

## Russell Group response to House of Commons Science and Technology Committee inquiry

### Leaving the EU: implications and opportunities for science and research

#### 1. Summary

- The UK has not yet left the EU and our universities are just as open and welcoming to students, staff and ideas as we were before the EU referendum.
- Nevertheless, the referendum result will have a significant impact on our universities, which have long thrived on global collaboration and international interaction – be it through European staff and students coming to our universities, or when our best researchers work with colleagues across Europe to tackle big social and scientific challenges.
- As anchors for growth in their regions, Russell Group universities contribute over £32 billion a year to the UK economy and the benefits from our engagement with the EU have been a significant contributing factor in this success.
- A positive outcome for UK science, research and innovation in the upcoming negotiations with the EU will enable our leading universities to continue to attract, retain and recruit talented students and staff from Europe and across the globe and to collaborate easily and effectively with international partners.
- We welcomed the early reassurances from the Government, in particular the recent announcement to underwrite the payments of Horizon 2020 grants. But significant uncertainty remains over the UK's future relationship with the EU and this is in itself concerning. The Government should provide clarifications as soon possible on:
  - The status of EU students starting in 2017/18 and their ability to access student loans and grants for the duration of their courses
  - The continued working rights for EU staff and dependants currently at UK universities (both academic and non-academic) and those who take up positions during the transition period before the UK leaves the EU
  - The arrangements for structural fund projects after the Autumn Statement, following consultation with universities.
- The Government can further reassure the higher education and research community by providing a strong statement of intent that they will prioritise HE and research in the upcoming negotiations, with a particular focus on:
  - Continued mobility of students, academics and university staff between the EU and the UK without bureaucratic visa burdens
  - Continued full access to and influence over EU research and innovation programmes and infrastructures.
- The Government should commit to increasing investment for universities to replace any lost funding from the EU as part of efforts to ensure we continue to be a globally competitive scientific nation and to strengthen the pipeline for growth and jobs in the UK.

## 2. Overview

- 2.1 We welcome the opportunity to provide evidence to this inquiry. Russell Group universities' global outlook has not changed – we have not yet left the EU and our universities are just as open and welcoming to students, staff and ideas as we were before the referendum. Our universities are world renowned as centres of excellence; they will continue to be globally-focused and will engage with the EU in whatever ways they can following Brexit.
- 2.2 However, leaving the EU presents significant challenges for our universities and the referendum result is already having an impact. Examples of UK partners being dropped from Horizon 2020 bids and some academics deciding not to take up job offers or pursue job applications directly cite the Brexit vote as the reason for these decisions. Whilst we welcome reassurances the Government has been able to give so far on Horizon 2020, EU students and structural funds, further reassurances, support and funding are needed to safeguard the UK's position as a world leader in science and research for the long-term.
- 2.3 The implications of leaving the EU for science and research will inevitably have knock-on consequences for the wider UK economy. Russell Group universities contribute over £32 billion a year to the UK economy; they are anchors for growth in their regions and they are crucial to the prosperity of communities throughout the UK. Our engagement within the EU, where our universities have hundreds of ongoing collaborations and have been able to secure billions of pounds of competitive funding over many years, has been a major contributing factor in this success.<sup>1</sup> The UK Government should prioritise science and research in the negotiations on our future relationship with the EU, including mobility of university staff and students and continued access to EU research programmes, for the benefit of the UK's global competitiveness and future prosperity.
- 2.4 **In addition to prioritising a positive outcome for science in the upcoming negotiations, the Government should commit to increasing investment for universities** to replace any lost funding from the EU as part of efforts to ensure we continue to be a globally competitive scientific nation and to strengthen the pipeline for growth and jobs in the UK (which will be even more important after Brexit). This Committee has previously recommended the Government should produce a long-term 'roadmap' for increasing public and private sector science R&D investment in the UK to 3% of GDP. We would support this approach to help ensure the UK remains competitive with the EU and globally.

## 3. Implications for students

- 3.1 Excellent EU students are indispensable for world-class universities, contributing to a diverse student body and a thriving society, culture and economy. There are over 57,000 students from other EU countries at Russell Group universities, making up 8% of undergraduate students and 15% of postgraduate students.<sup>2</sup> EU students at UK universities contribute £3.7 billion to the UK economy each year and support around 34,000 jobs.<sup>3</sup> They also make important contributions to the local economies in the regions.
- 3.2 The Russell Group has been clear that our universities are just as open and welcoming to students as before the referendum and we will continue to promote this message. We also

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<sup>1</sup> Russell Group universities secured £1.9 billion in EU research grants and contracts (including from EU government bodies; EU industry, commerce & public corporations; EU-based charities (open competitive process); and other EU sources) between 2011/12 and 2014/15. This is equivalent to 11% of the entire UK science and research resource budget over the same period. Sources: HESA data and BIS Allocation of Science and Research Funding 2011/12 to 2014/15.

<sup>2</sup> HESA data 2014/15: FPE HE students by nationality and basic level of study.

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

welcome the positive statement made by the Minister of State for Universities and Science recognising that EU and international students make an important contribution to our world-class universities.<sup>4</sup>

- 3.3 The reassurances Government has provided for current EU students and those starting courses this coming year have been very helpful<sup>5</sup>, but universities are already recruiting for courses next year and need to be able to tell incoming students what their terms will be before they start. **We need urgent clarification on the status of EU students starting in 2017/18 and whether they will be able to access student loans and grants for the duration of their courses.** Our experience suggests that future cohorts of students will also be making decisions about where to study even though they may not be expecting to start until 2018/19 or 2019/20. This is expected to be a crucial time when negotiations between the UK and the EU may conclude and early clarification from the Government on the expected status of these students would be very welcome.
- 3.4 Brexit could have a negative impact on our ability to recruit the most talented students from across Europe. In the short-term, the uncertainty from next year onwards over fees, the ability to access student loans and grants and future immigration status is concerning. In the longer term, EU students may be put off coming to the UK if they are faced with a difficult and costly visa process and/or if opportunities to go on to further study or work after finishing a course are limited in future. The perception that the UK is unwelcoming towards international students in general is also a concern. It is more important than ever for the Government to promote the UK as an attractive destination for talented international students and staff (EU and non-EU alike) who are essential for driving innovation, improving national productivity and maintaining the competitive advantage of the UK's leading universities.
- 3.5 The loss of top students from the EU would have a negative impact on the diversity on campus, but would also impact the UK's wider economy and the pipeline of top graduates into the labour market. This is particularly the case for highly skilled research-trained postgraduates, where EU nationals make up a higher proportion of graduates at this level of study (19% at Russell Group universities<sup>6</sup>).
- 3.6 The Erasmus programme has also benefited UK and EU students and universities for many years. Over 15,000 students from UK universities took part in the Erasmus+ programme in 2013/14, nearly half of whom were from Russell Group universities. The programme provides an experience that is valuable to those individuals and to employers who want graduates with experience of other cultures and language skills. The Government has confirmed the referendum result does not affect beneficiaries of Erasmus+ or those considering applying in 2017 but there is currently no clarity beyond that. We hope the Government will negotiate for the UK to have continued access to the Erasmus+ programme beyond 2017.

### Suggested actions

- 3.7 In order to provide certainty for universities and students and to mitigate some of the negative impacts of the Brexit vote, the Government should:
- Provide urgent clarification on the status of students starting courses in 2017/18 and their ability to access student loans for the duration of their course (as highlighted

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<sup>4</sup> Statement from Jo Johnson, Minister of State for Universities and Science, on higher education and research following the EU referendum (28 June 2016): <https://www.gov.uk/government/news/statement-on-higher-education-and-research-following-the-eu-referendum>

<sup>5</sup> Statement from Jo Johnson, Minister of State for Universities and Science, on higher education and research following the EU referendum (28 June 2016).

<sup>6</sup> HESA data 2014/15: FPE HE postgraduate (research) students by nationality.

above), with a priority to provide clarification for those starting in 2018/19 and beyond as soon as possible

- Implement a comprehensive communications strategy **to promote the message that the UK remains open and welcoming to international students**, in recognition of the important contributions these students make to our world-leading universities, society and economy
- Confirm the immigration status of existing and prospective EU students and their right to remain in the UK for work or further study
- Establish what fee rate non-UK EU students might move to and when this would come into effect. Students need to know what the costs will be before they start their courses and uncertainty over this could negatively impact international student recruitment.

#### 4. Implications for university staff

- 4.1 A strong base of talent from Europe and across the world enables research-intensive universities to remain globally competitive and is fundamental to the excellence in research, innovation and education that helps to drive economic growth. One fifth of Russell Group academics are EU nationals and, amongst other things, they bring diverse approaches to tackling complex global challenges.
- 4.2 Evidence shows the primary driver of research excellence is excellent researchers.<sup>7</sup> If we are not able to attract and retain leading academics, researchers and other professional staff from anywhere in the world then this will have consequences for the UK's position as a world leader in research, innovation and education. A particular concern for research-intensive universities is the recruitment of post-doctoral researchers, which is linked directly to the availability of research funding.
- 4.3 We welcome the Government's confirmation there will be no immediate changes to the circumstances of EU nationals currently in the UK, including those studying or working at UK universities.<sup>8</sup> Russell Group universities have also been reassuring their EU staff and students about this.
- 4.4 However, there is understandably a high degree of uncertainty and feedback from our members shows that some prospective staff (both from within and outside the EU) are now changing their minds about continuing with job applications or accepting work contracts because of the Brexit vote. There are a number of factors contributing to this problem at the moment, including:
- (a) Uncertainty over the future status of EU nationals living and working in the UK (this applies not only to university staff, but to their dependants as well)
  - (b) Uncertainty over the UK's future access to EU funding – being eligible for Horizon 2020 and in particular ERC grants is an advantage of working in the UK

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<sup>7</sup> For example see *Growing the best and brightest: The drivers of research excellence*, a report produced for the Department of Business, Innovation and Skills (BIS) by Economic Insight (2014).

<sup>8</sup> Statement from Jo Johnson, Minister of State for Universities and Science, on higher education and research following the EU referendum (28 June 2016).

- (c) A perception that the UK is unwelcoming to people from abroad, heightened by an increase in reported xenophobic and racist incidents since the referendum.<sup>9</sup>

## Suggested actions

4.5 In order to provide certainty for universities and staff and to mitigate some of the negative impacts of the Brexit vote, the Government should:

- **Confirm the continued working rights post-Brexit for current EU staff** (and their dependants) currently at UK universities (both academic and non-academic), and for those who take up positions during the transition period before the UK has left the EU.<sup>10</sup> We would want staff and their dependants to **retain the same rights to stay and work without a visa that they have now (with no time limit placed on this)**.
- Implement a comprehensive communications strategy to **promote the message that the UK is open and still looking to attract talented academics and others from across the globe**, in recognition of the valuable contributions these people make to our leading universities and to the wider UK economy and society.

## 5. Implications for research and innovation collaborations and funding

5.1 Research and innovation are global pursuits and are most effective when ideas and people are mobile across borders. The free movement of talent, the networks, collaborations, critical mass of research activity and funding we gain from EU membership contributes to the competitiveness of our leading universities and the UK economy as a whole. EU funding is increasingly valuable for supporting ground-breaking, collaborative and interdisciplinary research, and **Russell Group universities alone receive over half a billion pounds annually in competitive research grants from the EU**.<sup>11</sup>

5.2 One of the key risks for research is if the UK is not able to be as active in European science as a result of Brexit. Firstly, we may miss out on opportunities to build important collaborations. Networks initially created through EU projects can form the basis of much longer-term collaboration between researchers, institutions and nations and are at the heart of wider international engagement. Evidence shows that international co-authored papers have a higher impact than domestic-only papers.<sup>12</sup>

5.3 Secondly, if the UK is no longer a member of the EU we will not have the same level of influence over EU research programmes and policy, which will be to the detriment of European science overall. The UK has played a key role in shaping the design and implementation of the EU's research programmes to ensure funding is allocated on the basis of excellence rather than diverted to less research-intensive regions of Europe. We have also been able to share existing good practice in the UK to help EU science and research to be as effective as possible. This has helped strengthen the research base across Europe by

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<sup>9</sup> Reports of hate crime have risen by 57% since the referendum, according to *The Independent*. <http://www.independent.co.uk/news/uk/home-news/brexit-hate-crime-racism-reports-eu-referendum-latest-a7106116.html>

<sup>10</sup> This is a priority for other sectors as well. For example the CBI has also said reassurance on this “must be immediate and it must be unequivocal” <http://news.cbi.org.uk/news/firms-need-to-see-clear-brexit-plan-taking-shape-now/>

<sup>11</sup> In 2014/15 the 24 Russell Group universities together secured £579 million in research grants and contracts from EU sources (EU government; EU industry, commerce & public corporations; EU-based charities (open competitive process); and other EU sources), including just under £504 million from EU government bodies – HESA data.

<sup>12</sup> <http://blogs.lse.ac.uk/brexit/2015/12/05/debunking-the-myths-about-british-science-after-an-eu-exit/>

providing a competitive system that drives excellence. Although Brexit means we will lose our seat at the table in the European Parliament and Council, the UK should nonetheless look to continue to exert influence over EU science where we can.

- 5.4 Thirdly, universities could lose out on an increasingly important source of research funding: 13% of Russell Group universities' collective research grants and contracts income came from the EU in 2014/15.<sup>13</sup> EU funding is not just an added bonus, but a vital part of university research funding, which not only facilitates activity at a larger scale than might be supported in the UK alone, but also helps to sustain areas of research when funding is not available at a national level.
- 5.5 The UK already invests less in research and innovation than many of its key competitors. In 2014, the UK spent 1.70% of GDP on R&D, compared to 2.05% in China, 2.26% in France, 2.74% in the US and 2.90% in Germany, with the average in the OECD at 2.38%.<sup>14</sup> Given that we are already lagging behind in the overall level of investment in the UK, if our universities have less access to EU funding as a result of Brexit, this could damage our international competitiveness and research excellence, with knock-on implications for the broader social and economic benefits associated with a strong research base.
- 5.6 The Government and the European Commission have made welcome statements to reiterate that for now the UK remains a member of the EU and therefore UK researchers and businesses can continue to apply to Horizon 2020 in the usual way. However, there has been some nervousness among European researchers that the inclusion of UK partners in EU projects is too risky and there is evidence that partners at UK universities are being dropped from Horizon 2020 bids. It will be important to monitor Horizon 2020 application rates and success rates for UK researchers following the referendum to quantify this impact more objectively. It would be helpful for the European Commission to publish this data at regular intervals.
- 5.7 The apprehension on the part of European partners is to some extent because of a perception that projects with UK partners are less likely to succeed in the evaluation process. However, a key issue is that EU projects last three to four years or longer and there has been uncertainty around what will happen to the funding of projects involving UK partners for which grant agreements are signed pre-Brexit, but which continue post-Brexit.
- 5.8 **We therefore welcome the recent announcement that the UK Government will underwrite the payments of Horizon 2020 grants signed whilst the UK remains a member of the EU for projects that continue beyond the UK's departure from the EU.**<sup>15</sup> This will hopefully reassure European academics that UK partners will not pose a risk to the project's funding, and should also encourage UK academics to continue to bid for EU funding.
- 5.9 **However, we would be concerned if the funding to underwrite such projects is taken from the UK science budget, which would effectively result in a cut to research funding in the UK. We hope the Government will clarify the source of the funds as soon as possible to reassure the science community that there will be adequate funding for both UK and EU projects post-Brexit.**

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<sup>13</sup> HESA data: including research grants and contracts from EU government bodies; EU industry, commerce & public corporations; EU-based charities (open competitive process); and other EU sources.

<sup>14</sup> OECD MSTI database. Figure for the US is from 2013 as 2014 data is not yet available.

<sup>15</sup> <https://www.gov.uk/government/news/chancellor-philip-hammond-guarantees-eu-funding-beyond-date-uk-leaves-the-eu>

## Suggested actions

5.10 In order to provide certainty for universities and researchers and to reassure the scientific community, the Government should:

- Build on the statements already made by the Chancellor on Horizon 2020 by making a clear commitment that the Government will prioritise research and innovation in the upcoming negotiations, with a view to ensuring continued UK participation in EU science, not just for the full duration of Horizon 2020, but beyond.
- Make a commitment as soon as possible to increase UK funding for research and innovation, particularly to support universities' international collaborations. This will be important to replace any lost EU funds and to ensure the UK remains a globally competitive scientific nation. Increased funding will be essential if full access to EU research programmes cannot be secured in the UK-EU negotiations.

5.11 As part of the upcoming negotiations with the EU, the Government should:

- Make it a priority to ensure full access to and influence over future EU Framework Programmes (and the full duration of Horizon 2020 if the UK leaves before 2020) under the same conditions as EU Member States. This will allow UK researchers the same opportunities to collaborate and draw down funding as they have now.
- As part of this, it is also important we maintain access to key research infrastructures across the EU and beyond which play a vital role in underpinning large, complex and collaborative research projects and help add to the UK's competitive advantage. We are particularly concerned about the long-term future of the six pan-European research infrastructures headquartered in the UK which support numerous high quality jobs and represent an important part of the UK research capacity.

## 6. Implications for regional funding and European Investment Bank (EIB) loans

6.1 Many Russell Group universities are working with Local Enterprise Partnerships (LEPs), businesses and other local partners on a range of projects funded by EU Structural and Investment Funds (ESIF), which in many cases involve additional matched funding from other sources (both private and public). Universities will have technical and legal obligations related to these projects and cannot simply stop them mid-way through, even when UK is no longer a member of the EU.

6.2 The Government has stated that all structural fund projects signed before the Autumn Statement will be fully funded, even when these projects continue beyond the UK's departure from the EU. This provides helpful reassurance for Russell Group universities currently involved in projects. However, **it will be important to confirm as soon as possible when the Autumn Statement will be** to provide clarity on the deadline for upcoming ESIF projects and allow universities to finalise contract negotiations in time.

6.3 The Treasury has also said they will work with departments, LEPs and other relevant stakeholders to put in place arrangements for considering those ESIF projects that might be signed after the Autumn Statement but while we still remain a member of the EU.<sup>16</sup> **As key stakeholders in regional EU-funded projects universities should be consulted on these future arrangements. To boost growth and jobs in the regions, the Government should**

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<sup>16</sup>[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/545767/CST\\_letter\\_to\\_SoS\\_for\\_DExEU\\_August\\_2016.PDF](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/545767/CST_letter_to_SoS_for_DExEU_August_2016.PDF)

**prioritise research, innovation and higher education projects for further support from EU structural funds whilst the UK remains a member of the EU.**

- 6.4 A number of Russell Group universities have also benefited from the favourable terms of taking out EIB loans to expand their facilities including UCL (£280 million), Oxford (£200 million), Edinburgh (£200 million), Imperial College London (£140 million) and Newcastle (£100 million). Whilst the referendum vote should not immediately impact EIB lending in the UK in the short-term, we seek assurances that the loan repayment conditions will remain unchanged. We hope the Government will negotiate continued access to EIB loans going forward.

## **7. Implications for regulation**

- 7.1 The UK will need to repeal, amend or replace EU laws with national legislation on a whole spectrum of different areas, many of which apply to universities, for example on labour and employment, environment, procurement, intellectual property, data protection and many others.
- 7.2 There are some particular EU regulatory frameworks that adversely affect the science and research community and it is possible that leaving the EU could provide an opportunity for the UK to set its own regulations which may be more beneficial for research. For example, the UK is bound by EU rules on VAT which can hamper scientific collaboration.<sup>17</sup> Leaving the EU means the UK Government could decide to amend some of the VAT rules to better facilitate university-business and university-university collaborations.
- 7.3 Given the vast number of EU regulations in place in the UK across such a wide range of areas it is not possible at this stage for us to identify a comprehensive list of areas where there may be risks or opportunities for universities post-Brexit. But in general, a balance will need to be struck between seizing opportunities to remove red tape and unnecessary or burdensome regulation where possible and ensuring that where regulations in the UK differ from those in Europe they do not inhibit collaboration.

## **8. Conclusions**

- 8.1 There is a real risk that leaving the EU could damage the UK's international standing in terms of science and research. However, the Government has the opportunity to ensure it secures a good deal for science in the upcoming negotiations on our future relationship with the EU.
- 8.2 In the short-term, the Government could help to mitigate some of the negative impacts of the referendum result by:
- (a) Making a commitment to increase spending on research and innovation in the UK in order to replace any lost funds from the EU, to ensure the UK is able to remain globally competitive and to strengthen the pipeline for growth and jobs in the UK
  - (b) Providing immediate clarification on the status of EU students starting in 2017/18 and their ability to access student loans and grants for the duration of their courses, and clarifications as soon as possible after that for students starting in 2018/19 onwards
  - (c) Making a clear statement that the UK is open and still looking to attract talented academics and students from across the globe, recognising the valuable contribution

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<sup>17</sup> Interpretation of VAT legislation has hindered equipment sharing between institutions as it requires an institution to levy VAT when charging to another institution's grants, significantly reducing the financial benefits of equipment sharing unless special arrangements such as cost sharing groups are established. In addition, universities can only benefit from zero-rate VAT on new buildings if 95% of the use is for non-business use, thus deterring collaboration between universities and businesses.

these individuals make to our leading universities and to the wider UK economy and society

- (d) Making a clear statement on the intention to prioritise science and research in the upcoming negotiations with the EU with a view to ensuring the UK can continue to participate as a core partner in EU science after Brexit
- (e) Providing reassurance that the funding to underwrite the payments of Horizon 2020 grants will not come from the UK science budget
- (f) Ensuring universities are properly consulted on arrangements for ESIF projects signed after the Autumn Statement and prioritising research, innovation and higher education projects for ESIF support whilst the UK remains a member of the EU.

8.3 Key priorities for the Government in the upcoming negotiations with the EU should be:

- (a) Ensuring UK universities can continue to attract, recruit and retain talented staff and students from across the EU and more widely without bureaucratic visa burdens
- (b) Ensuring the UK can continue to have full access to and influence over Horizon 2020 and future EU research and innovation programmes and infrastructures
- (c) Ensuring the UK can continue to participate in the Erasmus+ programme
- (d) Ensuring UK partners can continue to access EIB loans.

8.4 There may also be opportunities to strengthen wider international research and education links going forward as the Government is engaging more intensively with countries such as the US and Australia following the referendum. The EU has a number of bilateral science and technology agreements with countries including China, India, Japan and Canada.<sup>18</sup> As the UK prepares to leave the EU it should be a priority for the Government to ensure there are good frameworks in place to enhance and facilitate scientific collaborations with a broad range of international partners, which may include more strategic partnerships with individual EU countries.

August 2016

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<sup>18</sup> <http://ec.europa.eu/research/iscp/index.cfm?pg=countries>