

HOUSE OF LORDS EU SELECT COMMITTEE SUBMISSION

MillionPlus Response – Brexit: Deal or No Deal

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1. MillionPlus is the Association for Modern Universities, 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 higher education sector. Modern universities make up 53% of all UK undergraduates, and 38% of all postgraduates, with over one million students studying at modern institutions across the UK.
2. Universities in the UK have well-established and successful ties and partnerships with institutions across the European Union (EU), and any final settlement between the UK and EU post-Brexit is highly likely to have a significant impact on these relationships in the years ahead. It is therefore important that the views of the sector, and modern universities in particular, are highlighted in this discussion. We have sought to address a number of the Committee's key questions in this regard.

Is the Prime Minister's Florence speech a good basis for the UK and EU to reach agreement in the Article 50 negotiations?

3. The speech made by the Prime Minister, Theresa May, on 22nd September 2017 in Florence set out in greater detail some of the principle elements of a future working relationship between the UK and the EU. Not all of what was said will be directly applicable to the higher education sector, although much will have an indirect impact. One element of the speech is key to the formation of a successful relationship for the future – particularly for the higher education sector. This is the fundamental understanding that, as the Prime Minister stated, 'we do not start with a blank sheet of paper' and 'that the United Kingdom would seek to secure a new, deep and special partnership with the European Union' in the years ahead.¹
4. The acknowledgement that there are significant trading and other relationships with the EU is critical for the UK's universities which have been successful in progressing collaborations, partnerships and EU-UK student and staff mobility with the EU, UK's nearest market which has provided access to 500 million people. It is crucial that the UK government makes the most of these ties (trading and otherwise) post-Brexit, and in finalising a successful Article 50 settlement. UK universities have substantial numbers of EU staff, over 127,000 EU students, and take part in Europe-wide exchange programmes as well as joint research networks and cross-border infrastructure. These have all made UK higher education more innovative, dynamic, and internationalist, as well as enriching them both academically and culturally. They have brought greater economic prosperity to the UK, with the spending power of students from the EU alone contributing £3.7bn per year to the UK economy, a figure that dwarfs the amount that they access in student fee loan support (a total of £442.2m since 2008).²

¹ <https://www.gov.uk/government/speeches/pms-florence-speech-a-new-era-of-cooperation-and-partnership-between-the-uk-and-the-eu>

² http://www.millionplus.ac.uk/documents/Brexit_-_whats_best_for_our_universities_and_students.pdf

5. It is our strong belief that it is in the UK's best interests for this relationship to remain a 'special' one, as the Prime Minister states. Accordingly, this needs to be reflected in the negotiation outcome and then in future dealings with the EU. From making sure the UK remains attractive to staff and students, to building even more productive and innovative research projects, to the wider collaborations in which UK universities engage with other partners and stakeholders, it is crucial that the geographical and historical importance of Europe, and the EU, to UK universities is recognised. It is therefore both possible, and eminently desirable, to envision a system in the future in line with the Prime Minister's stated objectives, that treats the UK's future relationship with the EU as not simply one of many relationships around the world, but as truly 'special', with future deals and infrastructure that does not ignore everything that has gone before. Accordingly, MillionPlus believes that it would be in the best interests of UK plc if the UK Government's approach to the Brexit negotiations is based on rational policy making and a level-headed assessment of the economic situation and the benefits of what has been achieved previously as a result of the UK's membership of the EU. This would be, in the Prime Minister's words, 'the prize if we get this negotiation right'.
6. On one final point, the speech also makes clear reference to a desire that the UK government has to enable EU citizens currently working in the UK to stay in the UK post-Brexit. We believe this should serve as a central plank of the negotiated outcome. As with many sectors of the UK economy, the UK higher education sector must remain attractive, accessible and competitive to talent from across the EU post-Brexit.

What would be the implications, good and bad, of 'no deal'?

7. It is in the interests of all sectors of the UK economy to secure a good deal from the Article 50 negotiations. In particular, continuing to have a strong relationship with the EU post-Brexit is vital for trade. One of the main arguments for leaving the EU was to enable the UK to build trade links internationally, and not to simply try and replace former trade links. However, a successful relationship, built on a position of strength, must take into consideration that for some sectors, including higher education, it would be highly damaging to make significant changes on a point of principle. If a mutually agreeable position that enables the UK to continue to benefit from close and 'special' ties with the EU was achievable, that should be prioritised.
8. The implications of such a 'good' deal on the higher education sector are extremely positive, when one looks at the central issues of students, staff, and research. We remain clear that a good deal is one that enables the UK to retain that which is working successfully (for both the UK and the EU). EU students are enormously beneficial to the UK, and not just economically, as highlighted above. They bring innovative and fresh ideas to our institutions, as well as enabling UK students to better understand different cultures and societies. Crucially, they also forge ties with the UK, and our students, that develop into an important source of soft-power in future years as well. These networks create greater understanding between nations, and help to foster business links in cities and towns across the UK.
9. Once the UK leaves the EU, 'soft-power' within Europe will become more, rather than less, important in ensuring that the UK remains a part of the continent, and is not in any way isolated from its neighbours. A 'good' deal is one that keeps the UK competitive and attractive to EU students, safeguarding the long-term and short-term benefits that they inevitably bring. Any 'good' deal will therefore have to take these economic, academic, cultural and soft-power factors into consideration and advocate an approach and domestic funding regimes that ensure the UK remains as an attractive study destination of choice for EU students while offering reciprocal arrangements for UK students who wish to study in the EU.

10. Similarly, a 'good' deal for EU staff would be to ensure all current EU staff at UK universities have indefinite leave to remain, and that no institutions are restricted in being able to recruit from the EU post-Brexit. UK higher education is world leading. Choking off the pipelines of EU talent would, for example, undermine course and programme viability in all universities within the UK.
11. On research, it would be highly desirable for the UK to retain access to EU research and collaboration projects, such as Horizon 2020. Any loss in collaboration, or a loss in EU funding, would damage universities in the short-term and longer-term, as it would see the end of partnerships and collaborations that have been beneficial to the UK. A 'good' deal would value the importance of these relationships, and would see them continue wherever possible. Some of the research infrastructure may require some arbitration under the European Court of Justice. However, any 'good' deal would understand that the benefits of such an arrangement far outweigh any negatives and that, for example, drawing a red line under the potential to refer disputes to the ECJ is likely to be problematic and undermine the chance that such research relationships could be maintained.
12. It is much more complex to analyse what a 'bad' deal would look like, as this is not a binary choice. However, a 'bad' deal may be one in which the considerations of key sectors such as the higher education are not taken into full account, and the settlement does not address bespoke issues on a sector by sector basis, resulting in arbitrary decisions being made without a full appreciation of their impacts. A 'bad' deal would also be one in which the economic and academic considerations of UK universities were not fully valued, or were simply overridden due to more temporal political considerations.
13. On the issue of a 'no deal', whilst it is difficult to effectively model the possible outcomes, all indicators and analysis would suggest that it would be extremely damaging for UK universities and should be avoided if at all possible.
14. Although the UK government has secured agreement on EU students for 2018/19 it has no set plans thereafter. A 'no deal' which resulted in EU students being treated as international students would have a very significant and negative impact on EU student mobility and the EU market. Universities must plan well in advance of the admissions cycle and any failure to progress negotiations in the near future will be extremely damaging in any case. Universities have received assurances about research income from European projects begin guaranteed after Brexit, but no similar funding guarantees are present when it comes to teaching income. This leaves universities financially vulnerable, and may harm their ability to offer courses that educate graduates in subjects important for the UK economy.
15. A 'no deal' scenario would also throw up issues of UK students studying in the EU, the future of the Erasmus and Erasmus Plus programmes, and would place a serious administrative burden on institutions trying to understand their rights and responsibilities, and those of their students. Aside from the administrative problems, and the turmoil it would cause to EU students, the reputational damage to such a world-leading sector could be devastating. At a time of increased global competition, this level of confusion is likely to act to deter students from the UK. Such an outcome would be extremely hard to rectify, and the work that has been done by institutions over decades would be undone in a matter of days.
16. The situation would be even starker for EU staff, as their legal status would be in question and their rights not guaranteed. It would be difficult to make any claim to say they will definitely be able to stay in the UK to work, if indeed they then still wanted to. Any significant loss in EU staff, through voluntary means or otherwise, would disproportionately impact on certain key subjects, like foreign languages and

STEM courses, as EU staff make up significant proportions of staff in those subject areas.³ It would also, as for students, damage the effective running of institutions and the image and reputation of the sector. This would be particularly concerning at a time when the UK is already being seen as less open than its competitor nations, and when it is losing international market share to direct competitors like Australia and Canada.

17. For research, 'no deal' means programmes could potentially stop with barriers erected in ongoing projects, and significant projects and programmes terminated or not initiated. Again, the administrative burden would be colossal, the legal questions similarly taxing, and the reputational damage to institutions, would be severe. As above, the decades of successful collaboration and innovation would be jeopardised, and this outcome must be avoided.

Is a transition arrangement a necessary component of any lasting agreement, and if so, why?

18. A transition arrangement is a beneficial component of a lasting agreement, as it enables both sides to have more time to come to a final arrangement that is best for all parties. Any time limit that constricts the ability of the UK to negotiate effectively, and with the requisite level of detail, for each sector is a problem. We believe, the prospect of a 'no deal' would be disastrous, but a rushed deal would also pose significant challenges. Therefore, an extension period to mitigate the need to rush a deal would be beneficial.

What will be the key components of a transition arrangement?

19. The length of time for a transition arrangement will be a critical component, as will its similarity, or difference, to the current system in operation. If a transition period extends the timeframe with a view to another 'cliff-edge', albeit one further down the road with more time to prepare, then it may take on a different form to one that tapers down and more gradually sees change in effect. Universities, like all major businesses and employers, rely on a level of certainty and stability in order to make appropriate decisions. Consequently, making sure that the key fundamentals of a transitional period are established as soon as possible, so that planning can take place for the future years, would be highly desirable.

How long should the transition period last?

20. It would be unwise for an arbitrary figure to be chosen for any length of a transitional period. Its duration should depend on an analysis of what has yet to be decided, and the length of time thought necessary to bring a successful agreement to a mutually beneficial conclusion.

It should, however, be long enough to render itself practical, as too short a transitional period would simply replicate the same problems of time constraints.

³ [http://www.millionplus.ac.uk/documents/Policy_Briefing - Trade in HE services and research - negotiating Brexit.pdf](http://www.millionplus.ac.uk/documents/Policy_Briefing_-_Trade_in_HE_services_and_research_-_negotiating_Brexit.pdf)