

## INCREASING STABILITY AND CERTAINTY FOR UNIVERSITIES AS THE UK PREPARES TO LEAVE THE EU

### INTRODUCTION

The UK's universities are a success story: world-renowned, internationally competitive and a major economic asset, generating annual output of over £73 billion for the British economy and contributing 2.8% of UK GDP. Universities generate over 750,000 jobs and around £11 billion of export earnings for the UK annually. Through research, teaching and other activities universities make a major contribution to society, to individuals and to social cohesion. This positive impact is felt by local communities in every region of the UK.

As the government looks to minimise turbulence and maximise the opportunities associated with leaving the European Union, British universities have a vital contribution to make to a successful, dynamic and internationally competitive post-exit United Kingdom. The positive contribution of UK higher education will be greatest if British universities are magnets for international talent, can welcome international students and are leaders in international research collaboration.

Universities UK (UUK) has set out a number of policy priorities to support universities to thrive post-exit, to ensure that British universities can maximise their contribution to a globally successful UK. These policies include both priorities for exit negotiations and proposals for domestic policy reform.

As the government negotiates long-term arrangements, there are a number of actions that should be taken now to ensure stability and reduce uncertainty for universities in the short to medium term.

**This paper proposes a number of stability measures and recommendations for a phased implementation period that the government should secure, to both maximise stability until the longer-term arrangements are clear and take effect, and to minimise the risk of any damaging 'cliff-edge' scenario as the UK exits the EU.**

These stability measures will address specific issues either facing the higher education sector already, or those on the horizon, in relation to the following:

1. research collaboration and funding
2. student and staff mobility
3. immigration policy
4. EU student fees and loans
5. replacing structural funds

Without the government taking action, there are risks that:

- the UK higher education sector's reputation as a collaborator of choice in vital research is weakened
- access to key funding mechanisms to support research excellence are lost
- the UK will slip further behind competitors in sending students abroad as part of their degree
- the UK will lose existing academic talent from the EU
- universities will experience sudden, steep declines in EU student enrolments
- Universities' activity to drive local growth and generate jobs is hampered

As Brexit approaches, the need for these measures is becoming increasingly urgent.

UUK recommends that the period for phased implementation should be in place for a minimum of two academic years.

## 1. RESEARCH COLLABORATION AND FUNDING

### The key concern

There is a lack of certainty around UK university researchers' ability to fully participate in, and secure funding through, the EU's Framework Programme for Research and Innovation – Horizon 2020 – beyond Brexit.

### Why this is important

The Horizon 2020 research and innovation programme has been an essential driving force in boosting UK-international collaborative research partnerships, and in attracting global talent to the UK. Since 2014, UK-based researchers, largely in universities, have coordinated one in six Horizon 2020 research projects. The UK's ongoing success within the programme will be vitally important for the UK research base, not only because evidence shows a correlation between international co-authorship and research quality, but also because universities secure more than £800 million per year through the programme to support vital developments in research activity.

UUK has welcomed the government's 2016 commitment to underwrite the payments of awards within Horizon 2020 (which universities and others bid for) while the UK remains a member of the EU, even when specific projects continue beyond Brexit. However, many collaborative research grant applications can take more than 18 months to complete, and with Brexit scheduled for March 2019, some researchers starting applications as soon as this autumn may not be eligible for the underwrite.

### The risks of doing nothing

As long as the UK's future participation in the programme is uncertain, the UK risks becoming a less attractive collaboration partner for leading researchers across the world. This could also lead to a very abrupt loss of academic talent, and a decline in demand from researchers to work in the UK, which could also create reputational damage to universities in terms of research. The UK higher education sector's reputation as a collaborator of choice in vital research will be weakened.

### Measures to increase stability and certainty

To address this issue and provide greater stability and certainty for universities, the UK government should:

- **Signal, ahead of the next phase of exit negotiations, that it will seek continued UK participation in Horizon 2020 until the end of the programme.** This will give researchers in the UK and their partners overseas the confidence to continue preparing grant applications and avoid a potential 'cliff-edge' in autumn 2017 when the work programme for the final three years of the programme is published (2018–2020).
- **Strengthen the existing Horizon 2020 underwrite by committing to fund UK researchers as 'third country' participants in the event of full UK participation coming to an end.** Although an exit from Horizon 2020 is not an outcome the higher education sector would wish for, such a measure could provide much-needed certainty that UK-based researchers will be able to continue collaborating in and leading projects with European partners beyond March 2019.

These measures will minimise risk and maximise opportunity as the UK government secures an effective post-exit settlement for universities. In addition to continued access to Horizon 2020, this settlement should also provide a seamless link to UK participation in and influence over the successor to Horizon 2020, Framework Programme 9, due to start in 2021, assuming this programme continues to focus on funding excellent research. This should form a key pillar within an ambitious, overarching global research strategy for the UK.

## 2. STUDENT AND STAFF MOBILITY

### The key concern

It is unclear whether students and university staff will be able to go abroad through Erasmus+ after the 2018–19 academic year. This is an urgent matter because students enrolling in autumn 2017 onto degrees with a mandatory year abroad – such as language or international business students – are likely to be planning on doing so in 2019–20.

### Why this is important

The UK lags behind key competitors such as the United States and Australia when it comes to sending students abroad, but the growing popularity of Erasmus+ among UK students is closing the gap – the number of UK students participating in Erasmus+ has increased by 60% since 2007–08 to 16,444 students, and Erasmus+ accounts for up to 55% of UK student mobility. The UK is also one of most popular destinations for other European Erasmus+ students.

Evidence suggests that outward mobility offers a variety of benefits for students. Based on a sample of 225,880 UK graduates six months after graduation, those who had at least one period abroad during their degree were 32% less likely to be unemployed, more likely to be in a graduate job, and earning 5% more than those with no international experience. This difference in outcomes was even more pronounced for black and minority ethnic (BME) students, and for students from more disadvantaged backgrounds.

UUK has welcomed the government's commitment to underwrite Erasmus+ grant agreements signed before Brexit, even if these payments continue beyond the exit date. However, universities currently cannot assure their students starting in autumn 2017 that they will be able to have their third year abroad funded through Erasmus+ (these students will be going abroad in 2019–20), because the government's guarantee doesn't stretch far enough to cover all of these students.

### The risks of doing nothing

This could leave UK students who are planning a period abroad as part of their degree with enough uncertainty to deter them from applying for certain courses. Given the benefits of mobility, a reduction in participation through Erasmus+ would negatively affect the student experience, reduce diversity upon campuses, have a detrimental effect on the development of graduates' skills, and some language courses, where study abroad is compulsory, could become vulnerable.

### Measures to increase stability and certainty

To address this issue and provide greater stability and certainty for universities, the UK government should:

- **Signal, ahead of the next phase of exit negotiations, that it will seek continued UK participation in Erasmus+ post-exit**, to give existing and future cohorts of students the certainty they need that they can complete their degree with a period abroad as planned.
- **Strengthen the existing underwrite guarantee to cover universities who will have applied for Erasmus+ funding before Brexit, even if they only find they are successful after the point of exit.** This will provide students and staff who are planning a period abroad in 2019–20 with the confidence they need to plan ahead and allow universities to continue to apply right up to the point of exit.

These measures will minimise risk and maximise opportunity as the UK government secures an effective post-exit settlement for universities whereby UK students and staff have access to a diverse landscape of opportunities to study or work abroad for a period, not only through Erasmus+ and the Marie Skłodowska-Curie Actions programmes, but through new and expanded international mobility initiatives intended to enhance opportunities for UK students and staff to access international experiences beyond Europe.

### 3. IMMIGRATION POLICY

#### The key concern

Staff and students who are nationals of other EU countries currently working or studying in the university sector remain uncertain about their long-term residency rights in the UK. Future cohorts of European students, and European staff considering taking up a role in the UK in the future, have no clarity on what immigration rules they can expect to be adhere to after Brexit.

#### Why this is important

The UK has one of the best university systems in the world. It is also one of the most international. The UK attracts more international students than any other country except for the United States, and 29% of our university academics have a non-UK nationality. In terms of research quality, in 2013 the UK overtook the United States to rank first in the world by field-weighted citation impact (an indicator of research quality). The UK university sector's diversity underpins its success, and getting the immigration system right will ensure the UK university sector can build on its world-class reputation post-Brexit.

The government has not yet secured agreement with the European Commission on the post-Brexit rights of those highly-valued EU nationals already studying or working in the UK. Further, there are also no guarantees on what the future long-term immigration rules for EU nationals will look like, although the government's commitment to gather further evidence to inform to shape of the post-Brexit immigration system, and to ensure that the process for implementing any future changes will be predictable and well-understood by migrants and employers, is welcomed. There have already been isolated instances of European academics turning down posts in the UK, and clarity on these issues is needed to minimise any risk of workers leaving the UK, and provide long-awaited certainty for all the 46,000 affected staff working across the country.

#### The risks of doing nothing

Universities risk losing valuable existing and prospective academic and non-academic staff. Any loss could have implications across teaching, research and support services – 22% of research assistants are EU nationals, as are 17% of lecturers and 18% of administrative staff.

#### Measures to increase stability and certainty

To address these issues and provide greater stability and certainty for universities, the UK government should:

- **Agree with the European Commission, as soon as possible during the negotiations, the residency and work rights of EU nationals currently working in the university sector and their dependents.** This must include full access to public services, an assurance that UK-based EU researchers seeking to obtain settled status won't be penalised for spending periods out of the country, and for and a guarantee not to introduce a retrospective cut-off date for eligibility.
- **Outline, by the end of 2017, its intended direction of travel for managing EU migration in the long term.** For universities to thrive post-exit, this would mean the government using Brexit as an opportunity to put in place an immigration system that supports the UK to be a destination of choice for international talent and reflects public opinion.
- **Confirm, ahead of the next phase of exit negotiations, that no additional barriers will be introduced for EU student and academic migration routes throughout a post-exit implementation period.** This phase should cover a minimum of two full academic cycles, to allow universities time to communicate the new arrangements to prospective students and to prepare for an increased level of bureaucracy.

These measures will minimise risk and maximise opportunity as the UK government secures an effective post-exit settlement for universities whereby a simplified and improved immigration regime is introduced for international (EU and non-EU) students and staff. This new regime should involve minimal barriers and bureaucracy for both applicants and universities.

## 4. EU STUDENT FEES AND LOANS

### The key concern

Students from the EU considering studying in the UK from 2019–20 currently have no certainty on what their likely tuition ‘fee status’ will be, or whether they will remain eligible for financial support in the form of grants and/or loans to support their studies.

### Why this is important

There are 127,440 EU students studying in UK universities – around 5% of the student population. However, applications have fallen by 5% since 2016. In order to prevent any further decline, clarity on fees and loans for, at the least, 2019–20 entrants is becoming urgent, as around 80% of students start their research into study abroad more than 12 months ahead of enrolling, and universities cannot currently provide any guarantees to these EU students who will enquire while the UK remains a member of the EU.

UUK welcomes the UK government’s guarantees to date that those EU students enrolling in the 2017–18 and 2018–19 academic years will see no change to their fee status and will remain eligible to receive loans and/or grants as on current terms, and that this will remain the case for the duration of these students’ courses (even post-Brexit). However, more could be done to provide stability and avoid a ‘cliff-edge’ scenario.

### The risks of doing nothing

Without the ability to plan ahead for their UK studies, there is a risk that prospective EU students instead choose universities in competitor countries. According to UCAS, applicant numbers from Germany and Ireland decreased by 10% and 16% respectively between 2016 and 2017. A lack of certainty also risks possible ‘cliff-edges’ in enrolments, including onto key STEM courses. This could also greatly disrupt universities’ ability to forecast their own financial future.

### Measures to increase stability and certainty

To address this issue and provide greater stability and certainty for universities, the UK government should:

- **Guarantee, as soon as possible, ‘home’ fee status and access to grants and/or tuition fee loans for EU students taking up university places in the academic year 2019–20**, to reassure students who are already contemplating applying for a UK university degree.
- **Confirm, ahead of the next phase of exit negotiations, that the current EU student finance arrangements will remain in place as part of a post-exit implementation period.** The government should commit to introducing an appropriate period of phased implementation in order to provide universities and students with sufficient time to adapt to, and prepare for, any new set of arrangements. This can be enacted through a guarantee to make no substantive changes, before a specified future date agreed with the university sector, to the existing regulations governing who is eligible for home fee status and grants/loans

These measures will minimise risk and maximise opportunity as the UK government secures an effective post-exit settlement for universities whereby an intensive and structured communications campaign is established to show that the UK is welcoming of international students in the lead up to Brexit and beyond.

## 5. REPLACING EUROPEAN STRUCTURAL INVESTMENT FUNDS (ESIF)

### The key concern

Universities have a strong track record of using European Regional Development Funds and European Social Funds to drive innovation, local growth and generate jobs, but there are currently no guarantees on what alternative funds will be available to support this activity after Brexit, and whether there will be a funding gap as the UK transitions away from participation in the ESIF programme and towards a UK initiative.

### Why this is important

Between 2003–04 and 2014–15, UK universities received more than £1 billion from the EU via European Regional Development Funds (ERDF) and European Social Funds (ESF). Leaving the EU in March 2019 would mean that the UK does not participate in the final 21 months of the current Structural Funds programme 2014–2020, and it is unclear whether a replacement scheme would be available to universities by March 2019.

We welcome the government's guarantee to underwrite funds for ESIF projects signed up to the point of exit, and confirming plans for a UK Shared Prosperity Fund. However, there are currently no guarantees from government about when a domestic, alternative funding programme would commence.

### The risks of doing nothing

If a replacement scheme is not ready for implementation as soon as the current guarantee expires, this could create a funding gap for universities, with variable impacts by region and devolved administration. At some institutions ESIF funding is particularly significant. In 2015–16, ESIF represented as much as 2.7% of income for some institutions, and provided many local jobs, and a lack of action could cause damage to universities in their role as anchor institutions driving economic growth.

### Measures to increase stability and certainty

To address this issue and provide greater stability and certainty for universities, the UK government should:

- **Undertake detailed planning for establishing a replacement to the European Structural and Investment Funds in close consultation with the higher education sector**, as key stakeholders and anchor institutions in their cities and regions. This programme should: honour projects committed; fund big capital projects but also focus on revenue funding; be long-term in focus; involve minimal administrative burdens, and ensure that no nation within the UK loses out in terms of funding available compared to what exists currently.
- **Ensure that this successor programme is ready to be implemented as soon as is required** to avoid any gap in opportunities for universities to access funding to drive innovation and local growth, and to create jobs.

These measures will minimise risk and maximise opportunity as the UK government secures an effective post-exit settlement for universities whereby support for innovation and skills training to drive economic growth currently coming from EU sources is replaced with alternative domestic funds at a UK and devolved administration level, including funding for innovation-focused capital investment projects, and investment in catalysing collaborations between universities, business and the wider community to support economic growth.

## **FURTHER INFORMATION**

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