Brexit Update

This document was updated on 11 December 2020. Updated text has been highlighted.

General Political Update

The Withdrawal Agreement Bill (WAB) entered into Law on 23 January 2020 and was signed by the European Commission on 24 January. The UK therefore left the EU on 31 January, entering the transition period until 31 December 2020. During this time, the UK remains a member of the customs union, free movement of people continues and UK institutions continue to be able to access EU funding sources.

The UK and European Commission are currently negotiating the terms of the UK’s future relationship with the EU. As well as the future trading relationship, negotiations will also cover issues which directly impact colleges and universities, such as potential future association to Erasmus+ and Horizon Europe.

We do not yet know the extent to which a negotiated exit deal might include transitional arrangements on education which stretch beyond 2020.

SFC will update this document as we receive relevant information.

There is still the potential that the UK will exit the EU with “no deal” on the future relationship if the two parties cannot reach agreement as part of the negotiations. It is important to emphasise that this is a different type of “no deal” to the one that was commonly discussed in the lead up to the previous Brexit deadlines in March and October 2019, which related to the terms of the exit agreement. However, the potential remains for this to impact on the future arrangements for educational issues.

Fees for EU students up to 2020-21

The Scottish Government has confirmed it will meet the cost of tuition fees for eligible EU students starting their course in academic year (AY) 2019-20, and AY 2020-21, for the duration of their course. This includes eligible articulating students starting Higher National courses who progress directly to year two or three of a degree and students undertaking planned intercalating years. EU students who begin their courses between 1 January and 31 July 2021 will also be eligible for free tuition, although if they arrive in the UK after 1 January 2021 they will require a visa to enter the UK (see ‘Immigration’ section below).
Change in Fee Support for EU Students from 2021-22

On 9 July 2020, Scottish ministers confirmed that as a result of Brexit, higher education students coming from the EU to attend Scottish colleges and universities will no longer qualify for tuition fee support beyond AY 2020-21. Home fee status for EU students coming to study in Scotland will come to an end after AY 2020-21.

Institutions will be able to charge EU students international fees from AY 2021-22. The Scottish Government will make the necessary legislative changes to permit institutions to no longer charge the home fee rate to EU students and to remove entitlements of EU nationals for student support.

Under the Common Travel Area agreement between the UK and Ireland, students from the Republic of Ireland will be subject to different arrangements to other EU students. Future arrangements for Irish students are currently being discussed between the Scottish, Irish and UK Governments. SFC will provide updates to the sector as we receive further information on this.

SFC core funding to institutions is dependent on student eligibility for free tuition and therefore from 2021-22, universities and colleges will no longer be able to count students coming from the EU to study in Scotland as ‘eligible for SFC funding’. Ministers have committed that resources freed up by this change will remain within the college and university sectors, to be used to support additional Scottish students and also to establish scholarships for EU and international students. The detail of this will be determined by future budget settlements, and considered as part of the SFC Review and in discussion with the sectors.

It should be noted that the above changes apply to students resident in the EU who are starting courses in Scotland from 2021-22 onwards. EU nationals who are resident in the UK prior to 31 December 2020 and who have settled or pre-settled status (see ‘Immigration’ section below for further details on this) will continue to have the same rights as other UK citizens, including eligibility for free tuition.

Erasmus+

The UK remains a full member of the Erasmus+ and European Solidarity Corps (ESC) programmes for the remainder of 2020. All existing Erasmus+ and ESC projects that have a contract to deliver funded activities are advised to continue to do so. Organisations intending to submit applications for funding should also continue to apply as planned during 2020.

The next Erasmus+ programme covers the period 2021 – 2027. On 8 January, MPs voted against the proposed amendment to seek to negotiate continued full membership of the EU’s Erasmus+ education programme beyond the transition
period. However, a Department for Education spokesperson said: “The Government is committed to continuing the academic relationship between the UK and the EU, including through the next Erasmus+ programme if it is in our interests to do so... As we enter negotiations with the EU, we want to ensure that UK and European students can continue to benefit from each other’s world-leading education systems.”

The UK Government’s decisions on Erasmus+ will be driven by the outcome of the Brexit negotiations and by future Spending Review and longer-term value-for-money considerations. In addition, UK Ministers have indicated that their officials are also exploring potential domestic alternatives to the Erasmus+ programme, as a back-up position. The UK Government’s Spending Review statement published on 25 November 2020 notes that the settlement “provides funding to prepare for a UK-wide domestic alternative to Erasmus+, in the event that the UK no longer participates in Erasmus+, to fund outward global education mobilities. The government will set out further details in due course.”

Meanwhile, the Scottish Government has signalled its strong support for continued participation in Erasmus+ and has stated that it will explore the possibility of Scotland associating to the scheme if the UK Government decides not to pursue association.

We await the outcome of the negotiations on Erasmus+ and will update the sector as more information becomes available.

**Research**

UK scientists, researchers and businesses can continue to participate in, bid for and lead Horizon 2020 programmes. In addition, they can continue to receive EU grant funding for the lifetime of individual projects, including projects finishing after the transition period ends in 2020. Scottish organisations are encouraged to fully participate in the scheme and proceed with planned Horizon 2020 activity.

A very limited number of UK Horizon 2020 projects, which involve access to security-related sensitive information restricted for EU Member States, may be unable to continue after EU Exit in their current form. The European Commission will directly inform participants if this is the case. Any affected UK grant holders should contact UKRI at EUGrantsFunding@ukri.org.

Beyond the transition phase, the UK Government’s stated position is that it prefers the option to associate to Horizon Europe (Horizon 2020’s successor which is due to begin in 2021). Influencing factors are the EU regulations for association and third countries and the UK Government’s longer term value-for-money considerations and immigration policies. The UK Government’s Spending Review statement published on
25 November 2020 notes that discussions on association to Horizon are ongoing, as part of wider negotiations on the UK’s future relationship with the EU.

The UK Government has also commissioned the Smith Review and established a Horizon Europe Alternatives Board and a Stakeholder Working Group on EU Exit, Universities, Research and Innovation to consider potential alternatives to Horizon participation.

The Scottish Government has indicated that it is keeping all options on association to Horizon Europe and/or on domestic alternatives open.

Closely linked to these areas of research policy will be the UK’s post-Brexit immigration policy on global talent (see section below for more details). We will update the sector as more information becomes available.

**Immigration**

EU citizens (except those from the Republic of Ireland) resident in the UK before 31 December 2020 will have to apply for ‘settled status’ if they wish to remain living and working in the UK after that date. To be eligible for ‘settled status’ they will need to have lived continuously in the UK for at least five years. Those who have not lived continuously in the UK for five years and want to stay will have to apply for ‘pre-settled status’. Once they have been resident for five continuous years, they can apply for ‘settled status’. EU citizens with settled or pre-settled status can continue to live, work and/or study in the UK with no restrictions. This will include full access to healthcare and - where eligible - public funds, tuition fee support and student funding.

On 13 July 2020, the UK Government published a summary of its points based immigration system. These new arrangements will take effect from 1 January 2021, once freedom of movement with the European Union (EU) has ended. Institutions should monitor the UK Government website. At present, the website provides summary information on:

- Student visa routes.
- The new graduate immigration route which allows international students who have completed a degree in the UK to remain in the UK for up to two years following their studies, or three years for PhD graduates.
- The Global Talent Scheme for highly-skilled scientists and researchers. This scheme will be administered by UKRI and replaces the Tier 1 (Exceptional Talent) visa. Further detail on the Global Talent Scheme is available on the UKRI website.
- The points-based immigration route for skilled workers who have a job offer from an approved employer sponsor.
The Home Office has also released a series of podcasts on recruiting staff from outside the UK after 1 January 2021:

- **Apple Podcasts**: [https://podcasts.apple.com/ie/podcast/intelligencesquared/id708371900#episodeGuid=c6a89f3e-838a-460c-9dc4-8f7c651d3958](https://podcasts.apple.com/ie/podcast/intelligencesquared/id708371900#episodeGuid=c6a89f3e-838a-460c-9dc4-8f7c651d3958)
- **Spotify**: [https://open.spotify.com/episode/4ljr2e4DONeYmDToPBykds?si=p83RqzWtTG6y73WX2TeRPQ](https://open.spotify.com/episode/4ljr2e4DONeYmDToPBykds?si=p83RqzWtTG6y73WX2TeRPQ)

**Skills and workforce implications for Scotland**

There are concentrations of EU nationals working in some of Scotland’s key labour market sectors and geographic regions. Scottish Government analysis shows some of the workforce sectors and geographic regions with the highest concentrations of EU nationals. We are aware that if the numbers of EU nationals working and studying in Scotland decrease, then this could result in skills shortages or compound existing shortages.

There is also the potential that key industries and employers will leave Scotland or become unviable as a result of skills shortages and/or economic factors – particularly if the UK and EU are unable to agree a future deal – leading to localised problems in certain Scottish geographies. This issue will be strongly influenced by the decisions that the UK Government takes on future immigration policy (see previous section).

The impact of Brexit on the further and higher education sectors, and the wider Scottish economy and labour markets, is further exacerbated by the external shock of the COVID-19 emergency. The joint impact of Brexit and COVID-19 is expected to present a number of challenges in the years to come. SFC has been asked by Scottish Ministers to conduct a review to consider how best to achieve coherence and sustainability in the future delivery of further and higher education taking account of the joint impact of the COVID-19 crisis and Brexit transition. You can read more about the review on the SFC website.

**EU Structural and Investment Funds / UK Shared Prosperity Fund**

During the transition phase, organisations in the UK can continue to participate in, bid for and lead projects funded through EU Structural and Investment Funds. Organisations can continue to receive EU grant funding for the lifetime of individual projects, including projects finishing after the transition period ends in 2020. Scottish
organisations are encouraged to fully participate in these projects and proceed with planned activity.

The UK Government has stated that it will provide successor funding to EU Structural and Investment Funds through its proposed UK Shared Prosperity Fund (UKSPF). Its Spending Review statement published on 25 November 2020 sets out some initial detail on UKSPF, indicating that it will operate UK-wide, using the new financial assistance powers in the UK Internal Market Bill. Priorities for investment will include training and upskilling. For 2021-22 there will be £220million additional funding to help local areas prepare introduction of the UKSPF and, in the longer term, funding will increase to around £1.5 billion a year. The UK Government will publish further details on the UKSPF next year.

The Scottish Government and the Scottish Parliament’s Finance and Constitution Committee have previously consulted on the replacement of EU funds. On 19 November 2020, the Scottish Government published plans on how it will direct any share it receives of the UKSPF. The Scottish Government is now seeking clarification on the implementation of the UKSPF as it will apply in Scotland and on the allocation of additional funding in 2021-22.

We will update the sector as more information becomes available on the UKSPF.

**No deal contingency planning and business continuity**

As stated above, there is still the potential that the UK will exit the EU without the two parties having reached a deal on their future relationship. Last year, SFC published no deal guidance on issues that might have impacted institutions should the UK and EU have been unable to reach agreement on an Exit Deal. The advice in last year’s no deal guidance relating to business continuity remains relevant in the current context. Institutions may wish to review and refresh their business continuity plans taking account of current circumstances.

**Future communication and further information**

SFC will continue to monitor the negotiations on the future relationship between the EU and UK. We will keep universities and colleges informed through our Brexit web page, our network of Brexit contacts, college and university visits, and group meetings.

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