

Exiting the European Union: Preparedness in Wales for the end of the transition period

About Universities Wales

Universities Wales represents the interests of universities in Wales and is a National Council of Universities UK. Universities Wales's membership encompasses the Vice Chancellors of all the universities in Wales, and the Director of the Open University in Wales. Our mission is to support a university education system which transforms lives through the work Welsh universities do with the people and places of Wales and the wider world.

Introduction

- I. Universities Wales welcomes the opportunity to respond to the External Affairs and Additional Legislation Committee inquiry into the preparedness in Wales for the end of the transition period.
- II. The UK Government and the EU are currently engaged in negotiations on a possible future relationship. However, there remains a risk that no agreement is reached by the time the transition period ends. Such a scenario would have serious implications for Welsh universities, their students, their staff, their international partners and their operations.
- III. This submission outlines the main issues facing the sector as a result of the UK's exit from the EU and includes further measures that the Welsh Government can take to help universities prepare for exiting the European Union.
- IV. The EU has played an important role in Welsh higher education in terms of:
 - a. student and staff recruitment;
 - b. student and staff mobility;
 - c. research collaborations.
- V. Welsh universities have delivered significant benefits to Wales utilising investment from European programmes. EU funding has supported hundreds of millions of pounds of research and innovation infrastructure and capacity in Wales¹ which brings economic benefits as well as wider health and societal benefits to communities.

¹ This includes £130m to Wales through Horizon2020 and £300m to universities as lead partners in ESIF projects 2014-2020.

<https://gov.wales/sites/default/files/inline-documents/2019-03/horizon-2020-higher-education-case-studies.pdf>

- VI. The loss of EU income, without adequate replacement funding, would have a major financial impact on universities. This would make an already challenging financial position even more difficult to manage. In addition, the sector's reputation as a collaborator of choice in vital research will be weakened, and access to key funding mechanisms to support research excellence will be lost.
- VII. The main challenges that face universities in Wales as we approach the end of the transition period include the:
- New immigration system for EU students and staff, including change in fees for EU students
 - Continued UK participation in EU research collaborations
 - Replacement of European Structural Funds
 - Mobility opportunities for Welsh staff and students
 - Implications for transnational education
 - Implications for HE in trade agreements
- VIII. We hope that clarity can be provided as soon as possible on the above issues, to minimise any potential disruption for the sector in what is already a challenging time.
- IX. Welsh universities have been preparing for the possibility of a no-deal outcome and have been taking appropriate action to minimise the risk of impact. Universities UK and Universities Wales have established a Brexit Readiness Checklist to help prepare risk registers, organised webinars, and convened a roadshow event (in October 2019) where 60 people from Welsh universities were able to discuss issues with government officials. Universities Wales has worked with Universities UK to run extensive campaigns and surveys and recently prepared a guide to help prepare universities for the end of the transition period which outlines the key issues and corresponding actions universities should consider in preparation for a possible 'no trade deal' scenario at the end of 2020.
- X. It is vital that the Welsh Government – and Ministers and officials from the devolved administrations – are fully involved in any discussions about the formulation of the UK's policy position on future trade matters, particularly where these could have important implications for devolved matters, for example on fee levels and support. This is to ensure UK positions truly reflect the positions of all parts of the UK and shape a trade deal that works for all parts of the UK.
- XI. 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 overall². Given their economic contribution - generating £5 billion of output in Wales in 2015/16³ - their international outlook, expertise and quality research, universities are well placed to provide support and solutions for the challenges posed by exiting the EU. It is crucial that our universities, as national assets, are fully involved, engaged and their expertise utilised in the Welsh Government's plans for, and transitioning to, a post EU Wales.

- XII. The Welsh Government should ensure that Welsh universities are fully involved in the development and implementation of Welsh Government's Regional Investment Framework, and that the role of research and innovation is recognised throughout the framework.
- XIII. Welsh Government should consider further domestic policy interventions to support Welsh students and staff in gaining the international skills and experience necessary to support Wales as a global trading nation.
- XIV. The Welsh government should also consider how it might use its relationships with other governments around the world to influence the policy and regulatory conditions in the many countries in which Welsh universities are active, where doing so would unlock opportunities to advance mutual interests. It 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. Welsh universities welcome the opportunity to be consulted 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.
- XV. Universities Wales appreciates the Welsh Government Higher Education Brexit Working Group that has enabled the sharing of information with the sector. Continued communication and cooperation between the Welsh Government and the higher education sector will be essential in ensuring universities continue to contribute to shaping solutions to the challenges posed by exiting the EU.
- XVI. While the process of exiting the EU will bring challenges, universities welcome the opportunity to continue contributing to shaping solutions and are committed to maximising the opportunities it will present for Wales.

² The Economic Impact of Higher Education in Wales, Universities Wales, January 2018

³ http://uniswales.ac.uk/media/UNI010-Economic-Impact-Report_FINAL.pdf

Research funding and collaboration

- 1.1 Firstly, we strongly believe that Wales should maintain its participation in European programmes. We believe it is in Wales' interest to continue to be able to access leading schemes such as Horizon Europe and continue its engagement with relevant key European research and innovation networks and forums including the European Research Area and the European Strategy Forum for Research Infrastructures.
- 1.2 High quality research and innovation are the bedrocks of a growth economy and have knock-on benefits to communities across Wales. Our universities are valuable partners, collaborators and innovators in many European research and innovation collaborations across the sciences, technology, health, and social sciences with transformational benefits for Wales, the rest of the UK and for Europe.
- 1.3 Universities have accounted for nearly two-thirds of Welsh participations in Horizon 2020 programme so far and have received over sixty per cent of funding received by Welsh organisations. Through Horizon 2020 funds, Wales has attracted more than €83 million, with 191 participations by Welsh Higher education organisations and businesses in 174 projects⁴. Given that Wales receives only 2 per cent of overall UK R&D funding, the loss of EU structural funds and, potentially, Horizon funding will have a significant and disproportionate impact on future research and innovation investment for Wales⁵. As universities in Wales deliver a larger proportion of research and development than elsewhere in the UK, the implications of post-Brexit policies are much more significant.
- 1.4 Furthermore, Wales' research impact continues to punch above its weight and outperforms the other nations within the UK in a range of areas, such as value for money and international citations. Welsh universities have the highest percentage (77%) 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 economy⁶.
- 1.5 No agreement has yet been reached on the UK's participation in Horizon Europe, due to start 1 January 2021. Should the UK not associate, the UK government has committed to fund international research collaboration in place of Horizon Europe participation. If no agreement is reached, then the UK government has announced it will make funding available to support participation by UK researchers in Horizon Europe projects as a third country,

⁴ <https://gov.wales/sites/default/files/publications/2018-10/regional-investment-in-wales-after-brexit.pdf>

⁵ <https://gov.wales/sites/default/files/publications/2019-03/wales-protecting-research-innovation-after-eu-exit.pdf>

⁶ <https://www.ref.ac.uk/2014/>

establish a 'Discovery Fund' to support researchers at all career stages to pursue discovery-led, ground-breaking research, as well as scaling up certain existing domestic grant schemes. The UK Government has not yet confirmed the details of the Discovery Fund. This information is critical for universities who are concerned about retaining and attracting staff who plan to apply for European Research Council awards.

- 1.6 This leaves open the possibility that the third country participation funding guarantee if the UK does not associate will not cover all researchers. For instance, there is a possibility that the UK government could choose specific topic areas where they will guarantee funding in order to limit the cost. We are strongly urging the UK Government to guarantee funding for all third country participation by UK researchers if the UK does not associate to Horizon Europe.
- 1.7 We welcome the continued funding commitments from the UK Government for R&D. It is imperative that additional funding commitments are delivered in ways which benefit the whole of the UK and, in particular, recognises the regional differences such as industry and demography, as well as the research strengths that exist across the whole of the UK.
- 1.8 Yet, the uncertainty of the replacement of structural funds, and what this means for research and innovation in Wales, presents a risk to the ways in which universities in Wales are able to collaborate with partners and networks around the globe and will have knock on implications for institutions and communities for years to come.
- 1.9 Post transition period, it is key that Wales' HE sector builds upon and expands its collaborations with international partners, including the EU. Existing partnerships which have been developed within cohesion programmes and framework programmes have delivered significant benefits and protecting what exists and then enhancing these strong collaborations should form a focus for UK R&D going forward. Universities are well versed in working in partnership with a range of stakeholders and can be leaders in this process.
- 1.10 Universities Wales commissioned Professor Graeme Reid in June 2020 to carry out a short review of the ways in which Welsh universities can better collaborate. In particular, how collaboration could support the sector in Wales to capture both a greater share of competitive research funding. 'Strength in Diversity', published 6 October 2020, outlines both the diverse strengths of the Welsh sector and its strong performance, and also the ways in which the Welsh sector would benefit from greater scale.
- 1.11 The report poses collaboration as a means to strengthen bids, ensure a greater number of Welsh universities enter funding competitions, and also

as a way to provide Wales with a clear, single voice in the UK and international research and innovation environment. The report also highlights how funding for research and innovation in Wales is exposed to political and economic pressures, some of which are amplified by the COVID-19 crisis.

1.12 The recommendations for report include an initial focus on regional investment and funds aimed at addressing the regional disparities in productivity – this includes funds both Wales and UK-wide. The report also recommends that a separate team be formed, hosted by Universities Wales, to facilitate collaboration, establish a protocol to ease collaboration, and act as a single point of communication for the sector in Wales.

1.13 Our parent body, Universities UK is also developing a set of proposals for future funding of international collaboration in response to the Research and Development (R&D) Roadmap, including a Discovery Fund-style programme. With contributions from across 36 UK institutions, including two Welsh universities, it sets out a clear plan for how the UK can expand and capitalise on researchers' international links to attract talent and business investment from overseas⁷.

Replacement European Structural and Investment Funds – Shared Prosperity Fund

2.1 European Structural Funds have provided vital investment for projects and infrastructure that contributes towards economic and social growth in Wales. In the current funding round alone, between 2014-2020⁸, Welsh universities have been awarded £331m of European Structural and Investment Funds as lead organisations and have been able to deliver a significant and diverse range of benefits to Wales. Specific examples of projects led by Welsh universities with multi-million-pound SF investment include (but are not limited to) the KESS projects, ASTUTE 2020 and Flexis and projects.

2.2 Ser Cymru is also an example of a successful scheme which has brought a range of scientific talent to Wales. The programme was jointly funded by the EU Structural Funds and is match funded by universities, Welsh Government, and HEFCW. The programme has attracted a number of early-mid career researchers into Wales, with three of the Chairs remaining in the institutions after the end of Welsh Government funding⁹.

⁷ <https://www.universitiesuk.ac.uk/policy-and-analysis/reports/Documents/International/2020/Future-international-partnerships.pdf>

⁸ <https://gov.wales/eu-structural-funds-programme-2014-2020-approved-projects>

⁹ <https://gov.wales/ser-cymru>

- 2.3 The UK Government has committed to a Shared Prosperity Fund in place of EU structural funding, with Wales to receive at least the same level of funding as through structural funds. However, details remain sparse, and so far there is no mention of higher education or research within descriptions of the Shared Prosperity Fund and no clarity on whether funding will be devolved.
- 2.4 Providing certainty and clarity for Wales over replacement funds is vital to help ensure R&D plays its fullest role in levelling up all over the UK. We urge the Welsh Government to continue working to secure clarity on this from the UK Government.
- 2.5 We continue to work with Welsh Government on the development of the proposed Regional Investment Framework.
- 2.6 There are a range of important lessons to be learned from previous rounds of European Structural Funding and Welsh universities are well placed to lead the reflection in this area given their extensive experience. There is an opportunity to retain key strengths of European funding, such as longer delivery periods and a nation-wide approach, whilst also moving to a less bureaucratic and more flexible system with a stronger focus on outcomes as opposed to inputs. As universities are embedded in their regions they can provide valuable input to framework development.
- 2.7 Strengthening partnerships will be crucial to future regional investment in Wales. Welsh universities are well-placed to participate in and facilitate these partnerships as their relationships range from local, as anchors in our communities across Wales, to global, as world-leading centres of research and innovation.
- 2.8 As outlined in our submission to the consultation on the future of regional investment in Wales¹⁰, the first priority for future regional investment should be the return on the investment for Wales. Secondly, the opportunity for partners including universities to use regional investment funding to leverage funding from other sources, both at a UK level and from global opportunities. And thirdly, research, innovation, skills, training and education should be at the heart of future regional investment in Wales after Brexit.
- 2.9 EU Structural and Investment Funds have not only played an important role in building capacity in research and innovation in Wales but also in developing skills and SME engagement. These activities are often part-funded by the EU. Post transition period, uncertainty over replacement funding presents a risk to these activities.

¹⁰ <http://uniswales.ac.uk/media/Unis-Wales-response-Regional-investment-in-Wales-after-Brexit.pdf>

- 2.10 Universities in Wales are committed to working with Welsh Government and others to navigate the best course for Wales' future economic growth. It will be important that future regional bodies include universities as well as local businesses within their structures to ensure work on skills, research, innovation and infrastructure are joined up. The HE sector needs consistent opportunities to input practically into how the Regional Investment Framework is developed.
- 2.11 Whilst we are clear that the Shared Prosperity Fund should at least match previous rounds of funding, this is an opportunity for UK and Welsh Government to use the SPF to provide a bold step-change and grow the UK and Welsh economies by investing in skills and research. It is imperative that the future strategy for regional investment is approached with creativity and ambition and create transformational change in the Welsh economy.

Immigration and status of EU nationals and increased tuition fees for EU students

- 3.1 UK immigration policy affecting all non-UK nationals coming to the UK will change with effect on 1 January 2021, regardless of whether an agreement is reached on the future relationship by that date. This change will have a significant impact on EU/EEA student recruitment, it means those from across Europe will now have to apply to enter the UK before studying, and following the Welsh Government's announcement (and similar announcements in England and Scotland) in August 2020 that EU, other EEA and Swiss nationals studying in Wales will no longer be eligible for home fee status from 2021/22.
- 3.2 The combination of these two factors is likely to result in a steep decline in EU/EEA students over the coming years. Many across the sector had already been planning for a downturn in EU/EEA student inflow, however Covid-19 has turned this into an issue of critical importance. Therefore, to help stabilise EU/EEA demand, we believe government action is essential.
- 3.3 Analysis undertaken by London Economics has explored the potential effects of the removal of public subsidy for EU students and the harmonisation of EU fee levels with the higher rates paid by non-EU Students¹¹. It shows that harmonisation of EU and non-EU fee levels would bring about a 52 per cent reduction in students and this would be associated with a 15 per cent drop in the fee income received by universities.
- 3.4 Research from [HEPI and Kaplan](#), shows that enrolments of EU students in the UK could decrease by 57% (over 31,000 students). However, our members are reporting even higher projections. Crucially, these estimates do not factor in the impact of Covid-19. A drop in student recruitment from the EU could have a

¹¹ <https://www.hepi.ac.uk/wp-content/uploads/2017/01/The-determinants-of-international-demand-for-UK-HE-FULL-REPORT.pdf>

significant financial impact on all Welsh universities. Such a drop would have a knock-on financial impact on the wider economy.

- 3.5 As well as an increased fee, until now many EU students were not paying upfront for tuition as it was covered through loan arrangements. Losing loan eligibility will likely act as a further deterrent.
- 3.6 Any adjustments to target recruitment areas for institutions will take time and are not certain to offset losses.
- 3.7 Furthermore, a collapse in the number of EU students in Wales would have significant wider economic implications. In 2018/19, Viewforth Consulting report published in 2017 using 2015/16 data, details the economic benefit of EU students for Wales: each EU student generated £19,300 of economic output, £9,300 of GVA and one Welsh job was generated by every six EU students in Wales¹². Even local authorities without a university benefitted from the impact of international students.
- 3.8 Further action from the UK government, working in partnership with devolved administrations, and with the sector, is required to prevent a steep decline in EU/EEA students. These proposed actions are outlined in [Universities UK's paper on Five ways to stabilise EU / EEA student demand following the introduction of the points based system.](#)
- 3.9 It is vital that the Welsh Government – and Ministers and officials from the devolved administrations – are fully involved in any discussions about the formulation of the UK's policy position on future trade matters, particularly where these could have important implications for devolved matters, for example on fee levels and support. This is to ensure UK positions truly reflect the positions of all parts of the UK and shape a trade deal that works for all parts of the UK.
- 3.10 The UK Government announcements in September 2019 and July 2020 that the Graduate route is to be extended to allow PhD students to stay for three years rather than two is very welcome. It sends the message that we are a welcoming country, and this will help in the recruitment of international students. However, in considering how Wales targets international markets post-EU, clear, consistent, and confident messaging about Wales and its offer will be crucial.
- 3.11 International higher education services are a significant way to increase trade in Wales and as such, Welsh Government should prioritise targeted investment in international marketing and recruitment support, coordinated with all the

¹² <http://uniswales.ac.uk/media/Unis-Wales-international-student-research.pdf>

outward facing elements of Welsh Government, in order to recruit international students.

- 3.12 The Study in Wales brand messaging promotes Wales as part of the UK's world class higher education system and offers a distinct experience with a diverse range of universities, and a supportive and highly rated student experience. Post Covid-19 and post-transition, the collaborative approach of Global Wales will be able to deliver a consistent message about Welsh communities and universities as open, tolerant and diverse, and build on the reputation of Wales as a friendly and welcoming country for all international and EU students and researchers alike.

Global Wales

- 4.1 In order to mitigate the impact of leaving the EU, Global Wales received £3.5 million from the EU Transition Fund, to promote Wales through its higher education (HE) sector in priority overseas markets, and to address the economic and cultural impact of a reduction in EU and international student numbers and projects resulting from Brexit. Global Wales aims to support the higher education sector as an export industry, affecting a dynamic change in how we pursue our overseas interests. It was established to provide strategic support to universities in a small number of target markets, including the EU, India, the US, Vietnam.
- 4.2 As an initiative to promote higher education at a country level, the Global Wales programme and the Study in Wales brand have succeeded in bringing investment to Wales. Compared to a single institution approach, Global Wales has leveraged Wales' success compared to activities developed by other countries. For example, In Vietnam, with a whole Wales approach, Global Wales has signed an MoU with the Vietnamese Government, and implemented a tiered programme at Government, sector, institution, down to individual recruitment to reach key audiences. This has helped boost our soft power, build key relationships and delivered outcomes that a single institution could not, while still achieving these objectives to the benefit of each institution.
- 4.3 Global Wales has established prestigious scholarship programmes, including partnerships with Chevening, Fulbright, and Gilman aimed at developing global leaders from Vietnam, India, and the US. Due to the significant economic, social and cultural benefits of hosting international students for Wales, (e.g. one job is created in Wales for every 3 international students recruited to a Welsh university¹³), and to further enhance the capacity of Welsh institutions to recruit a greater number of high-achieving international students, Global Wales has established a new 'Global Wales Postgraduate Scholarship Programme' that is available to our target markets including countries of the European Union. This prestigious scheme is the first scholarship of its kind in Wales, and Welsh

¹³ <http://uniswales.ac.uk/media/Unis-Wales-international-student-research.pdf>

Government should consider long term support for these scholarships, to make Wales a more attractive study destination within the UK market.

- 4.4 Global Wales aims to deliver wider benefits to Wales from partnerships in terms of trade and invest activity. We would recommend this approach to other sectors in their international engagement. These aspirations are crucial to Wales' future prosperity post-EU - if these meaningful relationships are not developed, the investment and students will go elsewhere.
- 4.5 The wider diplomatic and cultural impact of international students and staff should not be underestimated. Global Wales is engaging with international alumni and Study in Wales ambassadors through the Welsh Government's draft Diaspora plan, to promote Wales as a destination of choice for trade agreements and international students. Universities' network of high-skilled alumni and partners across the world provide a wealth of opportunity for future trade and investment, and our internationalised campuses and cities reflect Wales as a welcoming and outward-looking nation.

Erasmus+/ Student mobility

- 5.1 In terms of student mobility, over 4,500 students at Welsh universities and 700 academics and teachers participated in Erasmus+ mobility programmes between 2007-2014.
- 5.2 Universities Wales' position remains to support full association to the future Erasmus+ programme (2021-2027). Continued participation in the Erasmus+ programme is considered vital to maintain outward and inward mobility to Wales as well as playing an important role in links between Welsh universities and universities across Europe.
- 5.3 A reduction in mobility opportunities for students 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. The importance of student mobility during academic programmes is highlighted in a Universities UK report which found that 'mobile graduates from the 2015/16 academic year were more likely to be in graduate employment or further study, more likely to have a higher starting salary, and had a lower unemployment rate than their non-mobile peers'.¹⁴
- 5.4 There is currently a risk that no agreement on Erasmus+ participation is reached on the UK's participation in the next Erasmus+ programme, which is due to start in January 2021. Should the UK Government opt not to associate, or if the UK is not able to participate in the first year of the new programme, the UK Government has committed to fund new UK-wide 'International Educational

¹⁴ UUKI GO International report

Mobilities scheme’ as a replacement to Erasmus+ participation. The Department for Education has advised that this scheme will be ambitious, UK-wide and global in its reach. However, the UK government has not committed to replace the non-mobility aspects of the Erasmus+ programme, or reciprocal incoming mobility, should a new national scheme be necessary.

- 5.5 Several urgent questions remain on the design of this programme, including the scale of funding that will be available for it, subject to the Spending Review, and when details of the scheme will be made available to universities to ensure that there is no break in mobility funding for 2021/22.
- 5.6 Universities Wales has been involved in a number of stakeholder consultations on the principles and design of a national alternative to Erasmus+, both at UK government and Welsh government levels. Universities UK, submitted to the Department of Education a 2020 annex to its previous paper, ‘Developing a government-funded, large scale mobility programme’ outlining how a national alternative to Erasmus+ should be designed and implemented.
- 5.7 The UK government should ensure that any national alternative scheme to Erasmus+ will provide funding levels commensurate with the trajectory of growth in outward student mobility in recent years and reflect the growing amounts the UK would have received from the Erasmus+ programme. Any alternative scheme should provide mobility opportunities to UK and international staff and students to Europe and beyond for study or work placements. It should also reflect or improve existing systems to ensure it is as easy for institutions to use and to enable exchanges with institutions in the EU.
- 5.8 The UK government should also ensure that any UK-wide scheme is fully consulted on and agreed by all the devolved administrations to shape a programme that works for all parts of the UK.
- 5.9 Welsh Government should consider further domestic policy interventions to support Welsh students and staff in gaining the international skills and experience necessary to support Wales as a global trading nation.
- 5.10 Welsh universities have been taking stock of the immigration requirements for UK outgoing Erasmus+ students studying or on work placements beyond 31 December 2020 and ensuring that students are clearly advised of the various national guidance for third country nationals.
- 5.11 The UK government should ensure that there is a supportive and clear immigration route in place to ensure that incoming students can continue to use Erasmus+ to study or undergo work placements in the UK and facilitate exchanges for a national alternative scheme. This is important as Erasmus+ students are due to arrive in the UK to undergo second semester study from the 1 January 2021.

5.12 Universities UK recommends the introduction (to come into effect from 1 January 2021) of a new 'Educational Exchange Immigration Route' to be established by October 2020 which allows study or work placements (paid or unpaid) for up to 12 months, for inbound EU and international students if on Erasmus+ or a future domestic scheme.

Trade in Education services

6.1 The UK government will need to negotiate a series of trade agreements with countries around the world following UK's exit from the European Union. It is critical that higher education and research figure prominently as part of these discussions— both to unlock potential new opportunities, and also to ensure that altered terms of trade with the EU and all other countries are shaped with the distinctive international character of the higher education sector firmly in mind.

6.2 Universities play a central role in driving inclusive economic growth locally, regionally and nationally; strengthening our international trade and diplomatic relationships across Europe and the wider world. Recognition of education as part of Trade and Investment is fundamental and recognising the contribution which universities generate and how education can complement broader trade discussions is vital in order to increase collaboration.

6.3 As outlined in our response to the [Welsh Affairs Select Committee consultation](#), Free Trade Agreements can affect higher education and research either through the direct treatment of these sectors in dedicated chapters of an agreement, or by changing the general conditions for service trades. Other areas of higher education policy of potential relevance to future trade agreements include:

- Mobility of academic staff and students
- Collaboration in science, research and innovation programmes
- Recognition of degree qualifications
- Joint use of research facilities and scientific equipment
- Other regulatory issues

6.4 The negotiation of each trade agreement will be different in nature and will require tailored input from the sector to determine the most pertinent issues on which to focus. Only the sector itself has the expert knowledge necessary to inform this process, and to help prepare the ground for successful negotiations which safeguard the reputation of the sector and capitalise on opportunities. This implies a need for detailed and ongoing consultation with the sector.

6.5 Transnational education (TNE) is potentially one of the areas of higher education which could be impacted by the type of relationship agreed on services. In

2017/18, there were 26,980 students studying for Welsh university degrees overseas¹⁵. The EU hosted 28.5% of Welsh TNE students during 2017/18.

6.6 Welsh universities operate a wide range of collaborative models for TNE, including supported distance learning, franchising, validation, twinning and dual and joint degrees. How the end of the transition period affects this provision will depend on range of factors, mainly the:

- i. nature of the agreement (or lack thereof) reached with the EU;
- ii. specific TNE arrangement,
- iii. territory where TNE is delivered.

6.7 Strengthening partnership between universities, industry and government should form a key objective going forward, but without adding bureaucracy. Universities are well versed in working in partnership with a range of stakeholders and can be leaders in this process.

6.8 The UK Government should seek an agreement that:

- ensures TNE services are protected by a comprehensive agreement.
- Grants market access and national treatment to UK higher education service providers, covering rights of establishment and rights to provide higher education through franchise and validation.
- Protects the recognition of UK professional qualifications, including where those qualifications have been obtained in third countries.
- Enables the mobility of professionals, including early career academics and graduate trainees, with minimal administrative barriers.

6.9 Bearing in mind provisions for each specific arrangement, and in the absence of an agreement that grants enhanced protection to UK TNE, universities will need to consider the legal basis for delivering activities in each specific territory, including the following issues:

- i. University staff travelling for professional purposes and graduates of TNE programmes will cease to be protected by the EU Directive 2005/36/EC on the recognition of professional qualifications.
- ii. In the EU, exporting member states are responsible for the organisation and evaluation of the courses and degrees granted by their higher education institutions, including those delivered in another member state. This may no longer apply from the end of the transition period, when TNE may be subject to local quality assurance processes.
- iii. Students currently studying on TNE programmes in the EU, and prospective students, may see changes to their rights following the end

¹⁵ <https://www.universitiesuk.ac.uk/policy-and-analysis/reports/Documents/2020/scale-of-UK-HE-TNE-Welsh-providers-2017-18.pdf>

of the transition period. The recognition of their professional qualifications, their immigration status or their right to work in the EU may be altered depending on the status of the programme and institution (see section below).

- iv. The protections of Directive 2006/123/EC on services in the internal market will no longer apply. Welsh and UK universities will be subject to local regulations at the national or sub-national level applying to third country providers following the end of the transition period. Ensuing discriminatory measures could include many administrative barriers such as equity ceilings, nationality requirements, restrictions on foreign teaching staff, subsidies to local providers, authorisation for establishment, economic needs tests, requirements to use a local partner and taxation of licensing/royalty payments.

6.10 UUKi's activity has already helped identify specific regulatory issues in countries such as Cyprus and some German länder (Bavaria and Schleswig-Holstein). In some of these territories, notably Cyprus, regulatory action has helped ensure that different modes of TNE such as franchise and validation continue to be accepted after the end of the transition period.

6.11 Future trade agreements should generally aim to enable conditions for enhanced cooperation in higher education and research, while acknowledging that follow-on discussions and/or separate agreements, including intergovernmental MOUs, technical agreements and strategic alliances between higher education institutions, may be the more appropriate channel to determine the details of implementation.

6.12 For future trade relations, Wales should project itself as a dynamic knowledge economy with many areas of excellence, including smart and flexible energy, nuclear energy, data, manufacturing and health. Universities also play a role in supporting small businesses, including SMEs, many of which go on to export internationally. It is important to note that Wales punches above its weight in terms of entrepreneurship – it has the highest number of graduate start-ups in the UK per capita and supporting their access to international markets also needs to be considered¹⁶.

6.13 It is essential that the Welsh Government, and the other devolved governments, are fully involved in the negotiations to shape a trade deal that works for all parts of the UK.

Recognition of UK qualifications

7.1 The Mutual Recognition of Professional Qualifications (MRPQ) Directive, the process where UK and EU nationals benefit from a simplified recognition

¹⁶ <http://uniswales.ac.uk/media/Graduate-Start-Ups-in-Wales-English.pdf>

procedure for certain regulated professions and automatic recognition for sectoral professions, will cease to apply in the UK after the transition period.

- 7.2 This means that, following the end of the transition period, it may be more challenging for graduates to pursue their chosen careers in an EU member state as mutual recognition could be lost. This could reduce the attractiveness of existing mutually-recognised courses to UK and EU students.
- 7.3 Some qualifications will remain unchanged even after the transition period. However, a number of qualifications will be impacted; UK nationals wishing to practise regulated professions in the EEA, (excluding those covered by the Withdrawal Agreement) irrespective of where they acquired their qualifications, and EEA citizens with qualifications acquired in the UK will need to have them recognised in the relevant Member State on the basis of that country's rules for third-country nationals and/or third-country qualifications.
- 7.4 For EEA nationals, the UK government introduced the Recognition of Professional Qualifications (Amendment etc.) (EU Exit) 2019 Statutory Amendment to ensure that professionals arriving in the UK with EEA and Swiss qualifications after the exit date will have a means to seek recognition of their qualifications. The amendment stipulates that a future system of recognition will be based on the qualification being from the EEA, rather than based on an individual holding EEA nationality. Authorities will assess that the professional qualification is equal in level, and that the scope and content of the training is equal to UK qualifications.
- 7.5 For EEA nationals possessing a qualification in a sectoral profession (doctors, nurses, dental practitioners, pharmacists, veterinary surgeons, lawyers, architects or engineers), amendments have been introduced for each sector. For sectoral professions in healthcare, the European Qualifications (Health and Social Care Professions) (Amendment etc.) (EU Exit) Regulations 2019 (for the recognition of sectoral healthcare professions) states that automatic recognition will be retained for two years, followed by a review by the relevant competent authorities.
- 7.6 Even if a free trade agreement between the UK and EU is to be reached, it will most likely not cover Mutual Recognition Agreements. The UK Government should work with Welsh Government, where relevant, to ensure that any future trade agreement provides a pathway for continued MRPQ and automatic recognition of sectoral professions to be mutually recognised across the UK and EU as far as possible, and clearly outline the regulations for third country/national recognition for UK acquired degrees in each EU27 member state following the end of the transition period.
- 7.7 The Welsh Government should seek clarity from the UK government to provide targeted guidance to EU students wishing to study as sectoral professionals, clearly explaining the rules of recognition on graduation. This is important

particularly for universities attracting EU students to their courses usually covered by this directive.

7.8 The Welsh government should consider how it might use its relationships with other governments around the world to influence the policy and regulatory conditions in the many countries in which Welsh universities are active, where doing so would unlock opportunities to advance mutual interests.

Data Protection

8.1 The impact of the end of the transition period on supply chains and other essential services and processes, including data protection, also remains uncertain.

8.2 The General Data Protection Regulation (GDPR) will cease to apply to the UK after the transition period, and no agreement has yet been reached on data protection from 1 January 2021. Without an 'adequacy' decision from the EU, personal data flows between the EU/EEA and the UK will become restricted without sufficient safeguards (e.g. Standard Contractual Clauses, Binding Corporate Rules) in place.

8.3 Data protection is an area of regulation that is critical to the functioning of university research and innovation. A possible delay or failure to obtain an adequacy decision will affect transfers of data from the EU to the UK, and could result in a possible halt on the free flow of personal data between the UK and EU/transfers of data and disruption to the use of clouds based outside the UK.

8.4 Universities will now have to consider reviewing data transfers, including new clauses into existing contracts, and consider all data flows, such as cloud services based in the EU/EEA, HR and payroll services outsourced within the EU/EEA or research data and databases based in the EU/EEA.

Looking forward

9.1 Given the scale of the challenges facing Wales in the coming period, including the impact of COVID-19 on Wales, the Welsh Government should ensure that Welsh universities are fully involved and their expertise utilised, in the government's plans for, and transitioning to, a post EU Wales.

9.2 Universities in Wales are committed to working with Welsh Government and others to navigate the best course for Wales and the rest of country in a post-EU UK. Whilst the process of exiting the EU will bring challenges, universities welcome the opportunity to continue contributing to shaping solutions, and we are committed to maximising the opportunities it will present for Wales.

Universities Wales past consultation responses in relation to the UK exiting the EU.

<https://uniswales.ac.uk/media/Universities-Wales-response-to-the-Welsh-Government-consultation-Framework-for-Regional-Investment-in-Wales.pdf> (June 2020)

<https://uniswales.ac.uk/media/Universities-Wales-response-to-the-UK-Parliament-call-for-evidence-on-Wales-and-the-Shared-Prosperty-Fund.pdf> (April 2020)

<http://uniswales.ac.uk/media/Universities-Wales-reponse-to-inquiry-on-Brexit-and-trade-implications-for-Wales.pdf> (April 2020)

<https://uniswales.ac.uk/media/Unis-Wales-Response-EAAL-consultation-Mobility-after-Brexit.pdf> (Sep 2019)

<http://uniswales.ac.uk/media/Unis-Wales-response-Regional-investment-in-Wales-after-Brexit.pdf> (March 2018)

<http://uniswales.ac.uk/media/Unis-Wales-EAAL-consultation-response-0311.pdf> (Nov 2017)

<http://uniswales.ac.uk/media/Unis-Wales-response-to-EU-Withdrawal-Bill-consultation-20170904.pdf> (Sep 2017)