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Brexit: Implications for Universities & Research

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Introduction

One of the sectors of the UK economy and society most affected by Brexit is higher education and research. The higher education sector is a substantial contributor to the UK's invisible exports through foreign currency earnings in the form of fees and it also contributes to Britain's soft power. Universities and other higher education and research institutions have a close relationship with the 27 other Member States of the EU:

- Over 120,000 EU students come to UK universities and colleges to study, which in some cases provides a substantial share of institutional income; many UK students study for part of their course at a linked institution in another EU Member State;
- EU academics and researchers come to work here from other EU countries (16 per cent of UK university academic staff) and UK academics go in the opposite direction;
- EU-funded research and innovation programmes provide UK institutions and businesses with €1.2 billion a year to finance joint projects with those in other EU countries;
- EU-funded cross-border programmes such as Erasmus grant over €120 million a year to finance student and staff exchanges;
- Universities participate in regional projects funded by the EU's structural and investment funds (receiving €226 million a year this way); and they receive substantial loans from the European Investment Bank.

Over several decades UK universities have developed close working relationships with other educational institutions across the EU and with the various EU agencies who assist cross-border working. Those universities are concerned about how they can maintain these relationships both financially and practically after Brexit.

Increasingly, research and innovation is a cross-border activity. International institutions and projects tend to generate greater value than purely national ones. The EU is a major funder of such programmes and UK institutions and businesses have been disproportionately successful in their applications for such funds. The future of such collaborative ventures is important not just to universities and colleges but to the UK research agencies and to the private sector, especially those sectors such as pharmaceuticals that are highly dependent on research.

This paper examines the issues for universities and research arising from Brexit and the current proposals to ameliorate the expected difficulties. The Annex has brief notes on the EU agencies in this field.

Migration: implications for universities and research

The free movement of people within the EU has enabled the free flow of staff and students between UK universities and research institutions and those on the continent. As the European Economic Area (EEA) countries (Norway, Iceland and Switzerland) have also been part of this arrangement, British universities have had access to talent in 30 European countries without having to obtain work permits for staff or assist students through a visa application process. This has enabled them to fill key vacancies and to recruit a broader range of students. It has helped to consolidate the UK as the second most popular destination for overseas students in the world (after the US).

The most recent statistics show that four EU countries are in the top 10 for overseas student numbers in the UK (Germany, France, Italy and the Republic of Ireland). In total, there were 127,440 EU students in UK universities in 2015/16 (5.6 per cent of all students) and a further 5,646 from other EEA countries.¹ These students are an important source of revenue for UK universities (see below) and they contribute positively to the UK's invisible exports.

The success of British universities in attracting EU students is partly because EU students can access student loans on the same terms as home students (an estimated 65 per cent of EU students claim loans) and the availability of EU funding programmes such as Erasmus and Marie Curie (see below).² Overseas students from outside the EU have no access to the student loan system, and are usually charged higher fees; they are also subject to immigration restrictions. Without access to student loans and with higher fees to pay, the UK is likely to be a less attractive destination for EU students, whether or not Brexit means immigration restrictions for such applicants. The Universities & Colleges Admissions Service (UCAS) has already reported a 7.43 per cent decline in applications from EU students for the 2017/18 academic year.³ This decline came despite the Government (belatedly) saying that EU students would be able to access the loan system for courses starting in 2017/18. Universities are planning on a substantial fall in EU student numbers after Brexit; the University of Cambridge is estimating a two-thirds reduction.⁴

The issue of EU students is not just about the overall number but the fact that overseas students (including EU students) tend to be concentrated in certain courses (almost a third of engineering and technology students for example) so a reduced number of them will have particularly serious consequences for courses in some subjects affecting their long-term sustainability.⁵ EU students also form a larger proportion of postgraduate students so whether they will continue to be admitted for the same fees as home students or have to pay the higher rates for non-EU overseas students will be important after Brexit.⁶ In addition, the UK is the largest destination in the EU for doctoral researchers under the EU's Marie Skłodowska-Curie Actions programme.

¹ Higher Education Statistics Agency, 'Students in Higher Education 2015/16', 9 February 2017

² The figure is an estimate for full-time students in the 2013/14 academic year: Department for Education, 'Written evidence submitted by the Department for Education', (XHE0159), para 38 cited in House of Commons Education Committee, *Ninth Report of Session 2016–17: Exiting the EU: challenges and opportunities for higher education*, HC 638, 25 April 2017, p. 8

³ Oral evidence to the House of Commons Education Committee, quoted in 'EU applications for university down 7 per cent, MPs told', Sally Weale & Caelainn Barr, *The Guardian*, 25 January 2017

⁴ House of Commons Education Committee, *op. cit.*, p. 9, para 13

⁵ See UK Council for International Student Affairs, 'International student statistics: UK higher education', 10 April 2017 (2015/16 figures)

⁶ House of Commons Education Committee, *op. cit.*, p. 8, para 12

Universities are also worried about the effect of the wider debate on immigration in the UK on international students. The demand for tighter immigration controls could result in further impediments to the recruitment of international students in addition to those of recent years which are already leading to the UK losing market share to its main global competitors (US, Canada and Australia).

EU citizens make up 16 per cent of university academic staff in the UK (31,635). The number has grown by 10,000 over the last six years.⁷ Surveys of EU staff in UK universities since the 2016 referendum have shown high levels of concern about their future in the UK and that a majority are actively looking to leave.⁸ A further 12,500 non-academic staff are EU citizens.⁹ If a significant proportion of EU staff were to leave that would have adverse consequences in terms of the loss of skilled personnel, potential difficulties both in maintaining the courses on which they teach and/or continuing existing research programmes.

Research: maintaining excellence after Brexit

The Government's paper on research and Brexit acknowledges that "science and innovation are vital to a country's prosperity" and that the UK is a highly successful country in research terms. The UK has four of the world's top 10 universities, more Nobel science laureates than any other country except the US, and UK research is more likely to be cited in academic publications.¹⁰

The UK has been particularly successful in winning funding from EU-funded collaboration projects. In 2015, the UK received €1.2 billion in grants from the EU's Horizon 2020 research funding programme. This, at 16 per cent of the total funds available, was the largest share received by any Member State.¹¹ According to universities, "EU research funding generates more than 19,000 jobs across the UK and £1.86 billion for the UK economy. This equates to 14 percent of all UK income from research grants".¹²

In its Brexit white paper the Government committed to funding any project that had been approved prior to the UK's departure from the EU and it has said that it wishes the UK to continue to participate in EU research programmes and is prepared to contribute to EU funds for the right to do so. The Government's subsequent paper on research and Brexit proposes that there should be "a far-reaching science and innovation agreement with the EU that establishes a framework for future collaboration".¹³ It refers to a number of precedents for the involvement of non-EU countries in EU-funded research programmes and points out that associate countries have the same level of access to Horizon 2020 as Member States but they do not have a vote in setting the programme and they must fund their own participation.¹⁴ Nonetheless, the totality of what the UK is seeking is more complex than anything previously agreed by the EU with a third country.

⁷ Higher Education Statistics Agency, 'Staff numbers and characteristics', 29 September 2017; and Department for Education, *supra* n. 2, cited in House of Commons Education Committee, *supra* n. 2, p. 13, para 29

⁸ University and College Union, 'Academics' survey shows little support for HE Bill amid Brexit brain drain fears', 9 January 2017; and 'The great escape: boltholes for academics fleeing Brexit and Trump', David Matthews & John Elmes, *Times Higher Education*, 2 March 2017, cited in House of Commons Education Committee, *supra* n. 2, p. 14, para 31

⁹ Cited in Maria Emertis & Enrico Nano, 'The impact of Brexit on UK tertiary education and R&D', Bruegel, 14 February 2017

¹⁰ HM Government, *Collaboration on science and innovation: a future partnership paper*, 6 September 2017, p. 4, para 4

¹¹ See Maria Emertis & Enrico Nano, *op. cit.*

¹² Association of University Directors of Estates, *AUDE Annual Report and Review 2016/17*, 15 November 2016, p. 9

¹³ HM Government, *op. cit.*, p. 16, para 37

¹⁴ *Ibid.*, p. 10, para 22

There are also a number of specific areas of collaboration that involve non-EU European networks. These include the European Space Agency and CERN; the UK intends to continue to participate in these after Brexit.¹⁵ Nuclear co-operation will be adversely affected by the UK's decision to withdraw from the separate European Atomic Energy Community (Euratom) but the Government has given no details of its plans in this area beyond saying that it wishes nuclear co-operation to continue.¹⁶ The UK has said it will continue to support the Joint European Torus facility at Culham, a fusion test facility, until 2020 but there is no certainty about the 88 per cent of its funding that comes from the EU after then.¹⁷

Regulatory certainty

A key issue for universities and research institutions is the loss of regulatory certainty that comes with Brexit. Inside the EU, the UK is part of an established regulatory framework for research and innovation and as a voting Member State in the Council, has direct influence over it. This framework covers issues such as intellectual property and the commercialisation of research. It is essential underpinning for the EU-funded research programmes.¹⁸ Universities are supporting the UK's proposal for a transitional period but if the UK chooses a different regulatory framework after Brexit, this could cause significant problems for cross-border research projects.

The mutual recognition of professional qualifications through the Professional Qualifications Directive facilitates mobility of academics and researchers in the Single Market. If the UK leaves the Single Market, some UK professionals may no longer be able to work in the EEA/EU countries because their qualifications would not be recognised. In addition, some degree courses in UK could lose EU students because of fears their UK qualification would not be recognised elsewhere.¹⁹

Financial impact of Brexit

As EU students are only about five per cent of all undergraduates, a reduction in their number may not seem likely to be financially significant for universities. But some institutions have many more EU students than others; as mentioned above they are often concentrated in certain courses. This possible fall in EU student numbers comes at a time of other funding pressures.

A study for the Higher Education Policy Unit found that the effect of the withdrawal of loans and the introduction of higher (overseas student rate) fees would be a fall of 31,000 in first year EU students at a loss of revenue of £40 million. That is 57 per cent of EU student annual enrolment and the effect would continue over subsequent years. Fewer than 10 institutions would gain financially (non-EU overseas student fees are approximately 23 per cent higher than the rate paid by home and EU students) and more than 100 would be worse off.²⁰ This analysis

¹⁵ HM Government, *supra* n. 10, p. 7

¹⁶ The Government has issued a position paper but which is concerned with the narrower question of fissile material and related equipment: see HM Government, *Nuclear materials and safeguards issues*, 13 July 2017

¹⁷ See 'UK will fund Joint European Torus beyond Brexit', Hamish Johnston, *Physics World*, 28 June 2017

¹⁸ See Universities UK, *What should be the government's priorities for exit negotiations and policy development to maximise the contribution of British universities to a successful and global UK?*, 13 June 2017, p. 2

¹⁹ *Ibid.*, p. 2

²⁰ Gavan Conlon, Rohit Ladher & Maïke Halterbeck, *The determinants of international demand for UK higher education*, HEPI Report 91, 13 June 2017, p. 43

also suggested that these losses could be outweighed by an overall gain to UK universities from the depreciation of sterling as this could increase non-EU overseas student numbers. But early indications are that that has not happened, with non-EU overseas student applications for 2017/18 falling by 0.26 per cent as against the two per cent increase the study had forecast.²¹

Apart from tuition fees from students, universities have three sources of income from the EU:

- research funding through EU collaborative funds; as explained above this is roughly €1.2 billion a year;
- €226 million a year from structural funds – universities are often participants in local partnerships in those parts of the UK eligible for structural funds;
- Erasmus+ and Marie Skłodowska-Curie Action (MSCA) are two EU programmes that finance student mobility between universities in different Member States (Erasmus+, about €122 million a year in total, some of which goes to individuals) and foreign researchers who come to UK universities to work (MSCA); the UK is particularly successful in the latter programme.²²

These funding streams, estimated at €1.5 billion a year, are at risk from Brexit.²³ British Government funding would in any case not compensate for the loss to the British economy (and to our research institutions) of the benefits from co-operative European research. Potentially some of these losses could be offset by the ending of the UK's contribution to the EU budget but how much (if any) of this could be spent on research and development would depend on the success of the UK economy after Brexit.

Conclusion

Brexit presents universities and research bodies with major negative consequences and challenges. To address these consequences, the following are needed:

- certainty about student loans in 2019/20 and beyond;
- clarity about the Government's immigration policy over the next decade;
- alternative sources of funds to those that will be lost on Brexit; and
- continuing access to key EU programmes, especially in R&D and for staff and student mobility.

Without these policy commitments, universities will be severely disadvantaged by Brexit at a time when there are other pressures on them, including a fall in the number of 18 year-olds.

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²¹ Sally Weale & Caelainn Barr, *supra* n. 3; and Gavan Conlon, Rohit Ladher & Maike Halterbeck, *supra* n. 20, p. 24

²² Figure for Erasmus from Maria Emertis & Enrico Nano, *supra* n. 9; HM Government, *supra* n. 10, p. 9

²³ Maria Emertis & Enrico Nano, *supra* n. 9

ANNEX**EU AGENCIES IN EDUCATION AND RESEARCH**


Agency	Description
<i>European Research Council Executive Agency</i>	The European Research Council (ERC) administers grants under the EU's Horizon 2020 funding programme (about 17 per cent of Horizon 2020 funds) for R&D. It is also responsible for peer reviews and other ways of evaluating research quality.
<i>Research Executive Agency</i>	The Research Executive Agency (REA) is responsible for administering other grants which are managed centrally in the EU. It is responsible for about 18 per cent of the Horizon 2020 budget.
<i>European Joint Undertaking for ITER and the Development of Fusion Energy</i>	Fusion for Energy (F4E) was established in April 2007 for a period of 35 years. It manages the EU's contribution to ITER, the international fusion energy project. It intends to contribute towards demonstration reactors in time.
<i>Education, Culture and Audiovisual Executive Agency</i>	The Education, Culture and Audiovisual Executive Agency (EACEA) implements a number of EU programmes in the fields of education and training, active citizenship, youth, audiovisual and culture including Erasmus+.



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