

Brexit & UK higher education: turning a challenge into an opportunity

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Higher education is a jewel in the UK crown with the potential to become one of the country's most important industry sectors in the next ten years. The UK's withdrawal from the EU, however, incurs significant risks for the sector. Without careful negotiation and adequate planning, Brexit could lead to the decline of both the domestic and international success of the sector. The decision point is now - UK universities and colleges can either continue to flourish, or risk relative decline, becoming perhaps a Brexit casualty.

The higher education sector in the UK consists of 162 universities; there are also colleges, further education institutions and private providers. The complicated nature of the sector hampers the development of a unified strategy, clear planning and leadership. The sector is of vital importance because it affects not only students and academic staff, it also has a significant impact on the UK economy. To put this in numbers: the higher education sector, including knock-on effects, contributed some £95 billion to the UK economy in 2014-2015 and supported more than 940,000 jobs, or 3 per cent of the total, across the UK. The direct contribution to GDP was £21.5 billion, which amounts to 1.2% of the UK's total GDP. The sector has an average annual growth rate of 5% giving it the potential to become one of the leading industries in the UK. It is also the fifth-largest export sector in the UK. Higher education reached £13.1 billion in export earnings in 2014/2015 and has the target of £30 billion per annum by 2030. The UK attracts students, researchers, and investors with its world-leading research, well-established international reputation and the benefit of the English language.

Moreover, the UK benefits greatly from R&D taking place in the country's universities. British research is perceived internationally as excellent and highly productive. The UK has only 4.1% of the world's researchers but 15.2% of the world's most highly-cited articles due to higher academic productivity than the world average. Furthermore, some of the world's leading technology companies base their research and manufacturing facilities here in order to have access to UK research and UK scientists. That UK scientists and other academics have changed the world of science and the arts and is widely recognised. The non-financial aspect of the sector, often ignored, is equally important. British universities generate skills, attract talent and act as civic leaders for their local communities. Social consequences are difficult to measure but should not be ignored in the discussion about the importance of the sector.

Three main factors threaten the future of the sector: insufficient security of funding, lack of leadership, and Brexit uncertainty. Inadequate security of funding concerns the financial income of UK universities. Only 18% of university income now comes from government funding and the larger amount is from EU sources (including fees from UK students). Teaching fees paid directly by students allow the universities to be independent and have control over their actions. On the other hand, this independence makes sector-strategic planning difficult to achieve and this is one of the reasons for rising disparity between universities. Some top universities, including those in the Russell Group, and leading institutions in London and Scotland, have strong international reputations, independent networks involving industries and overseas

institutions, sufficient funding and high numbers of non-UK students and academic staff. In other words, they are more able to successfully meet the challenges facing the sector and will be less affected by Brexit. The rest of the higher education institutions in the UK do not enjoy the same freedom and are more vulnerable to changes in the political and economic conditions in which they operate. This group tends to focus more on teaching than on research and thus fares badly in the competition for public funding and international rankings, which discriminate in favour of research-heavy institutions.

The biggest current problem arises from the uncertainty caused by Brexit. The UK's negotiations with the EU are still ongoing but have not given close attention to higher education. It is not an exaggeration to say that the future of the sector is at the stake. UK research is highly dependent on EU funds and particularly the European Framework Programmes which account for 11% of UK research income. The UK research dependency on the EU exceeds the financial benefits it receives. In the past decade, 30% of all UK papers were written in collaboration with EU researchers. The UK higher education sector is thus closely linked to EU institutions, academic staff, and students.

Many non-UK EU researchers and students prioritise the top UK universities, so the change caused by Brexit may make the distribution of EU students and academics in the UK more uneven. Given the importance of fees from both these sources for university income, this change could widen the gap between top and other universities in the country, hindering the development of the sector. The problem lies not just in the UK's decision to withdraw from the EU, but also in the uncertainty regarding future plans for the sector. Research and education require long-range planning and the UK government's short-termism has already had an impact. There is a real risk of the decline of higher education in the UK if it is left without proper leadership and a clear and financially viable path through Brexit and beyond.

What can we do to safeguard the future of UK higher education? The short-term focus should be on addressing Brexit uncertainty. Ideally, a deal needs to be negotiated and agreed upon as quickly as possible because any further uncertainty will only delay existing and future projects and slow down the development of the sector. The UK government needs to prioritise migration and research during the negotiations. An ideal scenario would be for students and academic staff to be excluded from any migration targets and restrictions relaxed on post-graduates remaining in the country. The government should also promote UK-based higher education abroad and attract non-UK EU students by confirming their preferential charges that currently apply ('home fees') and the availability of tuition loans in the long-term. The UK should also seek to remain in the Erasmus plus programme for education, training and sport, or create its own alternative mobility scheme.

Longer term, more cooperation between universities, perhaps involving sectoral or research specialisation, could enable a rapid growth of the sector and a competitive edge over higher education institutions abroad. The higher education sector in the UK

might also benefit from a structural change with some institutions focusing on research activities and some on teaching and vocational training.

From a research perspective, Britain should have two priorities: firstly, a continued focus on excellence as the only criterion for funding research and secondly, establishing the conditions for future participation in the vital funding opportunities of Horizon 2020 and Horizon Europe. The UK needs to make efforts to obtain the status of an associate country in the European Framework Programmes to have access to the research budget.

Ultimately, the UK government faces two broad alternative choices for higher education: a laissez-faire approach with troubleshooting interventions when things go wrong, or a proactive, radical leadership approach. A laissez-faire approach preserves the current independence of the UK universities and their links with institutions abroad. Universities would still be in charge of their funding, partnerships, and investments. However, this approach would favour the top universities and possibly increase imbalances between top universities and others. It would make coordinated sectoral and geographical specialisation more difficult and these factors could slow down, or even stop the previous rapid growth.

The second approach, radical leadership, would involve strong support of higher education from both central and local government. A comprehensive strategic plan would address local imbalances, regional specialisation, and industry links, as well as the need to attract overseas investment and international research collaboration. The UK government could consider using its control over public funding to divide the UK universities into two categories one focusing on academic studies and the other on vocational training.

On balance, the radical leadership approach is likely to have more positive consequences for the sector. However, the final solution may be a compromise which ensures strong support from the government but retains considerable freedom and independence for universities.

From this we can conclude that the most important conditions required to help the higher education sector succeed and grow are a rapid Brexit deal focusing on migration and research, the recognition of the need for strategic government financial support, and the development of a long-term strategic planning framework. Additional factors which would help the sector to develop are clarity on how best to provide vocational training, initiatives to assist regional specialisation and develop industry links, and initiatives to strengthen and build international research collaboration.

The UK higher education sector has the potential to become one of the leading industries and maintain its excellent international reputation. To address the challenges that it currently faces and reach its full potential in the future it needs strong leadership, strategic investment, and long-term planning. The radical leadership approach and the associated recommendations would provide a sense of overall direction for all the higher education providers in the country. This approach would

improve regional balance and the contribution of top universities. The sector is world class and has a reputation to match. It has strengths that overseas competitors cannot easily match. UK higher education currently makes a big contribution to the UK economy. It has the potential to increase this and deserves a high priority in the UK strategy to overcome the hurdle of Brexit.