

UK higher education after Brexit

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This article explores the likely impact of Brexit on UK higher education. Because negotiations between the UK and the EU remain inconclusive at the time of writing, much remains uncertain. There is likely to be a fall in the number of EU students studying in the UK. The loss will be concentrated in a limited number of universities and the financial consequences could well be mitigated by increasing numbers of foreign students from outside the EU. It is hoped that the UK will retain some access to EU research funds by obtaining associate status in the new framework programme. After the Brexit vote there was great concern that the UK would lose large numbers of academic staff from EU countries. Now that there is greater clarity about a new immigration policy, these fears have lessened somewhat. Threats on all these fronts remain but what is certain is that a sector which has thrived on its internationalism will feel diminished as it ceases to be a participant in European decision making about higher education and instead a client.

In the immediate aftermath of the June 2016 Referendum, in which the UK electorate narrowly voted to leave the European Union, the higher education sector faced four main threats (Mayhew, 2017):

- the impact of exit on access to EU research funding;
- a possible reduction the number of EU students coming to study in the UK and the consequences for university revenues;
- the impact on UK universities ability to hire and retain staff from EU countries;
- the impact on the ability of UK students to study abroad.

These threats are of significance not just for academia but for the entire nation. The sector accounts for 10% of the UK's service exports and nearly 3% of the country's GDP. Spin-offs from university research are vital for innovation performance, whilst universities are key employers in their localities. Beyond the sector's economic significance, it is central to the country's intellectual and cultural prestige in the international community. Historically it has educated many of the world's leaders, which has helped to sustain the UK's "soft power".

The insecurity engendered by the prospect of Brexit was exacerbated by two other developments. The UK government had floated the possibility of tougher immigration rules for foreign students as well as a general toughening of immigration policy. It had also proposed reforms in the sector. These reforms presaged more intrusive regulation via a newly created Office for Students and suggested that it would be made easier for new institutions to enter the sector, raising the possibility that greater competition would drive down revenues.

The UK left the EU on 31 January 2020 and the transition period will finish at the end of the year. This article considers developments during the UK's long goodbye since 2016. The negotiating process has been so slow that, at the time of writing (November 2020) much remains unclear. The picture has been further clouded by Covid-19. Much of its impact will be transitory but, where relevant, we will consider its effects.

Research funding

In 2018-19 universities derived just over 16% of their total income from research grants and contracts. It was unequally spread across the sector, with ten universities (out of a total of 176 institutions) accounting for 52% of it. These universities were Oxford, Cambridge, University College London, Imperial College London, Manchester, Edinburgh, Glasgow, King's College London, Sheffield and Bristol. Of total research grants and contracts income, 15% of it came from EU sources and these same ten universities captured 44% of it. Importantly, only a proportion of European funding comes from the Commission. Exit poses less of a threat to revenues from EU based charities and industrial and commercial organisations. Once funding from these sources is deducted, then the 15% figure falls to just under 12.5%.

Thus, for the HE sector as a whole research funding from the Commission has represented a small fraction of total income – about 2%. However, it has brought significant resource to the higher-ranking research universities. The two main sources of funding have been the Framework programmes and, less importantly, structural funds.



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Rising costs for university students.

“The students entering in the autumn of 2021 will be liable to pay the ‘overseas’ fee and will not be eligible for loans. As an illustration, anyone studying undergraduate economics at Oxford will find themselves paying (at current rates) £28,370 instead £9,250.”

UK academics have been particularly successful bidders, claiming for example 20% of European Research Council awards. Particularly at a time of constrained funding from the UK government, EU funding has stimulated research effort at an intensive margin. Letters from scientists to *THE (Times Higher Education)* claimed that much of recent *increases* in science funding had come from the EU. Scientists also expressed concern about the location of collaborative scientific investments after Brexit (Royal Society, 2016).

The consolation for UK universities is that historically non-EU countries have had associate status with the Framework Programmes. The concern is that failure to allow freedom of movement will threaten the UK’s ability to achieve this status. Even if it is achieved, there is little doubt that the UK will end up contributing more than hitherto to the programme. There is also a concern that academics in EU countries might be less willing to enter collaborations with UK researchers. In attempts to mitigate such threats, many UK universities have formed alliance with continental institutions. Worryingly, however, since 2016 there has been a reduction in grant applications from UK researchers and the UK has dropped from first to fourth in the share of funding it receives.

Students

In the academic year 2015-16, 14.4% of undergraduate entrants were foreign - 5.3% EU, 9.1% non-EU. Subsequently the EU percentage held up well and was

5.5% in 2018-19, and the non-EU percentage increased slightly to 9.4%. Foreign students account for a greater proportion of graduate students. In 2015-16, 6.7% of graduates on taught courses were from the EU and 27.7% were from other countries. The figures for research graduates were 13.1% and 28. % respectively. Again, these percentages held up fairly well through until 2018-19. For the academic year beginning in the autumn of 2019 there was a fall in the absolute number of new students from the EU and in the percentage of the overall student population they comprised. Covid-19 makes it impossible to assess the situation for entry in the autumn of 2020 because it is unclear how many students who have enrolled will in fact abandon their courses before the end of the first term.

The setting of university fees is in the hands of the devolved governments. So far, students from EU countries have been charged the domestic fee in all four countries of the UK and have been eligible for loans to cover those fees on the same terms as British students. Those already on courses will continue to be charged the domestic fee for the duration of their studies. However, those entering in the autumn of 2021 will be liable to pay the “overseas” fee and will not be eligible for loans. As an illustration, anyone studying undergraduate economics at Oxford will find themselves paying (at current rates) £28,370 instead £9,250. For someone studying for a taught Masters in Economics the relevant figures are £24,450 and £19,430 respectively. The difference between the home and international fee is smaller than is the case for undergraduate courses. This is

often, but by no means always, the case in UK universities; but the difference remains fairly substantial.

The fall in EU entrants in 2019 together with recent survey evidence suggests that the number of EU students entering UK universities will fall. However, the very high foreign fee has not prevented large numbers of non-EU citizens coming to the UK, not least from China. This has led some to ask why, therefore, EU students will be deterred. The answer seems pretty obvious. They can obtain a degree far more cheaply in other European countries. Whilst learning in the English language has been a significant attractor, the lure of the UK has become less for EU entrants as more and more continental universities have turned to tuition in English. Indeed, although, as we have seen, EU student numbers held up fairly well in the immediate period after the Brexit vote, there has been a longer-term decline. Between 2011/12 and 2018/19, entrants from Ireland and Cyprus fell by 37%, from Greece by 21%, from Germany by 18% and from France by 14%. The only major exception was Italy from where entrants almost doubled (House of Commons, 2020).

As with EU research funding, the impact of any fall in EU student entry will be unevenly spread across universities. Some of the London colleges and some of the Scottish universities are particularly exposed. Well over 10% of the undergraduate and graduate populations at LSE, UCL and SOAS come from the EU. Over 25% of taught postgrads at LSE and St Andrews are EU citizens. Some subjects will be hit particularly hard. These include law, maths, languages and engineering.

Some in the sector had hoped that they would be able to continue to charge EU students the lower domestic fee, but all four devolved governments have ruled out this option. There is a good reason why Scottish universities have attracted particularly large numbers from the EU. They have been paying far lower fees than in English universities – up to a maximum of just over £1,800 per annum. Although the fees charged to international students by Scottish universities are lower than some of the higher charging English universities, post-Brexit will see a very substantial rise in the cost of studying even in Scotland.

Thus, although we do not know the elasticity of demand, the early signs are that there will be a further reduction in the number of EU citizens studying in the UK. Whilst the exposure of the sector as a whole is modest, particularly since recruitment from outside the EU has been increasing, some establishments risk a noticeable fall in revenue.

Brexit will also have an impact on UK students who wish to study in EU countries. Small but growing numbers of UK students had been going to the Continent to pursue their undergraduate courses. Just like their European counterparts, they will now face higher fees. However, as things stand, the gap between UK fees and most continental fees is so large, that this might not act as a deterrent. Similarly, there seems no reasons why the UK will not be able to continue to participate in Erasmus Plus. The big question is whether this will be as a programme country or a partner country, the latter having limited membership.

Academic staff

At first sight, Brexit carries significant risks for the staffing of our universities. About 16% of academic staff are citizens of EU countries, as compared with 12% from the rest of the world. The columns of *THE* and other trade publications were full of individual stories of academics concerned about their future in the UK. In fact, things have quietened on this front since the UK government has made provisions for EU citizens already working in the country to apply for “settled status” which effectively secures their ability to stay in the country. What now seems certain is that new applicants for academic positions from the EU will face the same experiences as applicants from the rest of the world. Instances have been publicised where individuals have encountered extreme difficulties with immigration rules, and it is true that visa and other immigration costs are high. Yet it is far from clear to me that UK universities have experienced insurmountable difficulties when hiring foreign staff.

In the last few months the details of the UK’s new immigration policy have become clearer. It will be a points-based system where, inter alia, education levels and salary will be important accumulators of the necessary points. This should work to the advantage of foreign applicants for jobs in our universities. In the immediate aftermath of the Brexit vote, there was some evident government hostility to some foreign students. The then Home Secretary stated: “[we] will ask ‘what more can we do to support our best universities – and those that stick to the rules – to attract the best talent?’, while looking at tougher rules for students on lower quality courses” (Mayhew, 2017). In other words, the government was looking to segment the sector in terms of immigration rules for foreign students. This was motivated by incidents involving people being admitted (usually by non-HE institutions) for bogus or near bogus courses and then effectively disappearing and becoming illegal immigrants. With the emergence of the new immigration policy, these threats to segment the sector seem to have faded. Indeed, an encouraging recent government announcement was the extension of post-study visas (which permit their holders to work and look for employment) from six months to two years.

Conclusions

Immediately after the Brexit Referendum, many people in higher education, including the writer of this article, had hoped that a sector-wide reciprocal agreement could be reached. Such an agreement would have preserved mutual freedom of movement for students and workers in higher education and would have continued to treat EU students as UK citizens for fee purposes. All of this now looks to be a forlorn hope. EU staff and students will be treated as foreigners. Thinking purely in economic terms, across the sector as a whole this may not be quite the existential threat that many sector leaders initially suggested. There is likely to be some loss of fee income from EU students but this is unlikely to be critical in budgetary terms, particularly if the trend for more applicants from non-EU countries resumes after the Covid-19 crisis. Much more uncertain is whether

UK universities will be able to access EU research funds and, if so, on what terms. If there is a loss of EU funding, a critical question is the extent the UK government will make up the shortfall. A further concern is whether the UK's new status will deter European academics from collaborating in joint bidding for funding.

The Brexit vote happened when the UK higher education sector was already feeling perhaps more vulnerable than it has ever done. In the period since the vote, staff have been on strike about pensions and pay; there has been huge public disquiet about over-high vice-chancellor's salaries; there was public criticism of alleged low admissions standards, inadequate teaching, poor academic standards and grade inflation. Stories started to emerge of some universities having unmanageable levels of debt and severe financial difficulties. And then there was Covid-19. Early in the crisis the Institute for Fiscal Studies calculated that loss of fees and accommodation income would leave 13 universities with negative reserves and therefore potentially unviable (Drayton and Waltmann, 2020). Perhaps worst of all, there was growing awareness that many graduates appeared to get little pay reward for attending university.

In other words, Brexit came as part of a perfect storm for UK universities. That storm has not abated, not least in

terms of potential government reform of the sector. What finally emerges from the Brexit settlement we have yet to see. There is some financial risk for UK universities in terms of losing access to EU research funding and of losing EU students. However, the cooler heads in the sector are perhaps more concerned with loss of international repute and international presence as the UK turns its back on Europe. Instead of participating in European decision making about higher education, our universities will be clients in that process. A sector that thrives on internationalism feels that events are threatening to diminish its international presence.

References

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