

Universities Wales and Welsh Higher Education Brussels joint response to External Affairs and Additional Legislation Committee inquiry on Wales' future relationship with the European Union

1. About Universities Wales and WHEB

1.1 Universities Wales represents the interests of universities in Wales and is a National Council of Universities UK (UUK). Universities Wales' Governing Council consists of the Vice-Chancellors of all the universities in Wales and the Director of the Open University in Wales.

1.2 Welsh Higher Education Brussels (WHEB) is funded by all Welsh universities and the Higher Education Funding Council for Wales (HEFCW) to represent Welsh universities in Brussels and is based in Wales House in Brussels as part of the wider Welsh representation.

2. Introduction

2.1 The Welsh university sector has been strengthened and enhanced through participation in European programmes, access to European funding streams and through extensive engagement with universities, businesses and other organisations across Europe. Welsh universities have been partners, collaborators and innovators in many areas across the sciences, engineering, technology, health, social sciences and humanities with benefits to Wales, to the rest of the UK and to Europe.

2.2 As the UK and Welsh Government develop plans to seize the opportunities and minimise the uncertainty presented by exiting the European Union (EU), it is vital that the new relationship between the UK and the EU enables these critical activities to be sustained and developed further. As the Welsh Government stated:

*2.3 'Leaving the EU does not require that Wales turns its back on Europe – and we have no intention of doing so.'*¹

¹ Welsh Government

2.4 Welsh universities welcome the opportunity to contribute to the development of a new relationship with the European Union for Wales, which will enable the university sector to continue to make an invaluable contribution to a dynamic, outward-facing and competitive Wales.

3. Executive summary

3.1 The UK's withdrawal from the EU will have an impact upon all areas of Welsh higher education activity.

3.2 The UK's withdrawal from the EU will have challenging financial implications for the higher education sector, in terms of direct funding lost and financial implications of reductions in student recruitment, if steps are not taken to ensure current European activities and engagement can continue to a large extent after the UK withdraws from the EU.

3.3 Priorities for a future relationship between Wales and Europe for Welsh universities include:

- The ability to continue welcoming talented European staff and students to Wales;
- Continued opportunities to participate in and contribute to European research collaborations, and access to funding for research and innovation;
- Access to existing or future schemes to ensure continued outward mobility opportunities for staff and students;
- A recognition at UK Government level of the need for funding to replace the European Structural Funds on a need/place based basis that works for Wales.

3.4 This submission outlines the main ways in which Welsh universities currently engage with Europe, and the ways in which this extensive engagement benefits Wales. The submission also notes the implications of any limits or restrictions placed on participation in the existing frameworks and relationships highlighted within this submission, and what this would mean for the sector's ability to continue delivering for Wales. Finally, this submission makes recommendations for the opportunities for engagement with Europe post-Brexit, and the role Welsh universities can play in forging a new relationship with Europe.

In what ways do Welsh universities currently engage with Europe?

4. Recruitment of staff and students from across the EU

4.1 One very clear benefit from membership of the European Union is freedom of movement as students and staff from across the EU study in and work at our universities.

- 4.2 EU staff play a critical role in supporting the excellence of Wales' research base, as well as the quality and diversity of teaching provision. The latest HESA information indicates that there were 1,355 staff from the EU at Welsh universities in 2015/16 (academic and non-academic staff). EU staff formed over 10% of the academic workforce at Welsh universities²
- 4.3 European students make an enormous contribution to Wales – academically, culturally and economically. There were 5,424 EU students of all modes and levels (i.e. Full and Part Time, Undergraduate and Postgraduate) at Welsh universities in 2014/15, equivalent to 4% of the student population. EU students in Wales generated £150.3m for the Welsh economy and over 1,400 FTE jobs across the country in 2014/15³.
- 4.4 These are big numbers and when combined with the full results of the economic impact of higher education report⁴ demonstrate the value of our universities to Wales that must be enhanced in the future if we are to see a thriving and vibrant economy post Brexit.

5. Research funding and collaboration

- 5.1 Wales has benefited from the funding, mobility and networks that EU research and innovation programmes have offered to participants. Horizon 2020 is the current major EU research and innovation programme with a budget of around 70 billion euros for the period 2014-2020. The Welsh higher education sector has been successful in winning funds from this highly competitive programme and universities have accounted for nearly two-thirds of Welsh participations in Horizon 2020 so far and have received over sixty per cent of funding received by Welsh organisations⁵.
- 5.2 In 2014/15 the total EU research grants and contract income for Wales was approximately £46 million. This represented around 21% of total research grants and contracts income in Wales for that year. However, financial statements will only provide a historic view of the income that universities have received from EU sources. Of much more significance is the income that they are forecast to receive from projects currently funded, or in the process of being funded by the EU.
- 5.3 Horizon 2020 has provided opportunities for Welsh universities to develop and innovate across a range of research areas in collaboration with partners in Wales and with partners across Europe. Funding has been received for work in the areas of excellent science, industrial leadership and societal challenges. Funding received by Welsh universities has enabled extensive work with a wide range of partners and

² Higher Education Statistics Agency hesa.ac.uk

³ The Economic Impact of Higher Education in Wales, Universities Wales, January 2018

⁴ The Economic Impact of Higher Education in Wales, Universities Wales, January 2018

⁵ <http://gov.wales/funding/eu-funds/horizon2020/?lang=en>

businesses leading to transformational benefits for many areas of society as well as benefits for Wales and the UK and across the rest of Europe and beyond.

5.4 The ability to continue to work in collaboration with our partners is crucial when the UK leaves the EU.

6. Access to European funding programmes

6.1 Welsh universities have also benefited from the significant investment provided by other European funding programmes including European Structural Funds that have developed facilities and infrastructure across Wales as well as offering a wide variety of education and skills development.

6.2 European Structural and Investment Funds (ESIF) play a crucial role in supporting universities to generate local growth and jobs by turning ideas and research discoveries into new companies, by fostering entrepreneurship and employability, and by attracting talented people to study, work and spend in their areas.

6.3 Universities in Wales receive a significant amount of funding from European Structural Funds, and this continues to provide vital investment and funding for projects and infrastructure that contribute towards economic and social growth in Wales.

6.4 European Structural Funds have also played an important role in both innovation funding in Wales, and private investment in research and development.

6.5 Access to European Investment Bank funds has also enabled large-scale infrastructure improvement and development at several Welsh universities. An agreement needs to be in place to ensure continued access to the EIB in the future.

6.6 High quality research and innovation are the bedrocks of a growth economy and have knock-on benefits for all communities across Wales. It is crucial therefore, that funding for infrastructure and capacity-building is maintained, regardless of whether this comes from the EU or national budgets.

7. Participation in mobility schemes for staff and students

7.1 Students at Welsh universities have benefited from the opportunities to study and work elsewhere in Europe provided by the Erasmus+ scheme. In 2015/16 over 700 students at Welsh universities took part in the Erasmus+ mobility programme providing them with an academic, career and life-enhancing opportunity. In the period 2007-2014 over 4,500 students at Welsh universities participated in

Erasmus+ mobility programmes and during the same period over 700 academics and teachers also benefitted from a mobility period⁶.

7.2 A reduction in mobility opportunities for students would negatively affect the student experience. It would reduce diversity on campuses, have a detrimental effect on the development of graduates' skills, and some language courses, where study abroad is compulsory, could become vulnerable. Future mobility needs to be enhanced in the future and not diminished.

8. Wales' future relationship with the European Union

8.1 There are a number of areas that Welsh universities would hope to see prioritised in any consideration of Wales' future relationship with the EU, in order for Welsh universities to continue to deliver for Wales.

8.2 To limit flows of people, ideas, and innovation that currently flow naturally across borders would damage Welsh higher education's ability to deliver its activities, which will have an impact on all areas of Welsh life, due to the significant contribution made by universities' activities to the Welsh economy and society.

8.3 For example, the recent Universities Wales report on economic impact highlighted that Welsh universities generated over £5 billion of output in 2015/16 from their own direct activities and through their expenditure and that of their students and visitors⁷. In the same year Welsh universities also earned over £544 million in export earnings⁸. This report also stated:

'When compared to the rest of the UK, Welsh higher education is of greater relative importance to Wales, forming an even larger part of its economic base, than the UK higher education sector is to the UK overall.'

8.4 This demonstrates the importance of Welsh universities being supported to continue to deliver post-Brexit, through continued engagement with the European Union and its Educational frameworks. It is vital that the extensive and successful engagement by the Welsh university sector continues after the withdrawal of the UK from the European Union if we are to continue to see our research and innovation activities and our excellent staff and students able to flow naturally across borders. .

⁶ British Council data

⁷ The Economic Impact of Higher Education in Wales, Universities Wales, January 2018

⁸ The Economic Impact of Higher Education in Wales, Universities Wales, January 2018

Priorities for Welsh Universities:

9. Continue welcoming EU Staff and students

- 9.1 Our colleagues and students from across the EU are valued members of the Welsh university community and also their local communities. They bring their expertise, their skills and their perspectives to our country to our great benefit but it must also be recognised that they have made a choice when coming to Wales.
- 9.2 Without greater legislative certainty on the status and rights of EU nationals, as well as a public narrative focusing on the value of people from elsewhere in the EU to the UK and Wales, it is likely that some future academics and students, as well as perhaps some current colleagues and students, will choose to study and live in other countries in the future to the detriment of Wales.
- 9.3 Whilst there has been some progress as outlined in the Phase 1 agreement between the EU and the UK, further work will need to be done in the next phase of negotiations⁹.
- 9.4 The excellence and global competitiveness of Wales' research base relies on attracting and retaining the most talented researchers to pursue ground-breaking projects at Welsh universities, regardless of where they come from. Inability to recruit and retain the best researchers has serious risk of damaging our internationally excellent research reputation and losing the beneficial impact Wales' research has on Wales. The outstanding results of Welsh universities in the Research Excellence Framework (REF 2014) were reliant on high performing research teams, many of which are strengthened by international mobility. As identified above, any reduction in the quality or quantity of Wales' research output through restrictions on EU staff recruitment will have a knock-on negative impact on the Welsh economy and Welsh society.
- 9.5 Changes to visa regulations and uncertainty as to long-term EU citizen's rights would lead to EU citizens wishing to come to the UK being unclear on visa requirements and eligibility and facing an increase in bureaucracy and cost.
- 9.6 This could lead to a fall in EU students applying to study in Wales. A drop in student recruitment from the EU will have a significant financial impact on all Welsh universities and would adversely affect the diversity of the student body, which broadens perceptions and prepares our graduates for an increasingly global world of work. Any reduction in EU student recruitment will also have knock-on implications for the communities within which universities reside.

⁹ https://ec.europa.eu/commission/sites/beta-political/files/joint_report.pdf

9.7 Unis Wales research demonstrated that every EU student generates three Full Time Equivalent jobs through their presence, and a reduction in EU student recruitment will impact on the universities' activities and the wider economic fortunes of Wales¹⁰.

9.8 Regardless of the final settlement between the EU and the UK, it is important that the Welsh Government continues to publicly affirm the value placed on EU students and staff and their contribution to Welsh universities, invests in supporting future recruitment overseas through promotional activity, and provides reassurances to current EU students that they will remain welcome in Wales following its departure from the EU.

10. Continued opportunities to participate in and contribute to European research collaborations, and access to funding for research and innovation

10.1 Research and innovation are crucial to Welsh economic success and this success is underpinned by collaboration across regional and national boundaries. The Lamy Report published in July 2017 focused on how the impact of EU research and innovation programmes could be maximised and stated:

*'...full and continued engagement with the UK within the post-2020 EU R&I programme remains an obvious win-win for the UK and the EU. The UK has one of the strongest science bases of all European countries. A positive cooperation model should be established, so that the UK remains part of the European Research Area.'*¹¹

10.2 Welsh universities wish to continue play a role in the future European research landscape as they have made a significant contribution to its past and current shape. Initiatives such as the European Research Area with their support for multinational co-operation are vital to strengthening research collaboration and driving forward innovation.

10.3 Welsh universities wish to be able to fully participate in the successor programme to the Horizon 2020 programme. Welsh universities hope that the new relationship between the EU and the UK after the withdrawal of the UK from the European Union will continue to enable full participation in EU research and innovation programme by participants based in Wales. Welsh researchers have worked successfully with partners throughout Europe and wish to continue to work with existing partners and have the opportunity to develop new relationships and networks. Welsh universities have much to offer and have been valued members of EU programmes across a range

¹⁰ The Economic Impact of Higher Education in Wales, Universities Wales, January 2018

¹¹ [LAB-FAB-APP](#) Investing in the European future we want, July 2017

of areas.

10.4 The Phase 1 agreement between the EU and the UK did include a comment on future UK participation in EU research and innovation programmes and this is a positive development¹². It appears that both the UK and the EU are in agreement on the importance of future research and innovation collaboration. However, there is much detail to be covered in the next round of negotiations and it will be important that this crucial area of engagement is not overlooked and that the critical value of continued collaboration is emphasised by Welsh, UK and European organisations.

10.5 Welsh universities wish to see future EU research and innovation funding programmes that are based on excellent research, are funded appropriately, that support inter- and multi-disciplinary working, are simple to administer, that facilitates and promote European and international collaboration, that provide opportunities along the spectrum of research and innovation activities, that support industrial innovation and growth, that build on the investment already made in Wales and are aligned with other funding programmes to maximise impact.

10.6 There has been historic underinvestment in research infrastructure in Wales compared to the rest of the UK and a lower level of STEM activity in Wales although Welsh universities have been effective in using more limited research income to support high impact research¹³. A recent Royal Society report on research infrastructures in the UK, including major scientific facilities, archives, collections and e-infrastructure, indicated that Wales has the lowest percentage of research infrastructures in Great Britain (the study excluded Northern Ireland)¹⁴. European engagement and funding has helped to close the gap but without the investment previously accessible through European programmes Wales may continue to fall further behind.

10.7 Welsh universities have the highest percentage of 'world leading' research in terms of its impact of any part of the UK, with almost half of it considered to be having a transformational effect on society and the economy¹⁵. Much of this can be attributed to these international collaborations, which have been crucial to addressing global challenges. Long term economic growth is above all determined by knowledge accumulation and technological progress and there are few sectors of the Welsh economy with the capacity or scope to grow and generate export earnings as well as universities. It is imperative for Wales that our universities are still able to access the

¹² Article 73 the UK states that it may wish to participate in some programmes of the new MFF post 2020 as a non-Member State. https://ec.europa.eu/commission/sites/beta-political/files/joint_report.pdf

¹³ International Comparative Performance of the Welsh Research Base 2013, Elsevier for HEW, HEFCW and the Welsh Government

¹⁴ A snapshot of UK research infrastructures, The Royal Society, January 2018

¹⁵ REFERENCE NEEDED

both the most talented researchers and all available funding streams, underpinned by sufficient capital investment, in order to continue delivering these benefits for Wales and play their crucial role in growing prosperity in Wales.

11. Continued funding to replace lost European funding such as Structural Funds

11.1 European Structural and Investment Funds (ESIF) play a crucial role in supporting universities to generate local growth and jobs by turning ideas and research discoveries into new companies, by fostering entrepreneurship and employability, and by attracting talented people to study, work and spend in their areas. As the third largest recipient of structural funds in the last round Welsh universities are very exposed to the withdrawal of this funding. It is crucial that this funding for infrastructure and capacity-building is maintained, regardless of whether this comes from the EU or UK national budgets. Welsh Government should continue to articulate the case for continued structural funds, ensuring any replicated funding model distributes funding on a needs-based, place-based and flexible approach, ensuring funding targets the poorest areas of the UK, whilst recognising localised economic and innovation needs.

11.2 Wales has received over £4bn in Structural Funds since 2000 and we understand this presents a challenge for Welsh Government in terms of shaping their future economic strategy. Universities Wales is committed to working with the Welsh Government to look at future proposals that avoid 'pockets' of replacement funds but consider strategic capital funding plans to achieve the Welsh Government's ambitions for Wales whilst utilising the role of Welsh universities as economic and social anchors in many of Wales' regions.

11.3 The loss of European Structural and Investment Funds will have a particular impact on Wales that may be poorly understood by the UK Government. There are discussions about the proposed UK wide Shared Prosperity Fund but there is no clear sense of what level of funding may be available and how it will be distributed and through what organisation, so it is unclear at this stage how effectively this funding will replace the Structural Funds that have made such an important contribution to renewing and replacing Welsh infrastructure. It will be important for Wales and Welsh organisations to articulate the need for significant, strategic investment in infrastructure and capacity-building as thinking around new funding develops.

12. Access to existing or future schemes to ensure continued outward mobility opportunities for staff and students

12.1 Erasmus+: Maintaining and building on existing levels of outward mobility will be an important way of growing the skills and experience necessary for the UK to be a global trading nation. Continued participation in the Erasmus+ programme would be a pragmatic and cost-effective move given the expense and bureaucracy involved in

setting up an alternative replacement scheme at a national level at this scale. However, continued access to Erasmus should be coupled with enhanced investment to grow other international mobility opportunities.

12.2 Marie Skłodowska-Curie Actions (MSCAs): Participation in the MSCAs allows universities to host talented researchers from across Europe and to create strategic partnerships with leading institutions. Evidence suggests that MSCA placements enjoy a highly positive reputation and play an important role in attracting talented EU researchers to the UK. MSCA fellows are also more successful in applying for European Research Council competitive grants. Continued participation in this scheme will be important in maintaining high quality research output and partnerships in Wales.

13. An outcome which allows for the continued recognition of professional qualifications between the UK and the remaining 27 EU member states where it is desirable

13.1 The mutual recognition of qualifications facilitates efficient and easy labour market mobility between countries. In particular, the Professional Qualifications Directive provides a comprehensive EU system for recognition of professional experience, makes labour markets more flexible and promotes automatic recognition of professional qualifications in EU and EEA countries. Leaving the Single Market could mean that the UK was no longer covered by the directive which could, in the long term, reduce the value of certain UK degrees, as prospective EU students considering studying in the UK would be left without any safeguard in relation to the transferability of their qualifications. In addition, leaving the Single Market could restrict UK residents' ability to undertake qualifications in certain professions across the EEA and then be able to practise their profession in the UK if they wished to return.

13.2 In order to ensure the continued transferability of professional qualifications between the UK and the EU where desirable, this area must feature as part of exit negotiations, and in a future trade deal between the UK and the EU.

14. Preserving and building on regulatory and standards equivalence with other EU countries

14.1 A common regulatory framework has been a major enabler for research collaboration through providing certainty and consistency. It has provided a common set of rules to underpin EU funded research collaboration, including in the areas of intellectual property and the commercialisation of research.

14.2 If the UK is to continue to collaborate with European partners, and in particular if it is to continue to access research programmes, it will be important to ensure that the UK is aligned with regulation relating to intellectual property and research commercialisation.

15. There are a number of areas where we wish to see Welsh Government seek further opportunities for relationship building outside of existing relationships and/or frameworks:

15.1 While we wish to see Welsh Government push for continued partnerships and engagement with the formal networks and frameworks of the EU, we recognise the value of and opportunities for further engagement through additional and/or informal channels.

15.2 This will serve to strengthen Wales' relationship with the EU post-Brexit, and compliment any continued engagement with existing networks/frameworks.

15.3 The Welsh Government should prioritise developing new collaborative funding arrangements and providing enhanced support for collaboration with both European partners and key partners outside Europe, with a focus on delivering excellent research.

15.4 The Welsh Government should seek to build on or develop informal networks, and relationships with regions and countries of strategic importance for Welsh higher education. These may offer opportunities for further research and academic collaboration and partnerships outside of the formal EU frameworks, for example with regional inter-Governmental bodies and country level organisations. The Welsh Government should consult universities on any proposed new relationships or agreements with regional bodies and/or governments, to ensure they align with priority areas or areas of strength for Wales.

15.5 Universities are a valuable and significant exporting industry, with their international activities generating over £544m in 2015/16, representing 4.1% of Wales' 2016 export earnings¹⁶. Post-Brexit, universities can be a valuable vehicle for Wales' engagement with the rest of the world, and the Welsh Government should utilise and support universities' international activities, as a means of generating new relationships and networks globally, and to generate trade and export earnings.

16. Looking forward

16.1 The next phase of the negotiations between the EU and the UK should aim to secure an early agreement for continued UK access to and participation in European research, innovation, mobility and education programmes. It is an area where there appears to be mutual recognition of the value of continued engagement and achieving a positive outcome in this area could set a useful tone for other areas of discussion.

¹⁶ http://www.uniswales.ac.uk/wp/media/UNI010-Economic-Impact-Report_FINAL.pdf

16.2 The next few years will be a period of uncertainty as the UK withdraws from the EU and the future shape and scope of the new EU-UK relationship emerges. It is likely that some of the parameters for engagement by Welsh universities in EU programmes and other activities will change as a new relationship emerges. Welsh universities are adaptable and innovative organisations and will rise to the challenges of making the new relationship work. However, there must be political will and Government support and recognition that for Welsh universities to perform at the highest levels, engagement with European partners in research, in innovation, in education and in mobility is vital.