. There is a correlation between the excellence of the UK's research base, and its internationally-diverse workforce. According to Elsevier: "the UK occupies a central position in the global network of collaborative partnerships and the resulting articles from these partnerships are associated with higher field-weighted citation impact than that observed for all internationally collaborative articles published by either the UK or its major partner countries".

28. Firstly, on quality:

- With 0.9% of the world's population, the UK produces 15.9% of the world's most highly-cited articles
- In 2013, the UK overtook the USA to rank first in the world by field-weighted citation impact (an indicator of research quality)
- The UK's scientific research institutions are ranked second in the world for quality

29. Secondly, on the international diversity of the UK workforce:

- 43% of postgraduate research students are from other EU or non-EU countries

¹ <https://www.theguardian.com/science/2016/oct/06/brexit-not-good-news-for-british-science-warn-new-nobel-laureates>

- 45% of all academics employed on 'research-only' contracts do not have UK nationality. This is even higher within certain subjects of strategic importance:
 - 66% in mathematics
 - 69% in economics and econometrics
 - 65% in chemical engineering
 - 62% in electrical, electronic and computer engineering

30. Across the university sector as a whole, the greatest numbers of academics with a non-UK nationality are from Germany, Italy and Ireland. The countries of nationality of non-UK academics (where there are more than 1,000 members of staff working in UK universities) are as follows:

Figure 5

Country of nationality	Number of academic staff in 2014/15
Germany	5,250
Italy	4,810
Ireland	4,025
USA	3,905
China	3,540
Greece	3,115
France	2,945
Spain	2,800
India	2,195
Netherlands	1,575
Canada	1,465
Australia	1,330
Poland	1,205
Portugal	1,005

31. Academics with non-UK nationalities work across all areas of university provision in terms of subjects. In numerical terms, the largest numbers of non-UK academics are either teaching, researching (or employed to do both) in the following subject areas:

Figure 6

Subject	Number of non-UK national academics	Of which, EU or EEA nationals
Clinical medicine	6,900	4,340
Biosciences	4,715	2,975
Business and management studies	4,575	2,260
Modern languages	2,740	2,000
IT, systems sciences and computer software engineering	2,475	1,335

32. While on average, non-UK academics represent 28% of the workforce, this is notably much higher in a number of key subject areas, including those set out below:

Figure 7

Subject	% of all academics in subject area with non-UK nationality	% of all academics with EU or EEA nationality
Economics and econometrics	61%	35%
Chemical engineering	53%	26%
Modern languages	49%	36%
Anthropology	47%	23%
Electrical, electronic and computer engineering	45%	18%
Mathematics	45%	26%
Physics	44%	27%

33. A further 11,450 EU and EEA nationals contribute to UK universities in non-academic positions.
34. The impact of the UK's decision to leave the EU on the UK's attractiveness as a destination for talent is one of the top concerns among many UK Vice-Chancellors. A range of institutions have reported to UUK examples of top researchers reconsidering their decisions to come to the UK following the vote to leave, citing concerns regarding their future immigration status and ability to access EU funding as reasons for their decisions.
35. In October 2016, the Universities and Colleges Employers Association (UCEA) surveyed 85 of their university members on the impact of Brexit on recruitment to date. The survey suggested that:
- The overwhelming impact of Brexit on staff is the uncertainty, anxiety and concern related to the future of EU/EEA citizens working in the UK
 - Universities have taken on a key role of informing and advising staff on the impact of Brexit, with the most common response by institutions being to send positive and reassuring messages to staff
 - In light of this activity, in the three months following the referendum, the resignation rate among EU/EEA university staff was close to the expected voluntary turnover rate based on previous year's data
36. However, the survey has revealed some worrying issues:
- Two-thirds (16) of the 24 universities that had job offers rejected, stated that the rejections were either directly or indirectly linked to the referendum
 - Around one quarter (9) of the 35 universities who reported staff resignations stated that the referendum result was either a direct or indirect factor in the decision

37. It is vital that Government takes action to prevent any further growth in the disruption identified to date.

UUK positions

- **In order to minimise uncertainty for current and prospective EU staff at UK universities, UUK urges the Government to make a clear and unequivocal statement regarding their future right to reside in the UK, alongside their dependents, following the UK's exit from the EU, and invest in promotional efforts to support the attractiveness of the UK as a destination for talent.**
- **UUK also calls on the Government to affirm that it is a priority to ensure that future EU staff coming to the UK will not be impeded by unnecessary bureaucracy regardless of the immigration status of EU nationals**
- **More widely, the Government is encouraged to review the immigration system to ensure the most talented academics, researchers and university staff globally can come to the UK, regardless of their nationality in recognition of the value of attracting overseas talent to the UK**
- **UUK also underlines access to globally competitive and attractive research funding, networks and collaboration as central to the UK's continued attractiveness to overseas talent. In this context, UUK encourages Government to include continued access to EU funding and networks as part of the UK's negotiating position, as well as more support for excellent research domestically**

- **The future of the Erasmus+ programme following the withdrawal of the UK from the EU**

38. Immediately following the referendum, the European Commission clarified that, given the UK remains a full Member State of the European Union until the date of exit, UK universities will continue to be able to participate in the Erasmus+ programme as normal until the UK leaves the EU.

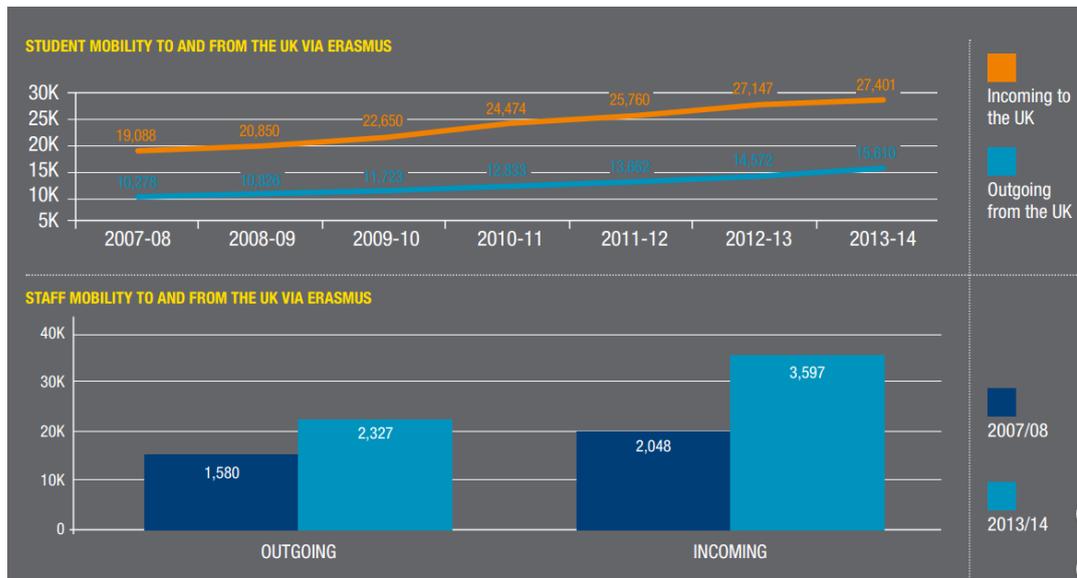
39. No immediate impact has been reported by Erasmus coordinators and outward mobility professionals as a result of the vote, and indeed many have seen renewed interest in finalising exchange agreements from European partners.

40. However, leaving the EU creates uncertainty regarding the UK's future participation in the Erasmus+ programme, which currently constitutes the single largest source of support for UK students and staff looking to work and study abroad and promotes internationalisation at home by bringing Erasmus exchange students to UK universities.

41. The number of UK students benefitting from Erasmus+ placements has grown steadily since 2006/7 and reached record levels in the academic year 2013/14

when 15,610 UK students received Erasmus+ funding to pursue a work or study placement abroad². The number of staff going abroad has also risen in the same period from 1,580 in the 2007/08 academic year to 2,327 for the 2013/14 academic year. While the majority of this mobility is within Europe, the new programme also includes opportunities for staff and students to travel outside Europe, through the International Credit Mobility funding stream.

Figure 8: Erasmus mobility to and from the UK



42. International experience has major proven benefits. Of the UK students graduating in 2013/14, those that were mobile were more likely to receive a first or an upper second class degree than their non-mobile peers and their unemployment rate 6 months after graduation was lower. This difference in outcomes was even more pronounced for black and minority ethnic students when compared to white students: 9.9% of non-mobile black graduates were unemployed, compared to 5.4% of black mobile graduates, and 9.5% of Asian non-mobile graduates were unemployed, compared to 4.4% of Asian mobile students.
43. The European Commission's 2014 Erasmus Impact Study demonstrates similar outcomes for Erasmus students specifically: Erasmus students have been shown to be 50% less likely to experience long-term unemployment than their counterparts who stay at home, as well as more likely to achieve academically, to reach a higher level of seniority in their professional lives and to start a business.
44. Maintaining growth in the numbers of outwardly mobile UK students is a priority both for UK universities and for the UK Government, in order to ensure that UK graduates can compete in global environments. This is arguably more pronounced in light of the UK's decision to leave the EU and to build stronger trading links with partners globally. In this context, it is essential that the UK Government maintains and increases the opportunities available to UK students to pursue work and study abroad as part of their UK degree.

² http://ec.europa.eu/education/library/statistics/2014/united-kingdom_en.pdf

45. According to HESA, 46% of UK students who are mobile, go abroad via Erasmus+. The programme also has a trusted brand, which students across the UK recognise and value (as demonstrated by the various student-led petitions since the referendum calling on the UK Government to prioritise negotiating continued access to the programme), as well as networks and agreed standards and processes across all participating countries.
46. In addition, Erasmus+ supports university to university cooperation, including capacity-building, joint programmes and strategic partnerships.

UUK positions

- **UUK calls on the UK Government to prioritise negotiating continued participation in the Erasmus+ programme and its successor, given the support it provides for students and staff to gain vital international skills and experience**
- **The UK Government should at the same time consider further domestic policy interventions to support UK students and staff to gain the international skills and experience necessary to support the UK as a global trading nation, including by setting quantitative targets regarding the percentage of UK students and researchers accessing international opportunities.**
- **The UK Government should clarify as soon as possible whether the HMT guarantee to under-write 'competitive funding' allocated prior to the UK's departure from the EU includes competitive funding allocated through Erasmus+**

For information: the Swiss case

47. The example of Switzerland detailed below is instructive insofar as it demonstrates a) that non-EU Member States can and do participate in the Erasmus+ programme and b) the financial cost of administering a parallel programme to Erasmus+ at national level. The UK Government is urged to consider whether administering a future mobility programme outside of EU structures would be the most efficient way of funding future mobility.
- While freedom of movement is not a legal requirement for participation in Erasmus+ in every case, Switzerland's participation in Erasmus+ was brought to an abrupt halt following a vote to limit freedom of movement for Croatian nationals in 2014. The Swiss have not been re-admitted to the programme, and currently use national funding to administer a shadow programme, paying for both outward and inward mobility.
 - The Swiss government allocated CHF25.1 million in 2016 to setup a scheme to mirror Erasmus+ ³. This is the equivalent of around £20.7 million

³ https://www.sbf.admin.ch/dam/sbf/en/dokumente/2015/12/erasmus_.pdf.download.pdf/erasmus_.pdf

or just under €23 million, which, as of 29 August 2016, has been used to fund 5,999 students' outbound mobility and 4,782 students coming into Switzerland. Of the total budget, around 90% will be used specifically for mobility. This is particularly higher than in other years and is at least in part because Switzerland now has to fund foreign students taking part in the scheme as well as their own outgoing students.

- From the outset, the negative impact of this decision was felt as when the restrictions were announced by the European Commission in 2014, the universities of Lucerne and Lugano expected a drop of 20%, and Fribourg was expected a 38% drop in participation for the 2014/15 academic year⁴. However, the latest data available suggests that there has been a 12% increase in student mobility in 2016 compared to last year, while the Swiss budget allocation has grown by 5% over the same period.

- **Risks and opportunities for UK students**

48. The issues described in this submission will undoubtedly have an impact not just on EU students, but on UK students too.
49. EU students make up 5.5% of the entire UK higher education student population, and make a fundamental economic, cultural and academic contribution to UK universities.
50. Any reduction in the numbers of EU students coming to UK universities will change the international make-up of UK universities, and may undermine the extent to which UK students can benefit from international experiences as part of their higher education experiences – especially at institutions where EU students represent as much as 25% of the student population.
51. Demand from students in the EU also supports the provision of certain subjects, without which, specific courses might not be financially viable for home students alone to study. For example, of all postgraduate engineering and technology students, 13% are other EU nationals, as are 16% of mathematical science postgraduate students.
52. Depending on what is decided in terms of the UK's future participation in EU programmes, some opportunities – for example those available through the Erasmus+ programme or through the Marie Skłodowska-Curie actions at postgraduate level – may no longer be open to UK students to pursue, negatively impacting their student experience, their international exposure and their long-term employability.
53. Finally, unless an agreement is reached between the UK and the EU27 on the mutual recognition of professional qualifications, students with UK degrees in the regulated professions may no longer have their qualifications automatically recognised across the EU27, significantly impeding their labour market mobility.
54. Recognition considerations also underline why it is more important now than ever for the UK Government to engage with the Bologna Process, as a

⁴ http://www.swissinfo.ch/eng/students-on-the-move_temporary-solution-for-erasmus-to-continue/40789696

means of ensuring continued standards equivalence between the UK and other European countries from outside the EU.

- **A note on staff**

55. Leaving the EU could lead to a change in UK-based researchers' status within European research and innovation Framework Programmes, as well as potentially making it more difficult for UK researchers to cultivate networks and work abroad – which the evidence shows makes researchers more productive, and ultimately more successful.⁵

56. As a whole, UK-based researchers perform extremely well under EU Framework Programmes (FPs). Under FP7, which operated 2007-2013 – the UK received 15.5% of all funding, and ranked 2nd overall in the shares of both participations and funds. Within this, higher (and secondary) education institutions were even more successful, receiving 25% of all funds awarded to educational establishments, and ranking 1st overall, by some margin. This equated to €4.97 billion. Under FP7, four UK institutions were among the 10 most successful recipients.

57. A similar picture has emerged within Horizon 2020 to date. As of February 2016, 25.2% of funding awarded to all higher (or secondary) education institutions came to the UK, equal to €1.16 billion. To date, UK-based researchers have secured 21% of all funds disbursed from the ERC under Horizon 2020, and 21.9% of all funding for the Marie Skłodowska-Curie actions which fund researcher mobility.

58. Losing access to this funding, as well as making it more difficult to collaborate and pursue research internationally through tightening visa restrictions, has the potential to seriously undermine the attractiveness of the UK as a destination not just for global and EU talent, but for UK researchers also.

59. If the UK Government fails to take necessary precautions to preserve adequate support for internationally collaborative research, and individual grants for excellence, it risks a brain drain from the UK in coming years.

- **How to ensure UK universities remain competitive after the withdrawal of the UK from the EU and what steps the Government should take to mitigate any possible risks and take advantage of any opportunities**

60. For Universities UK's position on what steps Government should take to minimise the disruption and maximise opportunities for UK universities post-Brexit, please see the attached paper at Annex 1, which articulates UK universities' top priorities in five main areas:

- 1) Enhancing international research collaboration
- 2) Making the UK an attractive destination for talented university staff
- 3) Encouraging talented and entrepreneurial students from around the world to choose to study in the UK
- 4) Increasing public investment in research and innovation
- 5) Supporting UK students and staff to access vital global opportunities

⁵ Department of Business Innovation and Skills: 'International Comparative Performance of the UK Research Base – 2013'

61. It should also be recognised that in some regions, structural funding plays a crucial role in supporting universities to generate local growth and jobs by turning ideas and research discoveries into new companies, by fostering entrepreneurship and employability, and by attracting talented people to study, work and spend in their areas. In Wales alone, as of August 2016 the total estimated value of the 16 ESF and ERDF approved projects (2014 - 2020) led by Welsh HE is £296 million, of which HEIs contribute £121million and Welsh European Funding Office £174 million.

62. It is crucial that this funding for infrastructure and capacity-building particularly in deprived regions is maintained, regardless of whether this comes from the EU or national budgets.

- **What the Government's priorities should be during negotiations for the UK to exit the EU with regard to students and staff at higher education institutions**

UUK's priorities for Government's approach to UK-EU negotiations are as follows:

- To secure an outcome that enables continued participation in European science and higher education programmes and policy - broadly defined as access with influence
- To secure residency rights for EU nationals currently working in the sector post-Brexit
- To minimise barriers for EU university staff and students coming to the UK in future regardless of the future status of EU nationals more widely
- To secure an outcome which preserves and builds on regulatory and standards equivalence with other EU countries
- To secure an outcome which allows for the continued recognition of professional qualifications between the UK and the EU 27

Universities at the heart of a global and thriving United Kingdom

How can government enhance the impact of British universities following the vote to leave the European Union?

As the Government develops plans to seize the opportunities and minimise the uncertainty presented by exiting the European Union (EU), the university sector can make an invaluable contribution to a dynamic, outward-facing and competitive United Kingdom (UK).

Our universities are a British success story, world-renowned, internationally competitive and a major economic asset, generating annual output of £73bn for the British economy. Universities can play a central role in driving inclusive economic growth locally, regionally and nationally; improving productivity as part of a new industrial strategy; and strengthening our international trade and diplomatic relationships across Europe and the wider world.

Universities also support the UK's soft power and global partnerships - many leading international figures are alumni of British universities and our universities are globally connected with businesses, governments and research partners world-wide.

The vote to leave the EU poses significant challenges for universities. However, Universities UK believe that, with the right support and investment from Government, universities can thrive outside the European Union.

This paper includes a number of high impact policies and initiatives that Government could deliver to ensure that universities are best placed to maximise the UK's economic success and global influence outside of the EU in five areas:

1. Encouraging students from around the world to choose to study in the UK
2. Enhancing international research collaboration
3. Making the UK an attractive destination for talented university staff
4. Increasing public investment in research and innovation

5. Supporting UK students and staff to access vital global opportunities

Universities UK is ready to work with Government to explore options in each of these five areas, offering our own analytical expertise, knowledge of universities and reach within the sector.

The impact of universities on the UK economy

Universities are engines of growth and anchor institutions in towns, cities and regions across the UK economy. Universities play a central role in the UK economy – creating jobs, driving innovation, supporting business growth and are a major export industry.

British universities:

- Generate annual output of £73bn for the UK economy
- Contribute 2.8% of UK GDP
- Generate 757,268 full-time jobs via their economic output
- Generate around £11bn of export earnings for the UK

Universities support regional growth, by encouraging local entrepreneurship and business development, attracting investment and talent, and providing and creating jobs across the UK.

They are in an ideal position to take the lead on significant socio-economic issues at the local level, for example by helping to shape local economic strategies and by linking research and teaching priorities to local economic and social needs. Universities' close links with their regions means that they are well placed to support the government in its regional growth objectives.

The return on public investment in universities is high:

- Universities drive productivity gains through higher skills and innovation.
- Universities boost private sector R&D investment and innovation – a 10% increase in university research is estimated to increase private R&D investment by 7%.
- Businesses that collaborate with universities or public research institutes invest more in R&D and perform significantly better on a number of indicators, including process and product innovation, than similar firms that do not.
- Almost 2 million new high skilled jobs are expected to be created between 2014-24, with universities central to developing the graduates that a highly-skilled, knowledge-based, internationally-competitive economy needs.

In addition, students from all over the world wish to study at our world-renowned universities (many developing networks which underpin the UK's diplomatic and commercial links), spending billions of pounds in all regions of the country, and the UK is an attractive destination for talent and a world leader in research productivity and impact.

What policy support can the Government provide to enhance the impact of universities?

We need Government support to create the conditions for the university sector to contribute most fully to the UK's economic success and global influence outside the European Union. To enable universities to thrive we need Government policies to:

- **Encourage students from around the world, that would benefit from UK higher education and can support themselves to study, to choose to study in the UK**
 - Commit to a quantitative target to increase higher education export earnings as part of a coherent cross-Government strategy for international education and research.
 - Reform the immigration system to ensure that students globally can come to the UK, regardless of their nationality and remove students from the net migration target.
 - Communicate a welcoming message worldwide that the UK is an open and attractive destination for students.
 - Take immediate action to clarify EU students' access to student finance and tuition fee status for the cohort beginning studies in 2018/19, stipulating that the same terms will apply for the duration of their course, regardless of the timing of the UK's formal exit.

- **Enhance the UK's international research collaboration**
 - Prioritise ensuring continued UK influence over and access to EU research policy and programmes not just for the duration of the current programme but beyond, recognising that participation in this area of EU policy serves the national interest.
 - Establish a cross-Government approach to supporting international research (as part of a wider international research and education strategy), covering engagement with both the developed and developing world and drawing together and building on the disparate funding mechanisms which exist for international collaboration currently.
 - Promote research collaboration opportunities (through the new Department of International Trade) as a central pillar of the UK's offer to overseas governments and businesses.
 - Invest in additional bilateral and multilateral research and innovation initiatives with key European, transatlantic and global partners.

- **Make the UK an attractive destination for talented university staff**
 - Reform the immigration system to ensure that talented academics, researchers and university staff globally can come to the UK, regardless of their nationality
 - Preserving access to vital, globally competitive individual grant funding for excellence open to UK based academics through the European Research Council currently.
 - Confirm that EU staff will continue to be able to come to the UK to work without unnecessary administrative burdens following exit.

➤ **Increase public investment in research and innovation**

- Commit to replacing any lost research and innovation funding associated with the UK's exit from the EU.
- Provide added reassurances to the UK's research community and preserve the UK's international competitiveness by committing to a real terms increase in science funding.
- Strengthen the UK's capacity for economic growth delivered through innovation and collaboration at local and national levels by increasing investment in the Higher Education Innovation Fund (HEIF).
- Invest in enhanced funding opportunities for innovation activity, with both established partners such as Germany and emerging powers such as India and China.
- Fund capital investment projects to replace the funding opportunities represented by the European Structural and Investment Funds.

➤ **Support UK students and staff to access vital global opportunities**

- Invest in international mobility programmes to support international experiences for UK researchers and students, setting quantitative targets regarding the percentage of UK students and researchers accessing international opportunities.
- Negotiate continued UK access to EU funded mobility programmes, Erasmus+ and the Marie Skłodowska Curie Actions (MSCAs).
- Retain the Erasmus fee waiver mechanism which guarantees that institutions can charge students studying abroad on Erasmus or any other bilateral exchange scheme up to 15% of the total tuition fee (or 20% for a sandwich year) and that these fees are covered for the student by the Student Loans Company.
- Ensure the UK pro-actively uses its membership of the Bologna Process as a mechanism for continued dialogue with European higher education leaders and as a means of continued comparable and compatible standards across the European Higher Education Area, (facilitating degree recognition and mobility).

Policy proposals – further supporting information

1. Encourage students from around the world, that would benefit from UK higher education and can support themselves to study, to choose to study in the UK

It is key to the future growth of the UK economy and the competitiveness of British universities that EU and non-EU students alike are able to continue to come to the UK to study without unnecessary bureaucratic burdens, and that the UK's outstanding global reputation for providing high-quality education sought by students the world over is protected and enhanced.

Any new approach to immigration must place the UK as being 'open for business'. Key international markets such as India – the UK's second largest market has seen student numbers more than halve since 2010 while competitor countries such as Australia and Canada have taken advantage of the stagnation in recruitment in the UK, and are reaping the benefits with annual growth of 8% compared to a 2% fall for the UK. If Britain is to meet the ambition of increasing total education exports as set out in the 2015 Autumn Statement, it needs a new approach to immigration that is proportionate and welcoming to genuine international students.

The government has an opportunity to reshape the immigration system to recognise the value of international students as temporary visitors who contribute to the economy and to remove unnecessary barriers for students wishing to study in the UK.

This can be achieved by:

- Committing to a quantitative target to increase higher education export earnings as part of a cross-Government strategy for international education and research.
- Reforming the immigration system to ensure that students globally can come to the UK, regardless of their nationality and remove students from the net migration target.
- Communicating a welcoming message worldwide that the UK is an open and attractive destination for students.
- Taking immediate action to clarify EU students' access to student finance and tuition fee status for the cohort beginning studies in 2018/19, stipulating that the same terms will apply for the duration of their course, regardless of the timing of the UK's formal exit.

The 2015 Autumn Statement set out how a growth in the number of international students will boost the value of UK education exports from £17bn in 2011 to an ambition of £30bn by 2020. International student expenditure in the UK forms the most substantial contribution towards export earnings (£9bn in 2011/12), and an education exports strategy should set out how this could be increased further, underpinned with a target to increase the numbers of international students coming to the UK, to drive economic growth and soft power.

Why does this matter?

- The UK is the world's second most popular destination for international students, who spend money and create jobs. EU students alone make up 5.5% of the student body and generated an estimated £3.7 billion for the UK economy and 34,000 jobs across the country in 2011/12. International (non-EU) students already make a £7 billion contribution to the economy, generating almost 137,000 jobs across all regions of the country. International students enrich campuses both academically and culturally. Many return home having forged strong professional and personal links that provide long-term, soft-power benefits for Britain.
- Higher education exports earnings are currently estimated at £10.7 billion and offer a significant opportunity to drive economic growth post-Brexit, with the current global total of 4.5 million students studying outside their home country estimated by the OECD to rise to more than 8 million by 2025.
- While the UK is currently second only to the USA as a destination for international students, there is growing competition, with many countries (including Canada, Australia, the US, Germany and China) adopting ambitious strategies for increasing their international student populations.
- Without investment in this area, the UK risks losing global market share in a growth industry. Promoting the UK as a welcoming destination for European students, avoiding future administrative burdens that could be associated with visa requirements, and providing clarity on the tuition fee status and loan eligibility of EU students before and after Brexit is a vital part of this. EU student fee income in 2014/15 alone was more than £600 million.
- International student recruitment can also support the UK's soft power and influence worldwide. Through studying in the UK, international students establish networks and connections which support trade and business links; they develop a positive perception of the UK, and a familiarity with UK brands globally.
- Polling consistently shows that the British public regards international students as valuable, temporary visitors. They come, study for a period, and then the overwhelming majority go home. Only 22% of the public thinks that international students should count as migrants. Most people do not understand why they would be counted towards the government's immigration targets.
- The university sector places a huge importance on tackling abuse of the student visa system, spending £67m in compliance with Tier 4 in 2012/13 alone. Students are also highly compliant with their visas, and levels of overstaying are low. Home Office research in 2010 analysed the compliance of a sample of non-EEA students studying at universities in terms of whether they were enrolled on a course, had valid leave to remain in the UK or had potentially overstayed their visa. This found that just 2% of the sample were *potentially* non-compliant with their visas. It is likely that this figure is now even lower, as universities continue to invest in immigration compliance.

2. Enhancing international research collaboration

What policy support is needed to maximise opportunities?

The UK Government can support UK universities to maintain their excellence, efficiency and impact by driving international collaboration in research and innovation, supporting researchers to work together to find solutions to the world's most pressing problems and driving the UK's knowledge economy. This can be achieved by:

- Establish a cross-Government approach to supporting international research (as part of a wider international research and education strategy), covering engagement with both the developed and developing world and drawing together and building on the disparate funding mechanisms which exist for international collaboration currently.
- Promoting research collaboration opportunities (through the new Department of International Trade) as a central pillar of the UK's offer to overseas governments and businesses.
- Prioritising ensuring continued UK influence over and access to EU research policy and programmes not just for the duration of the current programme but beyond, recognising that participation in this area of EU policy serves the national interest.
- Investing in additional bilateral and multilateral research and innovation initiatives with key European partners.

Why does this matter?

- International collaboration drives the efficiency, excellence and impact of UK research.
- By working together, researchers can pool their expertise, infrastructure, data and resources to achieve more together than they could do alone. This enables them to harness diverse and often multi-disciplinary approaches to arrive at innovative solutions to complex problems. It also provides the scale necessary for the establishment and upkeep of large infrastructures.
- The UK has more articles per pound and per researcher than our major competitors and this is in large part driven by the UK's high levels of international collaboration. Almost 50% of UK academic papers are written with an international partner, and internationally co-authored publications have been shown to have greater reach and higher rates of citation than those with only domestic authors. International co-authorship is associated with 41% more impact.
- Cooperation with European countries is a fundamental pillar of the UK's international engagement. 47% of UK internationally co-authored publications from 2008-12 were with EU and EEA research partners, and 13 of our top 20, 'most collaborated with' nations are other EU member states.
- However, the UK also has close non-EU partners. From 2008-12, the UK's top research partners in terms of the number of co-authored publications included the USA in first Australia fifth, China eighth, and Canada ninth. As the UK repositions itself globally, it must seize new opportunities to enhance research collaboration with countries around the world.

3. Enhancing the UK as an attractive destination for talented university staff

What policy support is needed to maximise opportunities?

The UK Government can support UK universities to remain globally competitive and to maximise their contribution to the economy in all areas of the UK by enhancing the UK's attractiveness as a destination for talent. EU staff make up 16% of the academic workforce contributing vital and highly specialized skills to the UK economy and research base, and enhancing the quality of teaching as well as supporting the sustainability of courses from Modern Languages to Chemical Engineering.

Addressing the immediate uncertainties associated with Brexit to protect and encourage the continued recruitment of talent from EU countries, as well as avoiding the administrative burdens currently associated with hiring international staff, should be a fundamental pillar of any initiative to attract talent to UK HE and ensure the associated benefits to British society and the economy. In particular, it should be noted that the current income thresholds for Tier 2 work visas are too high at £35,000 to accommodate recruitment at the post-doctoral level, despite the fact that it is vital that the UK nurtures these future world leaders at early career stage.

Simultaneously it should be noted that access to prestigious and globally recognised funding for excellence, such as is currently funded by the European Research Council, is a major part of the UK's attractiveness to overseas talent. In this context, preserving access to this funding should be prioritised. Equally, it should be recognised that any attempt to fund an equivalent on a national basis would need to be open to researchers globally (provided the money would be spent in the UK) in order to retain its globally competitive reputation.

The government has an opportunity to reshape the immigration system to recognise the value of attracting overseas talent and to remove unnecessary barriers for highly-skilled international staff wanting to work at UK universities. This can be achieved by:

- Reforming the immigration system to ensure the most talented academics, researchers and university staff globally can come to the UK, regardless of their nationality.
- Preserving access to vital, globally competitive individual grant funding for excellence open to UK based academics through the European Research Council currently
- Confirming that EU staff will continue to be able to come to the UK to work without unnecessary administrative burdens following exit.

Why does this matter?

- The excellence and global competitiveness of the UK research base relies on attracting the most talented researchers to pursue groundbreaking projects at British universities, regardless of where they come from and the availability of research funding to attract them
- Almost half of UK academic papers are currently written in collaboration with at least one international partner, and this in turn drives the UK's research productivity. 28% of the UK's academic workforce are non-UK citizens, 12% from countries outside the EU and 16% are from EU countries.
- These staff bring with them specialized skills, experience and expertise sought the world over, and complement and enhance the quality of teaching and the quality of UK research, science and innovation. For example, Professor Sir Konstantin Novoselov and Professor Sir Andre Geim who co-discovered graphene, are prominent examples of international researchers who chose the UK, and whose skills and experience have benefited the UK economy. Even conservative estimates of graphene's global market predict it will be worth more than £256m by 2024. The 'miracle material' that could revolutionise the world is about 100 times stronger than steel by weight.
- EU/EEA staff are fundamental to excellent and sustainable teaching in a range of subjects and make up over 20% of teaching staff in Modern Languages, Physics and Astronomy, Mathematical Sciences, Biological Sciences, Chemistry and Material Sciences, and Computer Sciences. All crucial subjects for tomorrow's workforce.

4. Increasing public investment in research and innovation

What policy support is needed to maximise opportunities?

The UK Government can support UK universities to maximise their positive contribution to the UK economy and to British influence globally by prioritising stable and sustainable public investment for the sector, which will in turn leverage investment from private sources.

This can be achieved by:

- Committing to replacing any lost research and innovation funding associated with the UK's exit from the EU.
- Providing added reassurance to the UK's research community, and taking practical steps to preserve and enhance the UK research base's international standing, which makes it the preferred collaborator of choice to countries around the world. This could be done through committing to a real terms increase in science funding. This would provide government with an excellent return on investment, through investing in a long-term, stable sector that will help mitigate the effects of shorter-term economic uncertainty, and bring the UK more in line with competitor countries, given the UK's government investment in research falls well below other countries such as the USA, Germany and France.
- Strengthening the UK's capacity for economic growth delivered through innovation. This could be done through increased investment in the Higher Education Innovation Fund (HEIF), which has a proven track record in driving collaborations between universities, business and the wider community. Strong collaborations at the local and national level are more important than ever before in order for the UK to develop beneficial and long-lasting relationships with international partners. Further investment in HEIF provides a very real, practical way for government to strengthen the UK's ability to compete on the international stage, while supporting local and national growth.
- Investing in enhanced funding opportunities for collaborative research and innovation activity, with both established partners such as Germany and the US, and emerging powers such as India and China.
- Funding innovation-focused capital investment projects to replace the funding opportunities represented by European Structural and Investment Funds.

Why does this matter?

- The UK higher education system is world-class in both quality and efficiency. With only 0.9% of the world's population, and 4.1% of researchers, the UK research base accounts for 9.9% of downloads, 10.7% of citations and 15.2% of the world's highly cited articles in 2014.
- However, in the absence of sustained public investment, the UK's research base and university sector risks falling behind key competitors. The UK already invests less public

funding in research and development as a percentage of GDP than the OECD average – 0.49% compared to 0.66%.

- Current uncertainty regarding the UK's future ability to access EU research funds represents an additional challenge. Between 2009/10 and 2014/15, UK universities received £3.9 billion in research funding from EU sources, including EU governmental bodies and EU-based industry and charities. The proportion of all competitively-awarded UK university research grant income that comes from EU sources has steadily increased from 11.6% in 2010/11 to 14.1% in 2014/15.
- Additionally UK universities have received more than £1 billion from the EU via European ; Regional Development Funds (ERDF) and European Social Funds (ESF) since 2003/04, over €2.6 billion in European Investment Bank loans since 2011; more than £600 million in EU student fee income in 2014/15; £558 million in research grants and contracts income from EU charities, industry and other non-governmental bodies since 2009/10.
- Public investment in this area also leverages private investment. Analysis suggests that even a one-off 5% increase in public spending on R&D could permanently raise private sector productivity by at least £90 million a year, and that for every £1 spent by government on R&D, private sector R&D output rises by at least 20p per year.

5. Support UK students and staff to access vital global opportunities

What policy support is needed to maximise opportunities?

By supporting global opportunities for UK students and staff, the UK Government can support the international networks and employability of UK graduates, as well as the productivity and economic contribution of the UK's researchers and the positive profile of UK worldwide.

This can be achieved by:

- Investing in international mobility programmes to support international experiences for UK researchers and students, setting quantitative targets regarding the percentage of UK students and researchers accessing international opportunities
- Negotiating continued UK access to EU-led mobility programmes, Erasmus+ and the Marie Skłodowska Curie Actions (MSCAs)
- Retaining the Erasmus fee waiver mechanism which guarantees that institutions can charge students studying abroad on Erasmus or any other bilateral exchange scheme up to 15% of the total tuition fee (or 20% for a sandwich year) and that these fees are covered for the student by the Student Loans Company.
- Ensure the UK pro-actively uses its membership of the Bologna Process as a mechanism for continued dialogue with European higher education leaders and as a means of continued comparable and compatible standards across the European Higher Education Area, (facilitating degree recognition and mobility)

Why does this matter?

- Evidence shows that students who have studied abroad are less likely to experience long- term unemployment, more likely to achieve academically and to reach a higher level of employment in their professional lives.
- Many of the jobs that today's graduates will do in the future don't exist yet, but we do know that the UK workforce needs internationally networked and culturally agile graduates who can support the UK to become a global trading nation.
- Of the UK students graduating in 2013/14 who responded to the Destination of Leavers from Higher Education (DLHE) survey, those that were mobile were more likely to receive a first or an upper second class degree than their non-mobile peers. 81% of mobile students achieved a first or an upper second class whereas 72% of non-mobile students achieved the same levels of classification.
- Of this same group of surveyed students, the unemployment rate among mobile students 6 months after graduation was lower, at 5%, than that for non-mobile students, which stood at 7%. This difference in outcomes was even more pronounced for BME students when compared to white students: 9.9% of non-mobile black graduates were unemployed, compared to 5.4% of black mobile graduates, and 9.5% of Asian non-mobile graduates were unemployed, compared to 4.4% of Asian mobile students.