



RESPONSE

MillionPlus submission to the Commons Education Select Committee inquiry into the impact of exiting the European Union on higher education

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INTRODUCTION

1. MillionPlus is the Association for Modern Universities in the UK, and the voice of 21st century higher education. We champion, promote and raise awareness of the essential role played by modern universities in a world-leading university system. We are driven by a strong commitment to robust research and evidence in policy decisions in order to support a successful and flourishing UK higher education sector, which can rise to the global economic, social and cultural challenges of the 21st century.
2. We represent institutions across the UK and regularly engage with government and parliamentarians on a range of issues related to higher education.

KEY POINTS

3. In 2014/15, 125,000 EU students studied in the UK. Each year, EU students generate approximately £4bn for the UK economy, with nearly two-thirds of this due to off-campus spending. In addition, 2% of jobs created by universities are attributable to EU students and 5% of economic output generated by universities is attributable to EU students.
4. The high quality and reputation of UK universities that enable them to trade effectively with the EU in both research and higher education services is attributable in a major way to the calibre of staff working in those universities. This is demonstrated by the fact that over 15% of the staff based in STEM and languages disciplines are from EU countries, and staff from EU countries make up at least 40% of all non-UK staff working in UK universities.
5. In 2014-15, UK universities received £836m in research funding from European Union sources – around 15% of the total value of research funding in that year. This funding (and that from other EU sources) makes a huge impact across the individual devolved administrations of the UK and across English regions. EU research funding does not have the level of concentration as the funding from UK sources, and has therefore proved more accessible to many UK universities. This means that modern universities, which often concentrate on applied and translational research with small and medium enterprises, to support innovation and growth in their local areas, receive a higher proportion of the research funding awarded by EU sources than they do UK sources.

6. A report from the Institute of Fiscal Studies in August 2016 calculated HE exports as being worth £10.5bn to the UK economy each year.¹ Universities UK calculated that in 2011-12 the HE sector generated over £73bn of output – nearly 3% of total UK GDP – and accounted for nearly 3% of all UK employment. Applications from EU students increased by 6% in 2016, while, applications from English domiciled students did not increase at all, and international students declined by 2%. Significantly, changes in visa regimes have had particular impact on specific countries such as India, where the number of students has declined by 53% since 2010-11, a reduction of over 20,000 students and 17% of international students that responded said that leaving the EU would make the UK more attractive, with nearly half saying it would be as or less attractive. This increase the value of EU students to the UK economy and demonstrates the need to ensure the UK remains a competitive option post-Brexit.

IMPACT OF EU STUDENTS IN ENGLAND AND THE UK

- In 2014/15, 125,000 EU students studied in the UK
 - EU students generate approximately £4bn for the UK economy
 - Nearly two-thirds of the economic value generated by EU students is due to off-campus spending
 - 2% of jobs created by universities are attributable to EU students
 - 5% of economic output generated by universities is attributable to EU students
7. In 2014-15, of the 125,000 EU students studying in the UK, 54% were from just 6 countries. Germany, France, Ireland and Italy were the top four countries – contributing nearly 40% of the students studying in the UK in 2014/15. Many of these students will be participating in Erasmus schemes, though the vast majority of EU students study in the UK outside of those programmes.²
8. In total, EU students generated around £3.7bn for the economy in 2011-12.³ Of this, £1.4bn is generated from on-campus expenditure of around £220m in direct payments (from tuition fees) and cost and a further £2.3bn was generated for the UK economy by off-campus spending in local economies.
9. The figures demonstrate the importance of the presence of EU students across all regions of the UK in generating output and creating and supporting jobs, and as such, emphasises the possible risks to the economy should future restrictions be placed on EU students. The impact in terms of economic value of these students is significant – whether to the individual university where they study, the part of the UK or region of England in which they live, or to the UK overall.
10. Almost 20,000 off-campus jobs are created or supported by EU students in addition to over 15,000 jobs created on-campus. Time and again, the importance of job providers like factories, pharmaceutical companies or other industries is emphasised by government, parliament and the media, especially when a particular business makes it clear that it is considering its investment in an area.

¹ [The EU Single Market: The Value of Membership versus Access to the UK, IFS, 2016](#)

² The UK was the 4th most population destination in 2012/13 for Erasmus students. Spain was the most popular destination, with around 40,000 students opting to study there.

http://ec.europa.eu/dgs/education_culture/repository/education/library/statistics/ay-12-13/facts-figures_en.pdf

³ <http://www.universitiesuk.ac.uk/news/Pages/eu-students-vital-to-regional-economies.aspx>

The significance of these businesses, and the impact they have on regional economies, is known and understood. The same understanding needs to be applied to the impact universities have on their local economies, and the risks to jobs and investment that are created by Brexit deserves the same level of concern.

11. EU students are responsible for at least 2% of jobs created by universities in every region. In addition, around 5% of economic output generated by universities is attributable to EU students. This impact benefits the wider communities in each of those areas, contributing significantly to local economic growth. In negotiating Brexit, the UK government will need to be mindful of the importance of EU educational exports to these local economies.
12. Ensuring that EU students can still study in the UK post-Brexit with minimal restrictions will be a vital component of a successful negotiation. A report in August 2016 by Policy Exchange⁴ explored the possibility of 'temporary citizenship' status, that would allow an individual to stay in the UK for a period of time, without full access to certain social and political rights. It is feasible and desirable to consider a distinct, new category for EU students that enables them to continue to see the UK as a key destination for study. This would also be likely to support the potential for reciprocal arrangements to facilitate the study of UK students in Europe.

To mitigate against the risks of EU students opting to study elsewhere, the government should confirm as a matter of urgency that EU students entering universities in England in the admissions years of 2018-19 and 2019-20 will be able to access student loan funding for the duration of their course on the same terms and conditions as apply to home students

As part of the Brexit negotiations, the government should consider establishing a temporary residency scheme for EU students post Brexit that allows them to live and study in the UK with minimal restrictions, on the proviso that the same reciprocal arrangements apply to UK students who are accepted to study at universities and other institutions in EU states

IMPACT OF EU STAFF IN THE UK

- The high quality and reputation of UK universities that enable them to trade effectively with the EU in both research and higher education services is attributable in a major way to the calibre of staff working in those universities
 - Over 15% of the staff based in STEM and languages disciplines are from EU countries
 - Staff from EU countries make up at least 40% of all non-UK staff working in UK universities
13. The UK's relationship with the EU enables staff to work in the UK with relative ease compared to working in other competitor countries outside of the EU. Any non-tariff barriers such as visa controls for staff from EU countries that may be imposed as a result of Brexit would damage the ability of universities to recruit the staff they need. In many cases, over 15% of the staff base in some vital disciplines are from EU countries. In terms of the population of non-UK staff working in UK universities, those from EU countries make up at least 40% of that population in every overall subject grouping.

⁴ <http://policyexchange.org.uk/wp-content/uploads/2016/09/immigration-and-integration-after-brexit-aug-16.pdf>

14. The standing of UK universities – and by proxy the UK economy – would be put at risk without clear policies regarding the rights of workers from the rest of the EU currently living and working in the UK. Furthermore, to maintain all UK universities as places of both world-leading research and world-leading higher education teaching, it is vital that universities retain their ability to recruit academics from outside of the UK.
15. It would therefore be extremely desirable for UK higher education if projects like Erasmus+ were still open to UK universities after Brexit. However, more widely, in any new immigration system brought in as a consequence of UK withdrawal, the value of academic staff from EU countries, and further afield, must be fully taken into account by the Home Office. This must apply across the entire higher education sector, and there are no grounds for differentiation amongst the sector in terms of recruitment from the EU, or beyond. All universities are quality assured via an independent organisation, therefore their quality is not under question, and all UK universities benefit from EU/international staff, with UK students benefiting as a consequence. There is no logical reason why this benefit should be limited to a particular set of institutions, and it must remain available to all. As such, the government should look into any ways it can to make it as easy as possible for EU nationals to work in UK universities, continuing the long tradition of benefitting the UK's higher education sector.

The government should guarantee that EU staff working in UK universities will have the right to remain without any visa conditions at the point at which the UK leaves the EU and include in negotiations with the EU a work permit scheme offering UK universities the opportunity to recruit talented staff from EU countries to work in the UK with minimal restrictions

VALUE OF EU RESEARCH

- In 2014-15, UK universities received £836m in research funding from European Union sources – around 15% of the total value of research funding in that year
 - Research funding from EU sources makes a huge impact across the individual devolved administrations of the UK and across English regions
 - Research funding from EU sources does not have the level of concentration as the funding from UK sources, and has therefore proved more accessible to many UK universities
 - Modern universities, which often concentrate on applied and translational research with small and medium enterprises to support innovation and growth in their local areas, receive a higher proportion of the research funding awarded by EU sources than they do UK sources
16. In 2014-15, UK universities received £836m in research funding from European Union sources. An additional £450m of research funding is received from other sources outside of the UK government and EU routes. This is from businesses, international sources, countries outside the EU and so on investing in the high quality UK research system. It will also be important that the decisions the government makes and the guarantees it gives during and after Brexit negotiations do not damage the confidence people have in UK universities – this confidence is vital if they are to continue investing nearly £500m per year in research at UK universities
 17. As with the overall output generated by higher education services, research funding from EU sources makes a huge impact across the individual devolved administrations of the UK and across English regions.

The investments made by the EU, through programmes like Horizon 2020, ensure that all parts of the UK benefit from significant levels of research funding, beyond what is currently provided by the UK government.⁵ The instability that could be caused by the UK leaving the EU may impact disproportionately on the devolved administrations and the different regions in England, which means the UK government needs to ensure not just that overall levels of investment are maintained post-Brexit, but that regional distribution continues as well.

18. The value of EU research funding is of huge significance to the overall UK economy, to the devolved administrations and to English regions. One element of this is how EU research funding is able to reach more of the modern universities than UK research funding. The investment in research from the UK government is typified by a hyper-concentration of funding into a small number of universities. By comparison, research funding from EU sources does not share this level of concentration, and has therefore proved more accessible to many UK universities.
19. In particular, modern universities, which often concentrate on applied and translational research with small and medium enterprises to support innovation and growth in their local areas, receive a higher proportion of the research funding awarded by EU sources. One opportunity of Brexit, therefore, could be a re-evaluation of how research funding is allocated in the UK to better support the government's aim to ensure that investment pre, during and post Brexit benefits the whole country.
20. The value of cross-country collaboration between academics in different EU countries cannot be undervalued. The collaborative approach to research, and the relationships that stem from it, needs to be promoted as part of the negotiations to leave the EU – this is just as important as guaranteeing funding. The excellence frameworks for collaboration that have been built during the UK's participation in programmes such as Horizon 2020 should not be undermined. In fact, they can be used as a springboard and model to increase activity globally, as well as with EU countries.

REMAINING COMPETITIVE AND VALUE OF HIGHER EDUCATION TO THE UK ECONOMY

- A report from the Institute of Fiscal Studies in August 2016 calculated HE exports as being worth £10.5bn to the UK economy each year.⁶ Universities UK calculated that in 2011-12 the HE sector generated over £73bn of output – nearly 3% of total UK GDP – and accounted for nearly 3% of all UK employment.
- Across the UK as a whole, the economic impact of EU students is over 3 times that of research funding from the EU, and the total output generated that is attributable to EU students is almost 17 times the income they bring to universities
- The total output attributable to EU research funding is 3 times the yearly allocation to universities
- Applications from EU students increased by 6% in 2016, while, applications from English domiciled students did not increase at all, and international students declined by 2%

⁵ Although much of education policy is devolved to Scotland, Wales and Northern Ireland funding for research councils is decided at UK government level.

⁶ [The EU Single Market: The Value of Membership versus Access to the UK, IFS, 2016](#)

- Changes in visa regimes have had particular impact on specific countries such as India, where the number of students has declined by 53% since 2010-11, a reduction of over 20,000 students
 - 17% of international students that responded said that leaving the EU would make the UK more attractive, with nearly half saying it would be as or less attractive
21. On 13 August 2016, Philip Hammond MP, the Chancellor of the Exchequer, announced that the UK government would guarantee EU funding beyond the point of the UK leaving the EU if that funding was awarded prior to departure.⁷ This is significant as it means that universities involved in Horizon 2020 (H2020) projects, or in receipt of European Structural and Investment Funding (ESIF), have some stability. However, the announcement is only focusing on the situation during transition – the government has still not indicated if it would attempt to achieve guarantees on access to H2020 and ESIF post-Brexit.
22. As yet, there is no similar guarantee with regard to the higher education services element of the UK's education exports to the European Union (e.g. student recruitment). The amount received by universities in tuition fees may be small (around £220m per year) compared to the amount received in research funding (which was £836m in 2014-15) but the economic impact of EU students on each English region and each of the devolved administrations is far greater than the impact of research funding.
23. The total output generated that is attributable to EU students is almost 17 times the income they bring to universities (£220m in fees, £3.7bn in output), while total output attributable to EU research funding is just over 3 times the allocation to universities.
24. The potential impact of damaging the trading relationship in respect of the 125,000 students from the European Union who currently study in the UK is immense. Moreover, the argument that this market can easily or quickly be replaced by either home students or the current non-EU market is misleading.
25. Data published by UCAS on 30 June 2016, on the number of applications for entry into universities from September 2016⁸ showed a decline in both of those two groups of students. While applications from EU students increased by 6%, applications from English domiciled students did not increase at all, and international students declined by 2%. It will be extremely difficult for either of those two latter recruitment routes to compensate for any reduction in the levels of EU student recruitment.
26. The international market has been significantly affected since 2010 as a result of changes to the visa regimes introduced by the UK government which has sought to control the number of international students as part of a wider policy to reduce overall immigration to the UK. Despite the many calls for international students to be removed from the net migration targets, the government has maintained an approach which has had the effect of limiting the capacity of UK universities to trade in the global higher education market. As a result, in the last 5 years there have been significant declines in international students from some countries entering higher education in the UK and UK universities have lost market share.
27. A survey of 1763 students by Hobsons (the "student recruitment and retention solutions company") found that only 17% of international students that responded said that leaving the EU would make the

⁷ <https://www.gov.uk/government/news/chancellor-philip-hammond-guarantees-eu-funding-beyond-date-uk-leaves-the-eu>

⁸ <https://www.ucas.com/corporate/data-and-analysis/ucas-undergraduate-releases>

UK more attractive, with nearly half saying it would be as or less attractive.⁹ This is a stark reminder of the potential damage to the UK's higher education and research exports post-Brexit.

28. Any moves to create a more hostile environment to either EU students or international students to try and drive down immigration numbers will be problematic. The consequences for UK higher education generally if the UK is ever increasingly viewed as a bad place to study would be devastating for the sector, and it would lead to the hard-earned reputation UK universities enjoy around the world currently being jeopardised. It would also consequentially give the UK's leading competitors in this sector a distinct advantage.
29. There is also growing concern in the sector that the government are seeking to pursue a policy of differentiation in terms of international recruitment, which may include EU students should that be the result of Brexit negotiations. Any policy of differentiation based on perceived 'quality' of provider would be extremely divisive, and would have profoundly negative effects on many UK institutions, who would suffer both financially and reputationally. Any linking of the proposed Teaching Excellence Framework to international recruitment would be totally unacceptable and counter-productive, and the government should seek to assure the sector at this time that that is categorically not its intention.

Remove international students from overall immigration numbers, defining them as temporary migrants, to create a more positive environment for student recruitment

Ensure that no new visa restrictions are placed on EU students seeking to study in the UK, and that all UK universities will be able to recruit from the EU and internationally post-Brexit

SUMMARY

30. The decision of the UK to leave the European Union is one that will have profound consequences for UK higher education. As highlighted above, EU staff and students make enormous contributions to the UK; academically, culturally and economically. The wider impact of the trade in HE services and research and the role of universities in supporting European Structural Fund projects should also be taken into account by government.
31. UK higher education is well-regarded throughout the world. Seeking to differentiate the sector, or to create a hostile atmosphere for staff or students from the EU or beyond has the potential to impact negatively on this global reputation and hand advantage to the UK's direct competitors.
32. The UK has decided to leave the EU, and the sector respects this decision. However the structures currently in place between the UK and the EU bring benefits to both parties. The government should therefore seek to explore and negotiate options by which trade with the EU in respect of HE and research can be maintained with as few restrictions and barriers as possible. In addition, it will be crucial for Ministers to put in place transitional arrangements to ensure that UK universities can continue to access this market during Brexit negotiations.
33. We would also draw the Committee's attention to the lack of transparency in the government's negotiating position in respect of universities and research. There is an urgent need for Ministers to clarify responsibilities, lines of communication and the consultation process with universities in advance of and during Brexit negotiations.

⁹ <https://www.hobsons.com/emea/resources/entry/beyond-the-data-influencing-international-student-decision-making>