

**IUA Submission to
Seanad Special Select Committee
on the Withdrawal of the UK from the EU**

9 October 2019

1. Introduction

We would like to thank the Chair, Senator Neale Richmond, and the Committee members for inviting the Irish Universities Association to address the Committee.

We would like to start by highlighting the importance of higher education and research to the Irish economy and the role it plays in protecting Ireland from global crises before discussing Brexit specifically in terms of higher education and research.

2. The importance of higher education and research to the Irish economy

Ireland's economic success is dependent on our capacity to compete globally in a fiercely competitive knowledge economy. As a small open economy within the EU, we have succeeded in attracting a disproportionate level of inward investment from a range of global leaders in the technology, pharma and medical devices sectors. Our successes in attracting Foreign Direct Investment, combined with the development of a thriving indigenous SME sector, enabled us to recover rapidly from recession and emerge as one of the fastest growing economies within the EU, all within a single decade. Ireland's universities now contribute 9 billion euros annually to the economy¹.

It is well recognised that our pool of high-quality talent and our capacity for innovation at a globally competitive level across a range of industries is central to that achievement. Universities and the other third level institutions are the engine rooms for the production and nurturing of that talent and for cutting-edge research and innovation.

In the early years of this 21st century, the Irish universities and higher education institutions experienced unprecedented investment in higher education and research that approached that of their competitors in Europe, and Ireland thrived on the global stage. The world ranking of Irish universities improved dramatically during this time with UCD and TCD both entering the top 100.

¹ Indecon Impact Assessment of Irish Universities, 2019

And Ireland moved swiftly up the league table in the global scientific rankings reaching 10th place in 2016 following significant State investment in the preceding years through Science Foundation Ireland and the Programme for Research in Third-Level Institutions.

The inheritance from this progressive approach to investment in higher education and research helped guide us through the worst years of the recession, as highly qualified graduates, knowledge transfers from research and university-industry partnerships all contributed significantly to a knowledge-led economic recovery. Even in the worst years of the recession, the unemployment rates of newly qualified university graduates were 50% lower than those of the general labour force².

With the UK's impending departure from the European Union, we are now faced with another crisis, in which higher education and research likewise have a significant role to play. There are a number of challenges and threats that we will outline below, but there are also some opportunities which we will highlight along with the actions that need to be taken to capitalise on these.

3. Challenges

3.1 Research

The UK is Ireland's most significant partner in terms of co-authored research publications (15,158 between 2014 – 2018) and is Ireland's third most prevalent collaborator in the EU research programme, Horizon 2020, accounting for 10% of all collaborations. There are a number of concerns if the UK is no longer a participant in European Programmes and even if their status is modified to a third-party country.

- Difficulties for current EU projects with UK-based partners which may have consequences for research funding drawdowns.
- Negative impact on future EU applications if strategic UK partners cannot participate in funding calls.
- Loss of strategic UK partners with an impact on future proposals/influence capability at DG Research & Innovation with long term impacts on research funding.
- Overall reduction of funding available for Horizon Europe (successor to Horizon 2020) programmes due to budget reduction.
- Outside of EU programmes, potential reduction in funding from UK-based funders if rules are changed re-participation of Irish-based researchers (examples Wellcome Trust, DFID).

² Higher Education Authority First Destination reports

3.2 Education

In 2017/2018, there were 9,600 Irish domiciled students enrolled in UK universities³. Of these, 5,160 were in England, 2,120 in Northern Ireland, 1,890 in Scotland and 430 in Wales. Overall, this is nearly equivalent to the size of Maynooth University or two average Irish IoTs. The UK has traditionally acted as a “safety valve” for capacity issues in Irish higher education, both in terms of overall student numbers but also in specialised fields of study where our own domestic provision is limited or non-existent.

However, these figures are down -23% from ca. 12,500 in 2012/2013 (HESA data). Alongside the increase in student fees in England and Wales in 2012, Brexit is surely affecting student/family decision making.

In 2017/2018, there were 2,524 students from the UK in Irish higher education institutions, of whom over 70% were in the seven universities. Of these, 864 students were from Northern Ireland and 1,660 students from Great Britain⁴.

In terms of UK undergraduate students in Ireland, the numbers applying through the CAO have decreased significantly since 2016. 2019 saw further decreases in the numbers of both Northern Ireland (-18%) and Great Britain (-13%) applications. Brexit appears to have reversed the gains of incoming UK students that had been made up until 2016.

- Decreased student mobility on a North-South and East-West basis is exacerbated by Brexit, and in turn weakens all-island cooperation, social and economic interaction, and general good neighbourliness across these islands.

The IUA welcomed the Irish and UK Governments’ Memorandum of Understanding signed in May 2019 which guarantees that the reciprocal rights and privileges offered by the Common Travel Area (CTA) will continue after the UK leaves the EU, including Irish and British citizens right to access all levels of education and training, and employment rights for university staff.

However, this overarching MOU does not per se guarantee the same financial treatment of Irish and UK students within this future scenario. It is our understanding that the Government intends to sign a sectoral MOU with its UK counterparts to ensure that Irish students who may study in the UK in the future are subject to the same financial terms and conditions, including eligibility to grants and loans, as UK students, and vice-versa for UK students studying in Ireland. However, at present, this sectoral MOU has not been finalised.

- Uncertainty remains regarding the future fees status of Irish students in the UK and UK students in Ireland, contributing to the ongoing decline in student mobility.

³ UK Higher Education Statistics Agency

⁴ Higher Education Authority Statistics

2017 saw a +17% increase in applications from students from other EU countries (not Ireland or UK) to Ireland, with a further +5% and +9% increases in 2018 and 2019 (CAO data). The Irish universities warmly welcome this trend, which is good for diversity on our campuses and allows Irish students to study and work alongside colleagues from different cultures, thus also preparing them for a diverse future.

- However, these increases in EU applications (many of which are from high achieving students, already proficient in English), alongside the smaller numbers of Irish students studying in the UK, are likely to put further pressure on existing infrastructure across Irish universities.

Of course, the broader economic impact of Brexit on the Irish economy is as yet unknown but could be very significant. It is highly likely that this will have a detrimental effect on exchequer income and hence on the government's ability to fund public services such as higher education and research.

- However, given the experience of the most recent economic downturn where the knowledge-intensive economy was key to a rapid recovery, the IUA argues that government should protect and indeed boost investment in higher education and research in order to ensure the substantial economic and social dividends that these are guaranteed to pay back.

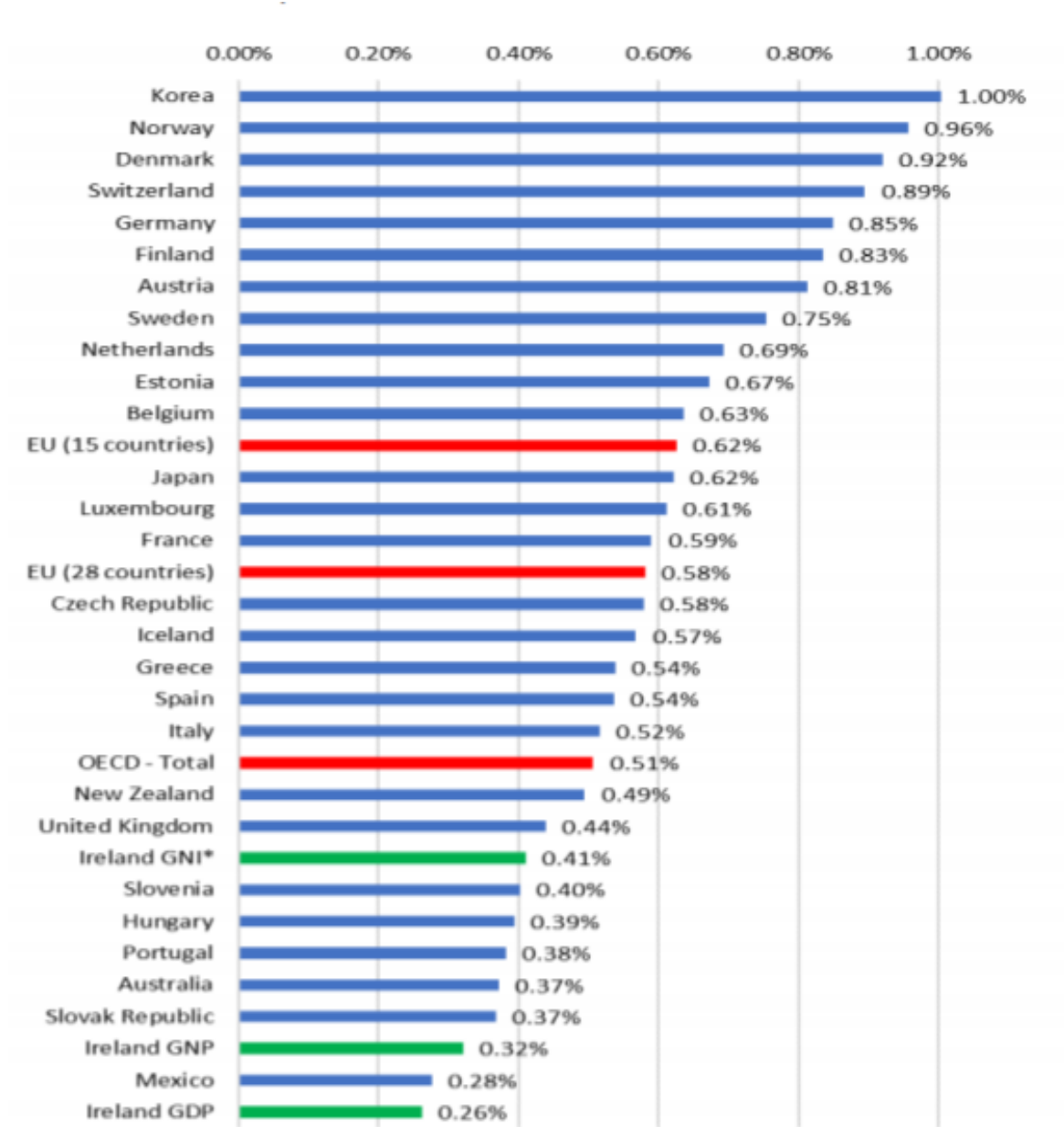
4. Opportunities

4.1 Research

While there is no doubt that Brexit presents substantial downsides for education and research in Ireland, one of its potential opportunities is the possibility to recruit outstanding talent, from senior academics through to PhD and undergraduate students, from the UK and internationally. As already stated, high-quality human capital and our capacity for innovation are central to Ireland's international competitiveness and our knowledge economy. A Brexit-driven augmentation of our home-grown talent with additional excellent academics and students from across the globe, would present a significant boost to Ireland's standing and performance.

To capitalise on this opportunity however, Ireland must be an attractive place for the brightest minds to decide to move here. While it is helpful that we are an English-speaking country, many other factors come in to play when deciding to establish oneself in a particular country. For researchers and top academics, a national funding system that values basic, discovery research alongside applied research is of paramount importance. Additionally, such talent expects to work in labs that are at least on par with those they are leaving behind. The same is true of Ireland becoming a research partner of choice for leading European and international research-intensive universities. Ireland's exchequer (Government Budget Allocations for R&D (GBARD)) currently

invests €180 million less in R&D than it did in 2008. The R&D budget expressed as % of economic activity (% GDP/GNP/GNI*) is one of the lowest of OECD countries (see graphic below).



International Comparison – GBARD as % of GDP & GNP/GNI* for Ireland, 2016 (Source OECD)

As Prof. Hugh Brady, former President of UCD and now Vice-Chancellor at the University of Bristol, stated at the British Irish Chamber of Commerce meeting last week, the Irish research environment is now seen by many abroad as significantly inferior to most major competitors. We

can talk today about specific initiatives and measures that will help to ease the negative impacts of Brexit but to really achieve any positive benefit, we need an appropriately resourced higher education and research system that is on par with our competitors. Such investment in the early 2000s paid dividends during the financial crisis. A similar approach is required to protect and strengthen Ireland in this Brexit era.

- Increase national investment in R&D to 2.5% of GNP, according to the targets laid out in the Government's "Innovation 2020" strategy, Ireland's roadmap for continuing progress towards the goal of making Ireland a 'Global Innovation Leader.'
- In order to ensure continued close collaboration on research and innovation links to the UK, including Northern Ireland, even if the UK no longer participates in Horizon's Europe research programmes, we are echoing the call made by the British-Irish Chamber of Commerce in its 2020 Pre-budget Submission to boost existing bilateral research mechanisms between Ireland and the UK with the creation of a dedicated 20 Million Euro UK-Ireland bilateral research stream, with equivalent funding from the UK.

The discontinuation of EU funding in Northern Ireland would pose a significant risk to a number of cross-border projects. The previous UK Withdrawal Agreement provided for the completion of the current PEACE and INTERREG programmes without interruption, but this is now uncertain. However, the European Commission has committed to continuing the PEACE programmes on an all-island basis until the end of 2020 in the event of a no deal, and has included proposals to continue and strengthen cross-border support for peace and reconciliation in the border counties of Ireland and Northern Ireland after 2020.

4.2 Education

As mentioned earlier, there is considerable uncertainty for students regarding their future fees status if they should choose to study elsewhere across these islands. The Irish university sector is particularly keen to ensure ongoing student mobility on a North-South basis, to underpin cultural, social and economic dialogue and cooperation on an all-island basis, and on a broader East-West basis also.

- We would therefore request the Seanad Special Select Committee's assistance with ensuring the proposed sectoral MOU between the Irish and UK Governments on this topic is signed. Failing that, the universities would request that unilateral steps are taken to guarantee that UK students coming to Ireland for the purposes of higher education are eligible for "free fees" and SUSI grants on the same terms as Irish students.

While some aspects of the Brexit-related rhetoric from certain sources in the UK about foreign students (both EU and non-EU) appears to be designed to discourage foreign students from considering the UK as a welcoming study destination, the overall attractiveness of many leading

UK universities is unlikely to change overall, particularly are they become more sophisticated in their marketing and recruitment strategies. Indeed, the UK government has recently extended its visa stay-back option to 2 years for international graduates. It is, however, clear that due to Brexit some international students will also seek alternative destinations. Ireland is well placed to capture some of these, and indeed has already begun to do so, with the universities welcoming both this additional diversity on campus and the international contacts and partnerships which can arise from these, as well as the additional income these students bring.

As mentioned earlier, Brexit is also resulting in greater numbers of European students applying to study in Ireland. One considerable opportunity in this area is to increase Irish participation in the Erasmus+ programme, in terms of both Irish and European student mobilities, particularly if the UK is no longer participating and large numbers of EU students are looking for alternative destinations.

However, significant capacity issues arise in the case of additional EU and non-EU students. Given ongoing growth in domestic student numbers, any growth in international student numbers risks the displacement of less competitive domestic students.

- In order to overcome these capacity issues, the Government should commit to putting in place a sustainable funding model for higher education, and to plug the funding gap over a series of budgets. The IUA has published a “Cassells Scorecard”, which looks at actual exchequer funding for higher education against the recommended amount outlined in the Cassells Report. This illustrates a real deficit in 2019 of €138 million as against the Cassells recommendation.

Conclusion

We would like to thank the Seanad Committee for offering us this opportunity to present a very brief overview of the main challenges and opportunities raised by Brexit for the Irish universities. These highlight in turn the need for a sustainable funding model for Irish higher education and a significant increase in Irish spend on research and innovation, if we are to overcome these challenges and capitalize on the opportunities.

We would be delighted to discuss any of these and other relevant issues with the Committee.