Universities Scotland submission to the Education Select Committee’s inquiry on the impact of exiting the European Union on higher education inquiry

We thank the Committee for the consideration it is giving to this issue. Brexit is set to have a very significant impact on Scotland’s 19 higher education institutions. Higher education is substantially devolved to Scotland; but many of the core issues to be negotiated by the UK Government as the UK leaves the EU, such as the UK’s openness to the movement of talent, remain reserved to Westminster.

This submission considers the main issues as we see them. Many of the challenges facing Scotland’s 19 higher education institutions in the negotiations that we face are the same as face the rest of the UK. We are supportive of Universities UK’s submission and we are working closely with Universities UK as the UK approaches Brexit negotiations. We make it clear where the Scottish context is different and so where there are distinct issues to be addressed for Scottish higher education.

We have addressed each of the Committee’s questions in turn.

1. The likely impact of the UK exiting the EU on EU students studying in England

Universities Scotland has answered this question for EU students studying in Scotland.

**Undergraduate level study**

At present EU-domiciled students are eligible for free full-time undergraduate degree programmes in Scotland’s 19 higher education institutions on the same basis as their Scottish-domiciled peers. This applies to the 13,950 EU-domiciled undergraduates currently enrolled in Scottish higher education.¹

In October, the Scottish Government confirmed that it would continue to fund EU-domiciled entrants for the 2017/18 academic year for the duration of their undergraduate programme even where this continued beyond the UK’s potential exit from the EU. This guarantee was warmly welcomed by Scotland’s university sector. The sector was in urgent need of certainty on the funding source of those students given the application cycle for 2017 entry had opened on 5 September. This funding guarantee only applies to EU-domiciled entrants for 2017. A decision on the funding status of 2018 entrants will be needed by spring 2017 if universities are able to offer transparent advice and guidance to prospective EU-domiciled students considering options.

Universities Scotland would welcome the chance to start planning with the Scottish Government now, on how to remain open to a sustainable number of EU students after the UK’s exit from the EU. We remain of the view that diversity within the student population is of great benefit to the quality of the student experience on offer to all students.

The immigration status of 2017 EU-domiciled entrants to UK universities has not been explicitly confirmed by the UK Government. However the UK Government did confirm that student support will remain in place for 2017 EU entrants in October in English institutions for the duration of their courses.

¹ HESA Student based on student domicile and full-person equivalent 2014/15.
EU students make up 9.3 per cent of the undergraduate degree population in Scotland’s universities. Their numbers are not distributed evenly across institutions or across undergraduate degree programmes. Concentrations of EU-domiciled students within certain subject groups, and their potential withdrawal, could have implications for the subject choice that Scotland is able to offer to future cohorts of Scottish and rest of UK-domiciled students. Any transition needs to be managed carefully and gradually.

**Postgraduate level study**

There are a slightly different set of issues at postgraduate level. EU students are required to pay fees on the same basis as their Scottish-domiciled peers but they are currently entitled to access student support on the same basis as Scottish-domiciled students making it more affordable to come to Scotland to study. Freedom of movement means this group of students is not subject to visa regulations as apply to other international students.

EU-domiciled students make up a higher proportion of postgraduate taught (at a sector average of 13%) and postgraduate research students (a sector average of 15.9%) in Scotland than they do at undergraduate level. This potentially poses greater challenges to the viability of certain courses if their ability to access study in Scotland is restricted post Brexit due to changes in student support and/or immigration status. EU and international (non-EU) students are very important to the viability of some courses. Not least because there is not the same unmet demand for postgraduate student amongst Scottish-domiciled students as there is at undergraduate level. The number of Scottish-domiciled students progressing to postgraduate level study has been stubbornly low and a cause for concern in its own right, with regards to meeting Scottish and UK skills needs. Subject groupings with some of the highest concentrations of EU-domiciled students, in some institutions, include: business studies, agriculture, physics, some languages and some creative arts.

At an economic level, EU postgraduate students contribute an estimated £32.5 million to the Scottish economy in fees every year and another £133 million in off-campus expenditure per year from undergraduate and postgraduate level students.

2. **What protections should be in place for existing EU students and staff**

**Staff**

It is a matter of urgency that clear assurances are given to EU nationals currently working at our institutions that their right, and that of their dependents, to continue to live and work in the UK will not change in the future. It is also important that they continue to be able to access public services for themselves and their dependents, for instance schools and the NHS.

In the longer term, it is essential that we retain options for the mobility of staff and students from EU countries so they can work and study in Scotland. Whatever arrangement is reached for Scotland

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2 HESA student based on student domicile and full-person equivalent 2014/15
3 HESA Student postgraduate taught, FPE, EU-domiciled 2014/15
4 HESA student postgraduate research, FPE, EU-domiciled 2014/15
5 A conservative estimate based on an average PGT fee of £5,000 per year
and the UK’s future relationship with the EU, the mobility of talent needs to be retained if we are not to become intellectually and culturally impoverished.

Scottish universities are proud to employ 4,595 staff\(^6\) who are EU nationals, across a range of academic and professional roles. This accounts for 11 per cent of all staff, rising to 17% of academic staff and 24.8% of research-only staff.

Access to talent and the ability to collaboration on research and scholarship is the life blood of higher education. Research conducted on an international level is 1.4 times more impactful than research within national boundaries. It is in the interests of high quality research that Scotland’s universities maintain access to as wide a pool of potential research partners as possible. We will be looking for terms of Brexit that ensure higher education institutions benefit from the mobility of EU and non-EU talent. We believe this is essential to universities’ ability to generate economic and social benefit for our nation.

**Students**

We have asked the UK Government for an urgent decision on the post-Brexit immigration status of EU students who want to start studying at Scottish universities in 2017 and before the UK formally exits the UK.

Beyond this, we are keen to understand what the immigration status of EU students will be after the UK exits the EU. EU students are currently a sizeable minority group within the Scottish undergraduate and postgraduate population. Their high-level skills on graduation make a significant contribution to the skills needs of the Scottish economy given their current status allows them to stay on and work in Scotland. Adding EU graduates to the existing visa system and tiered routes for employment would be a further limit opportunities within a system that is already failing to meet needs in Scotland. The loss of this human capital would be another blow to Scotland given there is already a strong coalition of business voices in Scotland who wish to see greater opportunities to retain our international graduate talent after completion of studies.

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

The outward mobility of Scots is finally growing after a concerted effort by institutions and student associations to encourage home students to recognise these opportunities. We don’t want our students to be cut-off from these opportunities. Numbers using Erasmus for study and/or work has grown by 50% over the last 7 years to 2,107 students in 2013/14.\(^7\)

We would welcome moves to confirm the UK’s continued participation in Erasmus. We do not see the reason for this to wait until negotiations. We would welcome assurance that the UK will buy-into the scheme and maintain the Erasmus fee waiver mechanism, as a way of protecting and supporting outward mobility post-Brexit.

\(^6\) HESA Staff FPE, EU-nationality, 2014/15

\(^7\) Erasmus data.
4. **Risks and opportunities for UK students**

Our answer to question 1 provided some detail on the increased pressures that may impact on subject choice for Scottish and rUK-domiciled students if EU student numbers are not managed in Scotland in a sustainable way following the UK’s exit from the EU.

Changes that result in less diversity within the student population could put the student experience at risk. Our home students benefit from learning as part of a richly diverse student population. It is proven that diversity has a positive impact in regards to educational outcomes as it is an asset in the development of critical thinking and consideration of different world views. Cultural exchange helps us to innovate. This is an attribute that employers are increasingly seeking with 85 per cent valuing employees that can work with clients and companies from a range of cultures and countries.⁸

The other factor to consider as a result of the Brexit vote is the issue around availability of undergraduate places in Scotland’s universities if EU-domiciled students were no longer included within the number of capped funded places. This issue is specific to Scotland. This could ease the current pressure on places for Scottish-domiciled students. At present Scottish-domiciled and EU-domiciled students compete for the same finite number of places. This pressure in recent years has seen the offer rate for Scottish-domiciled students fall by 7 per cent from 57% in 2010 to 50% in 2015 although the number of Scottish-domiciled students starting at Scottish universities in 2016 did increase.⁹ ¹⁰ This needs careful consideration and we would welcome the opportunity to start working on this with the Scottish Government.

5. **How changes to freedom of movement rules may affect students and academics in English higher education institutions**

This is fundamental to higher education. Access to talent is absolutely central. Our sector and its contribution to the UK and Scotland’s success, will thrive or fade based on our ability to retain a competitive model of mobility of talent. The doubt created around the principle of freedom of movement has introduced a very regrettable anxiety and instability within the lives and careers of many higher education staff and students.

We have given views on this point in relation to question two and we elaborate further in our answer to the next question as this is central to the ability of higher education to remain competitive.

6. **How to ensure UK universities remain competitive after the withdrawal of the UK from the EU**

Keeping Scotland’s universities competitive has to be amongst the top priorities for the Scottish and UK Government in negotiations. Higher education is a key sector of the UK economy so this is

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⁹ Audit Scotland (2016) pg 43. Offer rate is the percentage of applications that resulted in an offer.
important not only to the sector itself but to UK prosperity. Within Scotland, higher education is the third highest performing sector in the economy terms of gross value added. Its contribution is third only to energy and financial and business services. £7.2 billion in annual gross value added impact and over 144,500 jobs that higher education supports directly and indirectly\(^{11}\) depend on securing a deal that keeps higher education globally competitive.

**A relationship which allows for mobility of highly-skilled talent.**

It is essential to Scotland’s universities that we retain the right for EU nationals to work in Scotland after the UK’s exit from the EU so we can continue to attract the right highly-skilled talent. Whatever arrangement is reached for Scotland and the UK’s future relationship with the EU, the mobility of talent needs to be retained if we are not to become intellectually and culturally impoverished.

We need clarity from the UK Government that current and future EU students will continue to benefit from the freedom to study in Scotland without visa restrictions.

**A relationship which enables research collaborations and access to funding.**

Scottish universities want to remain part of the European Research Area and its constituent programmes, supporting continued close research collaboration. This is important for financial reasons but, more fundamentally, it is important because it supports the relationships that are at the foundations of excellent and impactful research.

Scottish HEIs received £94 million of research funding from EU sources in 2014-15. This accounts for 9.4% of the total research funding.\(^{12}\) Horizon 2020 is the biggest EU Research and Innovation programme, with nearly €80 billion of funding available between 2014 and 2020. To date, Scotland has received almost €250 million from Horizon2020. Scottish institutions have received 13.2% of all Horizon 2020 funding to UK HEIs\(^{13}\)

Scotland’s university research is widely recognised as amongst the best in the world with three-quarters of our research described as ‘world-leading’ or ‘internationally excellent’. Our research excellence is underpinned by significant funding from Europe and, just as importantly, extensive European collaborations. The major challenges that we face today, including climate change, food security or finding a cure for cancers, are not going to be solved by researchers working in isolation in Scotland.

There are various models of relationship between non-EU nations and the European Research Area. We would want a bespoke arrangement that enabled UK/Scottish universities to be the closest possible partners in the European Research Area.

The EU Research Commissioner, Carlos Moedas, has confirmed that until the end of the Brexit negotiations, the UK will continue to have all the rights and obligations in relation to research

\(^{11}\) Biggar Economics (2015) p15 based on data in Scottish Government Key Sectors Reports
\(^{12}\) HESA finance record 2014/15
\(^{13}\) European Union Open Data Portal, CORDIS – EU research projects under Horizon 2020 (to May 206)
programmes. Universities Scotland would like reassurances that that commitment extends to shaping the policy priorities of EU funding programme, particularly as a mid-point review of Horizon2020 is due. Excellence has been an important criterion in EU research programmes until now, and this has served UK universities well. The UK has received 19.9% of funding delivered through the ‘excellent science’ pillar of Horizon2020.\(^\text{14}\) This could change without the UK’s influence in policy development in the EU.

7. **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**

   Universities Scotland’s priorities are as follows:

   - To maintain the closest possible relationship with our European neighbours.
   - To secure urgent confirmation on the immigration status of our existing community of over EU students and staff after the UK exits the EU. We see no reason this should wait until negotiations.
   - To develop options for the mobility of EU and non-EU talent to continue after Brexit. This applies to staff and students and refers to inward/outward mobility.
   - To remain part of the European Research Area and its constituent programmes for research and innovation (including structural funds) through a bespoke arrangement. Access to the networks and collaborations offered by the EU is as important as access to funding.
   - To secure continued access, on current terms, to Horizon 2020 until the end of the programme.
   - To continue the UK’s influence of the strategic direction that informs EU research grants. This is in the UK’s best interests.
   - To ensure the needs of UK research and Higher Education are fully taken into account in exit negotiations.

8. **What steps the Government should take to mitigate any possible risks and take advantage of any opportunities?**

   **Short-term mitigation.**

   The short-term assurances given by both the Scottish and UK Government when it comes to the continuation of arrangements for research funds and student funding for EU students have been welcome. Universities Scotland welcomed confirmation from the UK Government that it will underwrite Horizon 2020 awards won while the UK is still a member of the EU and that it will fully fund all existing structural and investment fund projects. However, we want to see continued access on the current terms to Horizon 2020 until the completion of the funding period. This will offer institutions as much certainty as possible in a very difficult period.

Other actions the Government could take in the short-term would be to confirm the immigration status of existing staff and students already living, studying and working on the UK and their entitlement to access public services.

We would also welcome moves to confirm the UK’s continued participation in Erasmus. Considerable effort has been invested into outward mobility of students by institutions and their student associations. This is starting to deliver returns with growing numbers of home students taking advantage of these opportunities. There has been an increase of 50% over the last 7 years to 2,107 students in 2013/14.\footnote{Erasmus data.} We do not see the reason for this to wait until negotiations to be confirmed. We would welcome assurance that the UK will buy-into the scheme.

Longer-term

If the UK is to forge a different relationship with Europe then it must also look beyond Europe to opportunities across the rest of the world. This was the essence of the Prime Minister’s words when visiting India recently and encouraged Britain to embrace the opportunities of the world. We can support this but we need a policy environment that helps us to deliver on those goals. Scottish higher education is international in its nature. Any successful higher education sector must be so. The partnerships we have across the rest of the world, and our international (non-EU) staff and students, are also very important to us.

The referendum result and the prospect of change to freedom of movement within the EU prompts the need for urgent reconsideration of the UK Government’s immigration policy. Any consideration of our current regulations for visa entitlements under Tier 2 must work for the higher education sector if we are to preserve its world-standing, its excellent research and the significant economic return it makes to the Scottish and UK economies. Our world-class higher education sector will thrive or fade based on our ability to employ the best talent, from across the globe. Any change to immigration policy must be sensitive to the academic career path which can involve relatively low starting salaries. Salary thresholds are not always a reliable marker for skilled jobs. Such a blunt determination of skill would cause great harm to the talent available in the higher education sector; a point we outlined in multiple submissions to the Home Office as it consulted on reforms to Tier 2 throughout 2015.

The ability to recruit international students from across the world is a huge asset to universities and to the educational experience on offer to all students. The positive economic benefits extend far beyond higher education. The quality of the higher education sector in Scotland is able to compete with the best across the world, and capable of growing the value of HE exports, the policy environment in which we operate is a limiting factor. International student numbers have plateaued at best, and there have been significant declines in some of what had once been our key markets including India and Nigeria. The Brexit vote has compounded this, having an immediate and very negative impact on student perception of the UK. A survey of international students in July of this
year found that 30% of students surveyed were less likely to study in the UK as a result of the Brexit vote.16

The Home Secretary’s suggestion to the Conservative Party Conference that she would further restrict recruitment of international students has caused grave concern, and we look forward with anxiety to the publication of a consultation paper by the Home Office.

International partnerships beyond the EU

In addition to the delivery of education within Scotland, trans-national education (TNE) is a significant activity for some of our universities. There are also over 36,000 students enrolled in Scottish university courses overseas. Two universities, University of Glasgow and Queen Margaret University have bases in Singapore, Edinburgh Napier has been delivering higher education in Hong Kong for over twenty years in a partnership with two local institutions. The University of Glasgow also recently opened a graduate schools in partnership with another institution in Tianjin in China. Heriot-Watt University has campuses in Dubai and Malaysia and Aberdeen University has will open a campus is Hadong-gun in South Korea in 2017.

Connected Scotland was formed as a partnership between relevant organisations and the higher education sector in 2014 to promote Scottish higher education internationally. The partnership has an ambitious goal for export growth through both international student recruitment, transnational education and research and innovation links. Connected Scotland is a partnership between Scotland’s universities, the British Council, the enterprise bodies17, the Scottish Funding Council, the Scottish Government and Royal Society of Edinburgh. It has identified priority markets in which to focus collaborative recruitment drives and separately where there may be opportunities to forge new international partnerships for research. So far a Connected Scotland delegation visited Brazil and there was a visit to Malaysia as recently as November 2016.

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17 Scottish Development International, Scottish Enterprise and Highlands and Islands Enterprise