Update on the UK’s relationship with the EU

This document was updated on 15 January 2021. Updated text has been highlighted.

General 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. Following months of negotiation, the UK and European Union have since agreed a deal that will define their future relationship (how the UK and EU will trade, live and work), a deal which came into effect on 31 December 2020. Decisions are still being made on data sharing and financial services.

SFC will update this document as we receive relevant information in relation to education.

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 will withdraw from Erasmus, with only students in Northern Ireland continuing to participate in the scheme. Instead, the UK Government has proposed a new Turing Scheme (named after Alan Turing) which looks to global, rather than just EU opportunities for students. However, the absence of funding support for incoming students (with only outbound students benefitting from support) has attracted criticism, with EU students also having to pay additional costs for visas and healthcare following Brexit.

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. Whilst education is a devolved matter, to be part of Erasmus requires signing up to the relevant EU law which defines which states can participate – the problem for Scotland is that relations with the EU is actually reserved under Schedule 5 of the Scotland Act 1998 and obviously the UK Government is unlikely to want to undermine its own new Turing Scheme. Financial and political positioning will play a part here and we will update the sector as more information becomes available.

**Research**

The UK-EU trade deal agreed on 24 December 2020 outlined the UK’s eligibility for participation in certain EU programmes including Horizon Europe, Horizon 2020’s successor programme for research & innovation. It is anticipated that the UK will secure full association to Horizon Europe on equivalent terms as Member States and other Associated Countries when full details are confirmed when the underpinning programme regulations are ratified by the EU in January/February 2021. The Trade and Cooperation Agreement outlines the key areas of negotiation including participation and access to the programme, governance and financial contribution.

Therefore we anticipate that UK researchers will be able to access funding via all parts of Horizon Europe, notably Pillar 1 (Excellent Science including the European Research Council, ERC, and Marie Skłodowska-Curie actions, MSCA, programmes), Pillar 2 (Global Challenges and Industrial Completeness) and Pillar 3 (Innovative Europe). For the European Innovation Council (part of Innovative Europe) UK participants will not be able to access the EIC equity fund (the Accelerator Fund) but will continue to be able to apply for grant funding.
The ambition is that UK researchers will be able to participate from the beginning of the programme and be able to bid for Horizon Europe funding calls as soon as they come online (expected to be in the Spring). At this stage, the advice to the research & innovation community is to consider the programme as if the UK is a full member and to plan to participate and bid for funding as normal.

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.

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**

The UK has been part of EU Regional Policy since its inception in the 1970s, and the funding has played a key role in local and regional economic development, however this participation has now ended following the UK’s exit from the EU.

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](https://www.gov.uk/government/publications/spending-review-2020) 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](https://www.parliament.scot) have previously consulted on the replacement of EU funds. On 19 November 2020, the Scottish Government [published plans](https://www.gov.scot/news/2020/11/202011190934501/) 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.

**Future communication and further information**

SFC will continue to monitor the negotiations on the future relationship between the EU and UK and keep universities and colleges informed. For further information, please contact: [policy@sfc.ac.uk](mailto:policy@sfc.ac.uk).