



Advisory Group on Strategic Responses to Brexit

An overview of the impact of Brexit scenarios
on the University of Cambridge



UNIVERSITY OF
CAMBRIDGE

May 2018

Table of Contents

1. Introduction.....	1
1.1. Background.....	1
1.2. Objectives and methodology	1
1.3. Brexit scenarios.....	2
1.4. Issues considered	3
2. Summary of key recommendations.....	4
3. Detailed scenario planning	7
3.1. Funding.....	7
3.2. People.....	14
3.3. Collaboration.....	18
3.4. Commercial operations	21
3.5. Infrastructure & buildings.....	23
4. Conclusion – next steps.....	25
5. Appendices	25
5.1 EU Advisory Group membership	25
5.2 Research funding	26
5.3 Industrial income	27
5.4 Endowment	31
5.5 Staff & Students	32

1. Introduction

1.1. Background

The UK's decision to leave the EU is likely to have major repercussions for the University of Cambridge and for the higher education sector in general. In 2017, 19.6% of the University's staff, 11% of its undergraduate students and 24% of its postgraduate students were from non-UK EEA countries. The financial value of EU research funding to the University has increased in recent years, and now accounts for close to 18% of the University's total research income.

This level of EU research funding, and the proportion of non-UK EU staff and students who contribute to the mission and operations of the University of Cambridge, mean that the University is highly vulnerable to the outcome of the Brexit negotiations.

On 19 March 2018, the UK and EU reached a Draft Agreement on the terms of a transition period that will run from the end of March 2019 to December 2020. In effect, it will function as an additional period of negotiation over the terms of the future relationship between the UK and the EU. Few details on the future relationship between the UK and the EU are known. Negotiations could still be derailed if an agreement on key issues, such as the border between Northern Ireland and the Republic of Ireland, fails to be reached.

In response to the increasing uncertainty around the UK's future relationship with the EU and the risk of a no-deal situation, the Vice-Chancellor established an Advisory Group to consider the University's strategic response to the potential outcome of the negotiations.

The EU Advisory Group ('the Group') is a high-level cross-cutting group, chaired by the Senior Pro-Vice-Chancellor for Planning and Resources. Details of the Group's membership can be found in appendix 5.1.

1.2. Objectives and methodology

As per its Terms of Reference, the Group's objectives were to:

- advise on how the University positions itself in the on-going debate internally and externally
- decide on priority areas for the University's engagement with the UK Government and Parliament, and the EU
- provide an outline of opportunities and mitigation strategies that might be pursued in relation to each scenario
- outline the possible operational implications for each of the scenarios to be considered further by the Europe Working Group.

The Group met four times. It identified key possible Brexit scenarios and their potential impact on different areas of the University's operations. It asked specialist teams¹ within the University to analyse the expected impact of each of these scenarios on the University.

Recommendations on key internal mitigation measures and priorities for external policy engagement have been systematically considered for each issue, based on the specialists' analysis, and are outlined in this report.

¹ These include: the Research Office, Human Resources, Finance Division, the Cambridge University Development and Alumni Relations and the Strategic Partnerships Office.

1.3. Brexit scenarios

The Group commissioned analysis on the impact of the following potential scenarios:

Scenario 1 - Single Market agreement

Britain remains in the single market by retaining membership of the European Economic Area, ensuring continued regulatory harmony with the EU and tariff-free trade. Under the provision in the EEA agreement, free movement of people would be maintained and the UK would have access to all three pillars of Horizon 2020 funding, and could therefore maintain its current level of EU funding.

Likelihood: *In light of the UK Government's red lines, this is a highly unlikely scenario.*

Scenario 2 - Bespoke agreement

A bespoke agreement could include:

- an EU–UK Economic Area, where the UK broadly accepts Single Market rules and parallel institutions but negotiates a new arrangement on freedom of movement and greater input on devising regulation (though it would not have a final say);
- an EU–UK Deep and Comprehensive Free Trade Area, which would allow participation in the Single Market in sectors which remain aligned and subject to oversight. Non-harmonised sectors would face barriers;
- an EU–UK Comprehensive Free Trade Agreement, modelled on the EU-Canada Comprehensive Economic and Trade Agreement (CETA), but with the aim of agreeing better access for services and provisions for enhanced regulatory co-operation, to try to minimise trade barriers where possible.

Likelihood: *a version of this is the most likely scenario. The Secretary of State for Exiting the European Union, David Davis, has expressed his interest in a “Canada plus plus plus”² deal and the EU’s chief negotiator, Michel Barnier, claimed the UK’s decision to leave the EU’s single market and customs union means that any future trade relationship will “have to work on a model that is closer to the agreement signed with Canada”.³*

Scenario 3 - Third country status with bilateral agreements

The UK could sign a bilateral Science & Technology agreement as a third country.

Likelihood: *this is the second most likely scenario.*

Scenario 4 - No agreement

The UK could crash out of the EU and becomes a third country without a partnership deal.

Likelihood: *both sides are aware of the catastrophic impact of no deal and the government has ceased to mention the possibility of such an outcome. This is an unlikely scenario but one that should still be considered in detail given the inherent uncertainty of the Brexit negotiations.*

² The Andrew Marr show, BBC One, 10 December 2017, <http://www.bbc.co.uk/programmes/p05gnhnh>

³ Briefing to European journalists, 24 October 2017

1.4. Issues considered

The Group analysed the impact of the above scenarios on the following key issues:

Issue	Detail
Section 3.1: Funding	Research funding Industrial income Development income Endowment Student fees
Section 3.2: People	Staff Students
Section 3.3: Collaboration	Academic collaboration Industrial collaboration
Section 3.4: Commercial operations	CUP Cambridge Assessment
Section 3.5: Infrastructure and buildings	University's Estate & wider infrastructure developments

Recommendations have been made for each issue, based upon the data and information provided against each scenario as of 15 April 2018. It is anticipated that the recommendations will require further updates as negotiations progress and more information is known on the UK's future relationship with the EU. The report indicates where recommendations apply to specific scenarios.

The Group's recommendations fall broadly into two categories.

Internal mitigation measures: concrete measures that the University could take to mitigate the potential impact of various Brexit scenarios.

Priorities for external policy and political engagement: areas in which the University should engage with the UK government in order to protect the quality of UK higher education.

2. Summary of key recommendations

This page summarises the high-level priority recommendations from the Advisory Group. Detailed analysis and recommendations can be found in further sections of this report.

Funding, mobility of talent and collaboration are three pillars of the University's success and Brexit poses a challenge to each of them.

Funding

Access to **research funding** is of prime importance to the University. The Group recommends that the University:

1. Calls for an agreement that would include full access to European Framework Programmes (e.g. FP9) as an associated country in order to allow the University to retain funding through this route. The Group notes that this is now in line with what the Prime Minister has called for in her most recent speech on science and industrial strategy⁴.
2. Actively call for the UK's continued eligibility for funding through the European Research Council (ERC). ERC grants have become a badge of excellence which could not easily be replaced by a national equivalent and a lack of access to this funding could result in the loss of talented researchers from the UK and limit collaborations with the best researchers across the EU.

In anticipation that EU research funding streams may decrease, in particular under scenarios 2 and 3, the Group recommends that the University:

3. Seeks to increase its research income from UK Research Councils.
4. Seeks to diversify its sources of income and to increase research income from industry, trusts and foundations, and from government funding streams such as the Industrial Strategy Innovation Fund.

Brexit will also have an impact on other sources of funding. To minimise the decrease in **EU philanthropic funding**, which may be caused by a perception that the University is 'closed off' to Europe, the Group recommends that the University:

5. Seeks to maximise the potential of its existing and developing institutional partnerships in Europe through an improved communication programme.
6. Builds compelling models to attract funding for EU undergraduates and postgraduates.

Finally, the University should seek to develop actively its **industrial income**. To do so, the Group recommends that the University:

7. Sustains the excellence and competitiveness of its research, which underpins industrial collaboration and income, and is a condition for many businesses to remain in the region.
8. Increases its capability to attract industrial income.

⁴ "The United Kingdom would like the option to fully associate ourselves with the excellence-based European science and innovation programmes –including the successor to Horizon 2020 and Euratom R&T." Jodrell Bank Speech, 21 May 2018, <https://www.gov.uk/government/speeches/pm-speech-on-science-and-modern-industrial-strategy-21-may-2018>

Mobility

To continue to attract the best **staff**, the Group recommends that the University:

1. Strongly argues against an extension of Tier 2 visas to EEA nationals: each year, 450 staff come to the University through Tier 2 visas. The process is slow, painstaking and extremely costly. Extending Tier 2 to EEA nationals would therefore be very unwelcome and not suited to the University's or the higher education sector's needs.
2. Proposes an immigration system that emulates the principles of the Tier 1 (Exceptional Talent) visa route, whereby Higher Education Institutions (HEIs) can facilitate endorsements for Professorial and Readership positions, and make the case for this to be expanded to cover all PhD level appointments; the basis for this being HEIs' robust and transparent recruitment practices, their status as a low-risk employer, in the context of immigration, and the inherent value that the individuals filling these roles bring to the UK economy.
3. The University should also call for HEIs to have the ability to recruit sub-PhD level technical and specialist support roles under the banner of 'Team Science/Academia'. HEIs could be given the autonomy to 'certify' work visas for non-UK nationals based upon their academic excellence and their anticipated contributions to academia, science and research – whatever their discipline may be. One option to enable this could be to re-define skills levels under Standard Occupation Classification (SOC) codes, bringing other professional laboratory roles under the auspices of the PhD-level SOC codes.
4. We would favour an immigration route which would provide for the recruitment of PhD and sub-PhD roles (in the above context) from skilled individuals originating from anywhere in the world. However, if the government's proposal was to provide a separate immigration route for EEA nationals, we would then favour a light touch, employer-centred route to enable us to continue to recruit EEA nationals into PhD and sub-PhD level roles with minimal 'visa' administration. We would also then separately seek greater dispensations within the current visa system for non-EEA nationals in line with our needs (as outlined in paragraphs 2 and 3 above). The reclassification of the SOC Code system is one option to consider in this scenario.

To mitigate against the impact of Brexit on EU **students**, the Group recommends that the University:

1. Continues to call on the government for certainty on fee status for 2019 and 2020 as a matter of urgency.
2. Commits – whether this certainty as to fee status is given or not – to charging home fees to EU students who are admitted in 2019, to the extent that it is allowed to do so. It can be reasonably expected from the terms of the Draft Transition Agreement reached in March 2019 that the status quo will be maintained until the end of the transition period.
3. Asks for continued freedom of movement for EEA students in return for reciprocal arrangements for UK students.

Collaboration

Academic and industrial collaboration is dependent on a sustained level of funding and on researchers' mobility. The above recommendations for 'Mobility' therefore also apply to collaboration. However, to protect and enhance collaboration further, the Group recommends that the University:

1. Invests in opportunities to build academic relationships outside of the EU research framework (under scenarios 2-4): this should focus on regions and institutions of greatest value from an academic perspective. A seed fund for early stage European institution level partnerships would be helpful in achieving this.
2. Explores funding opportunities outside of EU framework funding: European trusts and foundations, for example, would be able to help support academic collaborations as they develop.
3. Maintains the excellence and competitiveness of its research, develops a healthy science ecosystem through links to the EU and the rest of the world, and works closely with government as it seeks to implement its industrial strategy.

3. Detailed scenario planning

3.1. Funding

3.1.1 Scenario

Scenario	Funding
1- Single market	Research Funding <ul style="list-style-type: none"> • Full access to Horizon 2020 and future Framework Programmes as an equal partner, including full access to 3 pillars. • Participation in Strategic Committees and Programme Committees but without a final vote. • Observer status on European Research Area's strategic policy committees – ‘rule taker’. • This is the least concerning scenario, but the University could anticipate consequences for its ability to participate as fully as at present.
	Industrial Income <ul style="list-style-type: none"> • Quality of science maintained; businesses will remain in the UK and be willing to continue working with UK universities. • Businesses’ R&D funding from the EU may decrease with the cessation of structural and investment fund projects (ESI) and/or lending by the EIB. UK Government may seek to compensate that loss. • Continued high levels of harmonisation in both industry and research, but UK’s influence on EU rules may be limited. • Minimal influence on industrial income.
	Development income (EU Philanthropic funders) <ul style="list-style-type: none"> • Potential negative emotional reaction from individual funders and alumni to Brexit. • Need to facilitate post-Brexit tax efficiency for EU tax residents including the University’s 16,019 alumni living in EU. • Negative impact on the University’s ability to engage European philanthropic funders if it is perceived to ‘opt-in’ to charging differentiated fees for European students
	Endowment⁵ <ul style="list-style-type: none"> • Annual loss of £4.6m to CUEF endowment income, assuming corresponding moves in asset prices are permanent.
	Student fees <ul style="list-style-type: none"> • The University continues to charge home fees for EU students

⁵ Notes: Future inflation in the University’s costs are not modelled in the analysis; any Brexit-related movement in asset prices may be impermanent; the CUEF will change in value over time for a various other reasons, not modelled in this.

Scenario	Funding
2- Bespoke agreement	<p>Research Funding</p> <ul style="list-style-type: none"> ● The UK could pay for full access to H2020/FP9 as an equal partner and could access all 3 pillars. ● Need to renegotiate initial associate country status to FPs and ERA. ● Possibility to negotiate observer status on ERA's strategic policy committees. ● Need to renegotiate a Science & Technology agreement for each new EU multi-annual FP, meaning recurrent uncertainty about continued involvement in FPs and possible breaks in funding and risks of gaps in agreement between FPs. ● Loss of the University's input into the funding planning/strategy committees.
	<p>Industrial Income</p> <ul style="list-style-type: none"> ● Possible decrease in quality of science with talented people moving to places where there is easier access to research funding and collaboration. ● Difficulty for businesses to recruit skilled labour from the EU, leading to move operations to the EU. Distance between the University and firms will result in reduced industrial income. ● Decrease in businesses' R&D funding from the EU. ● Reduced harmonisation in areas such as data protection and clinical trials, introducing difficulties in collaboration between UK and EU industries and universities. ● Non-harmonised sectors could face barriers and tariffs, leading to increased costs and operational risks. ● Greater freedom for the UK to make its own policies and regulations to stimulate trade and investments, and to develop emerging technologies and sectors. ● Potential opportunities for Universities through the need for Government to develop disruptive far-sighted policies to implement industrial strategy in the context of Brexit.
	<p>Development income</p> <ul style="list-style-type: none"> ● Without free movement guaranteed, risk that European philanthropic funders see Cambridge as 'closed off' to Europe. ● Pressure from funders to partner with EU universities on a strategic level, including physical presence 'on the ground', industry engagement, and possibly joint degrees. ● Fewer students from the EU negatively impacting our future 'pipeline' of EU alumni donors. ● Concern from funders about whether a Cambridge degree will be recognised by European firms, which may preclude their support for studentships and bursaries. ● An increase in fees for European students to 'International' level may have an impact on corporate giving opportunities⁶. ● If visas for short-term work programmes are required, internship opportunities and providing access to our 'talent' among European corporate funders would be much more challenging.
	<p>Endowment</p> <ul style="list-style-type: none"> ● No change to CUEF endowment income (a bespoke agreement is assumed to be the outcome currently discounted within financial markets).
	<p>Student fees</p> <ul style="list-style-type: none"> ● Depending on the agreement, the Home rate might be retained, or a new rate might be agreed that sits somewhere between Home and International fees.

⁶ Graduate recruitment is often an important element of corporate giving.

Scenario	Funding
<p style="text-align: center;">3- Third country with bilateral agreements</p>	<p>Research Funding</p> <ul style="list-style-type: none"> ● UK not automatically eligible for H2020 funds. ● UK's involvement restricted to thematic areas that are of interest to UK stakeholders; co-funding towards collaborative projects expected. ● UK might pay into specific areas although these tend to be very specific. ● No third country currently has access to ERC funds apart from bilateral agreements for secondments and collaboration between ERC and equivalent national schemes. ● The situation might be easier for individual researchers (e.g individual fellowships under ERC programme provided they relocate to a Member State). ● Risk of brain drain. ● Much reduced research income anticipated.
	<p>Industrial Income</p> <ul style="list-style-type: none"> ● Impact on research funding and mobility poses a high risk to the quality of science. ● Reduced EU funding could lead to a sharp decrease in industrial income, depending on government's measures and schemes to compensate for the loss of EU funding. ● As with scenario 2, there are potential benefits and risks from reduced harmonisation in rules and regulations. The influence on universities' collaboration with industry and industrial income is uncertain.
	<p>Development income</p> <ul style="list-style-type: none"> ● As in scenario 2
	<p>Endowment</p> <ul style="list-style-type: none"> ● Annual gain of £4.6m to CUEF endowment income assuming corresponding moves in asset prices are permanent.
	<p>Student fees</p> <ul style="list-style-type: none"> ● International rate likely to be charged
<p style="text-align: center;">4- Third country status with no deal</p>	<p>Research Funding</p> <ul style="list-style-type: none"> ● All EC-funded projects where UK is prime signatory could be terminated on exit day. ● Risk of brain drain. ● With around 300 EC live grants and 600+ staff employed on these grants, considerable volume of work, staff and interim funding would be needed to ensure smooth management of the transition of these grants. ● Depending on transition arrangements, grants will need to be reconciled, terminated and a further process set up with a UK body in relation to the underwriting. ● Likelihood that a number of ERC and MCSA grants will transfer to other institutions in a Member State.
	<p>Industrial Income</p> <ul style="list-style-type: none"> ● All EC-funded projects where an UK institution is the main beneficiary could be terminated on the day the UK departs from the EU, damaging the quality of science and the science ecosystem. A sharp decrease in industrial income could be expected. ● The impact of government's promised underwriting and schemes to compensate the loss of EU funding are uncertain. ● Freedom for the UK to negotiate its own FTAs with the rest of the world and to formulate its own regulations to boost trade & investment, and to incentivise research and innovation. Risks and benefits are uncertain. ● With high tariffs, high supply-chain risks, low harmonisation in regulation and difficulties in recruitment, businesses could choose to move out of the UK. ● Potential severe economic recession, and stagnant industry growth, resulting in a decrease in industrial income.

Scenario	Funding
4- Third country status with no deal	Development income <ul style="list-style-type: none"> Concern that the University is not a stable partner for philanthropic vision and potential significant impact on individual philanthropic funding. Negative impact on perception of corporate funders that Cambridge is not 'open for business' with Europe or that it does not share a 'global vision' that is common to foundations. No deal and lack of clarity on immigration/EU funding could negatively impact the University's ability to forge partnerships with European research institutions that are essential to unlocking significant income from foundations.
	Endowment <ul style="list-style-type: none"> Annual gain of £8.3m to CUEF endowment income assuming corresponding moves in asset prices are permanent.⁷
	Student fees <ul style="list-style-type: none"> Fees set at the full international rate: between £20-30k for undergraduates (plus a further c£8k for College fee) and typically between £22-28k for postgraduates.

3.1.2 Recommendations

Research funding

Internal mitigation measures

Short/medium-term

1. Develop plans to mitigate against the risk of a funding shortfall between Horizon 2020 (H2020) and future Framework Programmes.
2. Clarify whether existing research will be able to continue, regardless of funding, by UK researchers, if we are no longer able to hold contracts with the EU on mono-beneficiary grants.
3. Develop detailed plans to mitigate the practical risks arising from the UK failing to reach agreement on its continuing participation in Horizon 2020 that may require immediate amendment of all EU grants effective from the date of the UK's exit from the EU. The University expects to continue to attract funding until the end of 2020, and some of those grants would be expected to run until 2026. Depending on how negotiations progress, it is fair to expect a slight decline in EU funding applications prior to the UK's departure from the EU at the end of March 2019.

Medium-long-term

Diversify income sources and reduce dependence on EU funding:

4. **Increase research income from UK Research Councils:** the growth in research income from the EU has exceeded growth in income from UK Research Councils (RC) over the past

⁷ The Cambridge University Endowment Fund is structurally different from other areas of the University, in that, while it pays out a distribution (centred on 4.25%/capital value annually) in sterling, it holds a global set of assets only some of which are currency hedged back to sterling. Hence, in the case of scenario 4 of "no agreement", at least optically the CUEF will benefit in sterling terms because of the likely collapse in the pound.

ten years. In 2005/06, funding from EPSRC⁸ alone was nearly three times higher than EU funding. Since then, EU funding has increased sharply, while funding from the RCs has slowed such that funding from the EPSRC is now comparable with that from the EU.

- 5. *Seek to increase research income from industry, trusts and foundations, as well as from Government funding streams such as the Industrial Strategy Innovation Fund.***
The aim is not simply to replace research funding that may be lost as a result of Brexit, but to diversify and to increase research funding from institutional partners more effectively than at present. This may include revising eligibility rules to allow postdoctoral researchers to be principal investigators.

Priorities for policy engagement

- 1. *Access to EU Framework Programmes:*** call for an agreement that would include full access to FP9 as an associated country (scenarios 1&2). This would require a financial contribution through a GDP formula and the UK would have no formal governance rights; however, it could participate in committee and working group discussions and the UK could still be a net recipient under an associated status.

This would be much preferable to seeking a bilateral Science & Technology agreement as a third country. Although it would allow the UK to take part selectively in thematic areas of interest and its budgetary contribution would be less, the UK would not be able to access significant levels of EU funds or participate in consortia on an equal footing.

- 2. *Access to EU funding streams (scenarios 1&2):*** call for continued access of UK-based researchers to funds that will enable them to undertake research with European partners and continue to access ERC and Marie Skłodowska-Curie Actions (MSCA) funding. ERC grants have become a badge of excellence, not easily replaceable by a national equivalent. Being unable to apply for ERC funding is very likely to be a major reason for a potential 'brain drain' and loss of talented researchers from the UK.
- 3. *Explore benefits of a special UK-EU scientific council (scenarios 3&4):*** in the event that UK researchers cannot access ERC funding and the UK is not able to participate in FP9, there should be discussions with UKRI about the implementation of a UK-based ERC-like funding mechanism. This discussion should also consider whether such a council should be set up as soon as possible to ensure a smooth transition should the UK fall out of the ERC. The University should seek to develop and nurture strong relationships with UKRI.

Industrial income

Internal mitigation measures

- 1. *Maintain quality of science:*** the excellence and competitiveness of its science is at the heart of Cambridge's success and underpins industrial collaboration and income. Industrial partners have made it clear that their presence in Cambridge and their work with the University is conditional on the quality of science and the concentration of world-class students and researchers. To maintain it, the University should focus on well-established priorities:
 - a.** Continue to be proactive in hiring the best academics. The value of a great academic goes well beyond his or her research capabilities, but also includes his or her capability to bring or build an excellent research group, academic and industrial networks, and to attract more academics in relevant areas.

⁸ Engineering and Physical Sciences Research Council

- b. Improve job satisfaction, living and working conditions and funding access for researchers, especially for junior researchers, to help attract and retain talent.
- c. Reduce administrative hurdles in the administration of research grants.
- d. Encourage interdisciplinary research and knowledge exchange through the support of cross-disciplinary initiatives.

2. Maintain a healthy science ecosystem:

- a. **Locally:** strengthen relationships with industry and policy-makers. The University's relationships and engagements with policymakers are important for accessing some public research funding and influencing the development of policy.
- b. **At European and international levels:** maintain research collaborations, and access to funding and talent.

3. Engage with the implementation of the UK industrial strategy: the University should seize the opportunity to shape the government's post-Brexit industrial strategy and demonstrate the benefit of placing the university-industry relationship at the heart of the strategy.

4. Increase our ability to attract industrial income through enhanced engagement with industry.

Priorities for policy engagement

- 1. **Funding and mobility:** continue to argue for freedom of movement – as much as possible – and maintain access to EU research funding for universities and businesses, which are critical to maintain a healthy science ecosystem.
- 2. **Harmonisation of rules and regulations:** work with government to carefully evaluate risks and benefits of harmonisation of rules and regulations, especially for areas that will influence research and innovation most, such as data protection, clinical trial regulations etc. A lack of harmonisation would introduce complexities in collaborative working between EU and UK industries and universities.

Development Income

Internal mitigation measures

- 1. **Maximise the potential of institutional partnerships in Europe:** maximise the potential of our existing and developing institutional partnerships in Europe through improved communications. For example, a 'Gateway' website could be established, featuring research partnerships and programming associated with other international regions and highlighting philanthropic opportunities and successes.
- 2. **Educational collaboration:** the University will explore educational partnerships in Europe, with a focus on a dual degree model for postgraduate students and significantly improved mobility of undergraduate and doctoral students, enabling such students to undertake study and research in European institutions. This may help to mitigate the predicted decline in European student enrolment and would demonstrate to potential philanthropic funders that Cambridge wishes to continue to engage in strong partnerships and collaborate with European institutions.
- 3. **Focus on research areas in line with EU funders' interest:** existing strategy management structures for Europe are weighted heavily towards the Arts, Humanities, and Social Sciences. However, entrepreneurship and innovation, as well as engineering, are key areas

of potential interest for engagement with institutional funders, and we should work to ensure they are represented within the bodies shaping University strategy.

4. **Build a simplified and compelling model of postgraduate studentship funding for European funders:** the University will seek to raise full funding packages for postgraduate studentships.
5. **Attract funding for EU undergraduates:** in order to continue attracting undergraduates from Europe, the University will consider developing a public initiative focused on the many benefits brought by European undergraduate students to Cambridge; this will seek to attract financial aid awardable to undergraduates from priority regions across Europe.
6. **Develop a key partnerships strategy with European institutions across all disciplines,** perhaps using its collaborations with institutions like Sciences Po (France) or LMU (Germany) as a model, but also extending to manufacturing, technology, medical departments and disciplines.

Priorities for policy engagement

The same requests for negotiations as described in People (Students) and Funding (Research) also apply to Development Income.

Student fees

Internal mitigation measures

1. **Commit to charging home fees to EU students who are admitted in 2019 and 2020 for the duration of their degree** – to the extent that the University is allowed to do so. It can be reasonably expected from the terms of the transition agreement reached in March 2019 that the status quo will be maintained until the end of the transition period, i.e. December 2020. This should be clearly communicated to potential students to minimise the impact on admissions.
2. **Increase our EU outreach and student recruitment activities** to mitigate for the potential loss of EU applicants. This includes increasing the University's engagement with international schools in the EU and beyond.
3. **Create a scholarship programme** to generate interest and provide support.

Priorities for policy engagement

1. **Continue to press Government for certainty on fee status for 2019 and 2020.**

3.2. People

3.2.1 Scenario

Scenario	People
1- Single market	Staff <ul style="list-style-type: none"> As an EEA country, the UK would have to maintain free movement. Complexities and barriers of the current immigration system would continue, affecting our present ability to recruit. Certain types of roles would be adversely affected if the existing immigration system simply continues after December 2020.
	Students <ul style="list-style-type: none"> Ability to charge differentiated fees – although this is not entirely clear.⁹ Continued participation in Erasmus +. EU students applying for university places in 2018-19 will still have access to student funding support and will not be subject to the overseas fee at any point during the course of their study.
2- Bespoke agreement	Staff <ul style="list-style-type: none"> Ability for existing EEA staff to register for ‘settled status’. Greater visa controls likely for new EEA staff. Recruitment from the EEA likely to be affected, with additional administrative and cost implications. Risk of ‘brain drain’ with outward mobility increasing as good people become attracted to better funded opportunities in the EU and elsewhere.
	Students <ul style="list-style-type: none"> Current students able to register for permission to stay. Immigration status for EU students post-Brexit (and post-transition) still unclear. Fee status arrangements for 2019 entry onwards have not been confirmed by the UK Government. Strong likelihood that EU students will be charged at a higher (international) rate post-Brexit/transition. Applications from EU students likely to decrease. The University could participate in Erasmus+ as a programme country on the terms agreed in the UK-EU bilateral agreement. Students may become subject to Tier 4 or come under an alternative system. This will have additional administrative resource and cost implications. Students may also lose their right to remain in the UK post study.
3- Third country with bilateral agreements	Staff <ul style="list-style-type: none"> As in scenario 2
	Students <ul style="list-style-type: none"> As in scenario 2, save that it is not clear whether the eligibility criteria for participation in Erasmus+ would also be widened; if not the UK could seek partner country status but this is more restrictive as programme countries manage the arrangements.

⁹ Protocol No.29 of the EEA agreement allows countries to charge higher fees to EEA students if they already charged the higher rate (i.e. the overseas rate) before the EEA Agreement. The UK has taken advantage of this and Cambridge charges overseas fees to EEA students (i.e. Norwegian, Icelandic, Liechtenstein). Some universities (e.g. Leicester) do not. This Protocol is not well known but the implication could be that if the UK remained in the EEA, HEIs may be bound to continue to charge EU students the Home rate of fee.

Scenario	People
4- Third country status with no deal	<p>Staff</p> <ul style="list-style-type: none"> • Depends on the enactment of the EU Withdrawal Bill and accompanying legislation: if Parliament failed to legislate to protect the rights of EU nationals in the UK, the University would have no option but to dismiss all existing EEA staff with immediate effect, with no further pay, in order not to fall foul of existing immigration legislation. • Prospective new staff would potentially be classified as third-country nationals and have to apply for a visa to work in the UK under Tiers 1, 2 or 5. These Tiers already have very limited capacity and are subject to skills requirements. • Visas granted under Tier 1, 2 or 5 do not confer any automatic right to remain indefinitely or settle in the UK.
	<p>Students</p> <ul style="list-style-type: none"> • No immediate cliff-edge on the financial status of current EU students as they will carry on as home students until after 2018 entry. • However, EU students could possibly no longer have permission to stay in the country. The UK may need to legislate to ensure they have the right to be in the country to study, and/or to remain post-study. • For students who enrolled prior to the date on which the UK ‘crashes out’ of the EU, the terms of the transitional arrangement covering March 2019-December 2020 might ensure they have the same rights as EU citizens who arrived in the UK prior to March 2017 (e.g. right to remain during and post-study and claim ‘settled status’). • The UK Government could decide whether to make incoming EEA students subject to Tier 4, or to negotiate a reciprocal mobility scheme with EEA nations (either some or all EEA nations). • UK unlikely to be eligible to participate in Erasmus from 2019/20. Government has indicated that in this event arrangements would be made to support students but no further details have been provided. • Immediate shock factor likely for those considering applying to UK universities; the University would see a reduction in applications, particularly from the newer accession states, whose students are most reliant on UK tuition fee loans.

3.2.2. Recommendations

Staff

Internal mitigation measures

1. **Develop and implement strategy to attract and retain the best talent:** one of the University’s People Strategy’s goals is to ‘attract and retain the best talent from across the world’, which it is doing through the development of an international employment framework. For research staff, who constitute the largest group of non-UK EEA staff, the Office of Postdoctoral Affairs offers additional services and advocacy and coordinates the sector-leading work of the University in supporting postdocs in order to continue to attract talented researchers to work and live in Cambridge.
2. **Continue to support staff in finding affordable housing:** the opening of new affordable “key worker” housing at its new North West Cambridge Development marks a significant commitment by the University to ensure staff are welcomed and can live in comfortable and affordable accommodation. The University must continue to identify and respond to the housing needs of its international staff.

3. **Build stronger links with government:** a strong dialogue with government, particularly the Home Office, is required to ensure that officials understand the needs of the University and that any issues are properly addressed. Cambridge should seek to become a trusted advisor to government on mobility issues.
4. **Support international mobility through new models of employment and joint working:** HR policies and practices are evolving quickly to support more effectively the international mobility of academic and research staff. Experience from the establishment of lectureship schemes such as the DBT lectureship scheme¹⁰, and the long-term secondment of University staff to our research facility in Singapore, have deepened technical expertise and helped devise creative employment solutions that may increasingly be required to take full advantage of new funding opportunities. Further such opportunities should be created through the work of the new Strategic Partnership Office.

Priorities for policy engagement

1. **Argue against an extension of the Tier 2 visa scheme to EEA nationals:** the University is the 6th largest user of Tier 2 “skilled worker” nationality visas (second highest in the UK). Each year, approximately 450 staff arrive on Tier 2 visas. This process is extremely costly, slow and painstaking. It delays the start of employment and is a major deterrent for staff. Extending Tier 2 to EEA nationals would be very unwelcome and not suited to the sector’s needs, especially for technical roles that presently wouldn’t meet Tier 2 skill level thresholds.
2. **Proposed immigration model:** in order to continue to engage with the ‘brightest and the best’, regardless of nationality, the University of Cambridge would call for a light-touch, employer-centred visa route, akin to the current Tier 1 (Exceptional Talent) route.

The University would seek to emulate the principles already present within this visa route, whereby it (and other HEIs) can facilitate endorsements for Professorial and Reader positions, and make the case for this to be expanded to cover all PhD level appointments, on the basis of its robust and transparent recruitment practices, its status as a low risk employer in the context of immigration, and the inherent value that the individuals filling these roles bring to the UK economy.

The University should also call for HEIs to have the ability to recruit sub-PhD level technical and specialist support roles under the banner of ‘Team Science/Academia’. HEIs could be given the autonomy to ‘certify’ work visas for non-UK nationals based upon their academic excellence and their anticipated contributions to academia, science and research whatever their discipline may be. One option to enable this could be to re-define skills levels under Standard Occupation Classification (SOC) codes, bringing other professional laboratory/technical support roles into the auspices of the PhD-level SOC codes (which is the idea of ‘Team Science/Academia’).

The University would favour an immigration route that provides for the recruitment of PhD and sub-PhD roles (in the above context) from skilled individuals originating from anywhere in the world. However, if the government’s proposal were to provide a separate immigration route for EEA nationals, the University would then favour a light touch, employer-centred route to enable it to continue to recruit EEA nationals into PhD and sub-PhD level roles with minimal ‘visa’ administration. It would also then separately seek greater dispensations within the current visa system for non-EEA nationals in line with its needs (as outlined in

¹⁰ This scheme is co-funded by the University and the Government of India, Department of Biotechnology. It provides for five-year lectureships, of which two are spent in Cambridge and three in Indian research institutes.

paragraphs 2 and 3 above). The reclassification of the SOC Code system is one option to consider in this scenario.

Salaries are not a good proxy for skill levels, especially within the HE sector. If salary levels are to play a part in the new immigration system, the University would call for an exemption of some description, on the basis that roles below any imposed minimum salary level would be classified under the 'Team Science' category, which would denote their value to UK science, research and academia.

Students

Internal mitigation measures

1. **Commit to charging home fees to EU students who are admitted in 2019 and 2020 for the duration of their degree** – to the extent that the University is allowed to do so. It can be reasonably expected, from the terms of the Draft Transition Agreement reached in March 2019 that the status quo will be maintained until the end of the transition period, i.e December 2020.
2. **Maintain current undergraduate intake, and increase postgraduate numbers:** post-Brexit, the University plans to maintain the current level of undergraduate intake, with the anticipated loss of EU students replaced at least in part by an increase in overseas students. The University is mindful of the political sensitivities around comparative levels of international and home admissions, and any increase in overseas students would require the full support of the Colleges. While this projected increase in overseas fee-paying undergraduates may bring in greater fee income, undergraduate scholarship programmes for overseas students are likely to be under severe pressure unless significantly expanded.
3. **Increase investment in international undergraduate promotion and recruitment:** re-focus European recruitment on students from parts of Northern and Western Europe – primarily Norway and Switzerland – which are already charged the non-EU fee rate, and France and Germany, where numbers are currently greatest, as well as on international schools, where students are more likely to study abroad. Continue to focus undergraduate recruitment activity outside Europe on the USA and India, and in the other key markets with growth potential – China, Canada, Australia, New Zealand, South Korea, Pakistan, Thailand, Russia, Brunei and the Middle East – in order to maintain overall student numbers.
4. **Continue to implement the Postgraduate Recruitment Strategy:** pursue student funding for postgraduate recruitment. The University has agreed to ring-fence the draw-down from £50m of its endowment fund to stimulate philanthropy for postgraduate studentships, with the ambition to raise £300 million for such awards.
5. **Increase administrative support for students to help them understand and remain compliant with new rules and regulations.**

Priorities for policy engagement

1. **Urgent need for certainty on fee status for 2019 and 2020.**
2. **Reciprocal arrangements:** ask for continued freedom of movement for EEA students in return for reciprocal arrangements for UK students. If visa requirements are introduced, it should be under a preferential system for EEA students that is simple, easily accessible and

at a relatively low cost, rather than the more restrictive requirements under the Tier 4 visa scheme.

3. **Call for continued student mobility:** call for the UK to remain part of the Erasmus+ programme, or at least for the government to introduce a similar scheme should this not be possible. In addition, opportunities for new partnerships with overseas institutions that facilitate student mobility both within and outside Europe will be investigated.

3.3. Collaboration

3.3.1. Scenario

Scenario	Collaboration
1- Single market	<p>Academic collaboration</p> <ul style="list-style-type: none"> • Through continued membership of H2020, existing funded collaboration would be maintained and Cambridge would be able to partner on future projects. • However, it is likely that there would be a reputational impact. A drop in the short term for new collaborations is likely, as the UK's status is likely to mean we are viewed as a less attractive partner than we were. • Concern around Cambridge-coordinated projects, which form the bases of some of our strongest pan-European academic relationships. Applications to coordinator grants have already come to a halt (bar a couple of ITN proposals submitted in January 2018).
	<p>Industrial collaboration</p> <ul style="list-style-type: none"> • Minimal impact if free movement is maintained.
2- Bespoke agreement	<p>Academic collaboration</p> <ul style="list-style-type: none"> • Potential loss of access to some parts of EU research funding would effectively put an end to collaborative projects in those areas. However, it is difficult to predict where this might fall as it is dependent on negotiations. • Government has promised to underwrite the funding for all successful bids made by UK participants for H2020 projects submitted before exit. This should prevent a “cliff edge” for collaborative projects in the short term, but there would still be a long-term loss. • A bespoke agreement would also inevitably mean greater visa controls, which could, in turn, have a negative impact on EU collaboration (due to perceived barriers or administrative burdens).
	<p>Industrial collaboration</p> <ul style="list-style-type: none"> • Uncertain immigration status for EU researchers. • Potential decrease in quality of students and science leading to decrease in collaboration between businesses and universities. • In Cambridge, however, places not applied for or taken by EU students may be replaced easily by home or international students, as Cambridge is already oversubscribed. The influence of that on the quality of Cambridge students is difficult to predict.

Scenario	Collaboration
3- Third country with bilateral agreements	Academic collaboration <ul style="list-style-type: none"> As in scenario 2
	Industrial collaboration <ul style="list-style-type: none"> Similar to scenario 2, but there will be more limited opportunities for students even if UK secures a partner country status in Erasmus+. Universities' industrial collaboration is highly likely to decrease.
4- Third country status with no deal	Academic collaboration <ul style="list-style-type: none"> In the event of a 'no agreement' the University would no longer have access to EU funding - resulting in an end to EU-supported collaborations, and potentially a loss of institutional-level partnerships with European institutions as we become less attractive as a partner. As noted above, it is to be hoped that the impact would be cushioned by the Government's decision to underwrite existing framework funding. Funding for existing collaborations will be secure (those coordinated by the University should be able to transfer elsewhere, if the consortium agrees to it) for the length of the project but will probably fall away after. However, in the event of no agreement, the University should prepare itself for the possibility that the Government reneges on its promise of underwriting, due to the scale of support required. Of particular concern would be the University's relationships with Germany, France, the Netherlands and Denmark – all of which contain high-value partners with strong international excellence. Switzerland is also considered to be a region of strategic value to the University, but the impact of no agreement will be less significant as there is only one Swiss partner in the 14 Cambridge-coordinated collaborative projects mentioned above. This compares to 16 for FP7 – which illustrates the impact of Switzerland's limited access to H2020 between 2014 and 2017.
	Industrial collaboration <ul style="list-style-type: none"> Immediate shock for those considering applying to UK universities and decline in applications. Quality of students is going to decrease, and industries will be demotivated to collaborate with universities.

3.3.2. Recommendations

Academic collaboration

Internal mitigation measures

- Demonstrate the University's commitment to international engagement through a public campaign (scenarios 1&2):*** this could mitigate any reputational risks associated to the UK's departure from the EU. Such a campaign would involve engagement with European media agencies, public bodies and academic institutions.
- Invest in opportunities to build academic relationships outside of the EU research framework (under scenarios 2-4):*** this should focus on regions and institutions of greatest value from an academic perspective. A seed fund for early stage European institution level

partnerships would be helpful in achieving this. However, the University should be cautious over any expectation that such collaborations might facilitate access to EU funding in the event of no deal.

- 3. Explore funding opportunities outside of EU framework funding:** European trusts and foundations, for example, would be able to help support academic collaborations as they develop. Some of this activity is already taking place: for example, a German Trusts and Foundations Group, involving Heads of School, the Strategic Partnership Office and CUDAR, has been active for eighteen months, reporting to the subsequently founded Global Trusts and Foundations Group.

Priorities for policy engagement

The same requests for negotiations as described in the People and Funding sections also apply to Academic Collaboration.

Industrial collaboration

Internal mitigation measures

- 1. Domestic mitigation measures as described in the Industrial Income section:** improve the quality of science, develop a healthy science ecosystem with the EU and the rest of the world, and work closely with government to implement its industrial strategy.
- 2. Maintain the quality of science through recruitment of the best students:** the University should consider how best to continue to stimulate applications from the best students from across the EU and the rest of the world through internal measures such as providing grants and financial support.

Priorities for policy engagement

The same requests for negotiations as described in the Industrial Funding section also apply to Industrial Collaboration.

3.4. Commercial operations

3.4.1. Scenario

Scenario	Commercial Operations
1- Single market	<p>Cambridge University Press</p> <ul style="list-style-type: none"> ● New approach to laws around data, technology and IP may make it harder for businesses based in the UK to access and use the tangible assets they need. ● Harder for the Press to connect with markets and customers: new non-tariff barriers may mean it will become harder for publishers based in the UK to sell and deliver products or services to customers outside of the UK. Any post-Brexit international trading regime may render the UK a less effective place from which to do business, whether that be because of the logistics involved in printing, storing and providing access to digital or physical delivery (print). ● Potential legal changes in copyright, data, competition and VAT laws. ● Further harmonised and pan-EU approach to content sharing and dissemination under the Digital Single Market. <p>Cambridge Assessment</p> <ul style="list-style-type: none"> ● No major impact or disruption anticipated.
2- Bespoke agreement	<p>Cambridge University Press</p> <ul style="list-style-type: none"> ● Uncertainty around whether the UK Government would try to align with the principles of the Digital Single Market after Brexit. ● Difficulty in influencing the EU-based authors' rights model. ● Uncertainty about the future of the exhaustion regime¹¹; if it cannot be maintained, CUP would favour national exhaustion where a copyright owner may use its IP rights to prevent cheaper parallel imports from outside its national borders. ● Uncertainty about whether EU-wide trademarks will still be enforceable in the UK. ● Potential import/export issues depending on the terms of the FTA, including rules of origin, regulations & standards, export controls, customs delays, valuation and anti-dumping. This may lead to issues around warehouse location. ● Potential reduction of UK VAT on digital products from 20% to 0%. ● Value of sterling could have an impact on pricing and customers could take advantage of that to change their online buying habits. <p>Cambridge Assessment</p> <ul style="list-style-type: none"> ● Increased volatility in exchange rates is already impacting CA's financial results and may continue to do so in the future – making forward planning difficult. ● With risk of reduction in the value of the pound, customers will exert pressure for price changes. ● CA invoices in foreign currencies and records this income at the rate of exchange ruling at the date of invoice. If the exchange rate changes before the customer pays, this can give rise to an exchange gain or loss. ● Cambridge Assessment currently places EUR and USD forward sale currency contracts to cover up to 90% of its net EUR and USD receipts, on a 12-month basis. This gives certainty in the short term but would not assist in planning if volatility persisted over the longer term. ● The burden of potential immigration requirements (30% of agency flexible workforce are non-UK).

¹¹ The UK is currently part of an EU regional exhaustion regime, meaning that once a copyright owner places its products on the market within the EU through a distributor, it cannot assert its copyright to prevent further sales within the EU.

Scenario	Commercial Operations
3- Third country with bilateral agreements	Cambridge University Press <ul style="list-style-type: none"> As in scenario 2
	Cambridge Assessment <ul style="list-style-type: none"> As in scenario 2
4- Third country status with no deal	Cambridge University Press <ul style="list-style-type: none"> Difficulty in arbitrating potentially competing interpretations of EU law Non-tariff barriers with the EU could cut the Press out of dealings with EU Governments Slower and more costly customs procedures, having an impact on competitiveness Complex rules around origin given cross-EU borders supply chains No uniform EU trade regime for service suppliers outside the EU Threat to partnership funds.
	Cambridge Assessment <ul style="list-style-type: none"> As in scenario 2. In addition: Changes to free movement of examination papers and related materials, which will be classified as exports into the EU with attendant customs duties. Operational and reputational risks around speed of clearance. Supplies transit is time-critical. Risk of restriction to operate offices in the EU - detrimental effect on business development.

3.4.2. Recommendations

Cambridge University Press

Internal mitigation measures

- Pricing:** adapt pricing to reflect changing value of sterling.
- Location:** consider issues around warehouse locations and supply chain and the merits of obtaining charitable status in an EU member country.

Priorities for policy engagement

- National exhaustion:** if the regional exhaustion regime cannot be maintained, call for a national exhaustion regime where a copyright owner may use its IP rights to prevent cheaper parallel imports from outside its national borders.
- IP enforcement:** this is increasingly a cross-border issue, especially online. Call on Government to ensure that UK publishing remains part of the relevant international conventions around IP enforcement.

Cambridge Assessment

Internal mitigation measures

1. **Forward sale currency contracts:** continue to place EUR and USD forward sale currency contracts to achieve certainty in individual periods.
2. **Location:** consider setting printing and distribution facilities in key locations to mitigate impact on speed of clearance, to ease the initial distribution of examination material. This could have significant cost and tax implications.

Priorities for policy engagement

No immediate priorities.

3.5. Infrastructure & buildings

3.5.1 Scenario

Scenario	Infrastructure & Buildings
1- Single market	<ul style="list-style-type: none"> • Risk of UK being perceived as less friendly to non-UK workers and investors in the short term. • Contractions in the market and currency volatility may lead to an initial spike in labour and material costs before stabilising at a higher rate than present.
2- Bespoke agreement	<ul style="list-style-type: none"> • Greater increase in labour and material costs due to tariffs and currency fluctuations. These will all stabilise in time albeit at a higher point. • If foreign investors move out, land and building prices will fall and opportunities may arise to increase the University's land bank. • Over 176,500 EU nationals are employed in UK construction, but construction professions have not yet been added to the 'UK Shortage Occupations List'. • Procurement rules are based on WTO agreements and EU law forbids the weighting of country of origin. Non-UK bidders will not be disadvantaged and this may help mitigate contractions in the construction market. • Funding from EIB¹² and ESIF¹³ will stop. In August 2017, the UK Chancellor announced the establishment of a National Investment Fund (NIF) to fill this gap. A lack of investment in the wider regional infrastructure and housing needs would have negative effects on the city and the University. • If competition for fee-paying students increases, the 'student experience' becomes more important; reassessment of the current Capital Plan to ensure that the University is able to respond positively to the challenges and opportunities presented will be needed.

¹² European Investment Bank

¹³ European Structural and Investment Funds

Scenario	Infrastructure & Buildings
3- Third country with bilateral agreements	<ul style="list-style-type: none"> As in scenario 2.
4- Third country status with no deal	<ul style="list-style-type: none"> As in scenario 2. In addition: Tariffs will almost certainly be applied and costs of labour and materials will increase. Risk of lack of standardisation in the global measurement and forecasting of constructor costs, leading to investors not being able to compare like-with-like. Drives to lower compliance in environmental and safety areas will reduce costs in the long-term, although a reduction in some areas may prove undesirable.

3.5.2. Recommendations

Infrastructure & buildings

Internal mitigation measures

- Maintain capital investment:** in all scenarios, Cambridge will need to continue to invest heavily in its capital programme to keep pace with other research-intensive universities. The initial instability should lead Cambridge to consider greater collaboration, asset sharing and income generation.
- Develop investor relations:** in the event of no deal, Cambridge will require a clear strategy and a positive narrative to communicate to international investors - particularly those from new and emerging markets.
- Review commercial portfolio:** the University may need to review its commercial portfolio (CA, CUP and the non-operational estate) which helps fund the Capital Plan.

Priorities for policy engagement

- Infrastructure funding:** call on the UK Government to maintain existing EU funding for important infrastructure projects; a lack of investment in the wider regional infrastructure and housing needs will have negative effects on the city and the University.
- Global standards:** argue for the UK to participate fully in international construction initiatives and coalitions¹⁴, in order to standardise the global measurement and forecasting of construction costs to allow investors to compare like-with-like..
- Government support:** Government will need to provide guarantees to minimise investor risk during construction and prioritise projects that will generate revenue (RICS, 2018) and support regional infrastructure, such as transport and housing.

¹⁴ Such as the International Construction Measurement Standards

4. Next steps

The Group recommends that the EU Operational Working Group coordinates the implementation of these recommendations by the appropriate teams.

5. Appendices

5.1 EU Advisory Group membership

Name	Role
Duncan Maskell (Chair)	Senior Pro-Vice-Chancellor
Chris Abell	Pro-Vice-Chancellor for Research
Eilís Ferran	Pro-Vice-Chancellor for Institutional and International Relations
Graham Virgo	Pro-Vice-Chancellor for Education
Andy Neely	Pro-Vice-Chancellor for Business Relations and Enterprise
Catherine Barnard	Professor of European Union Law
Athene Donald	Professor of Experimental Physics
Chris Young	Professor of Modern and Medieval German
Chris Bickerton	Reader in Modern European Politics
Dr Tariq Masood	Senior Research Associate, Engineering Design Centre
Daisy Eyre	President, CUSU
Darshana Joshi	President, GU
Anthony Odgers	Chief Financial Officer
Emma Rampton	Registrar
Regina Sachers	Head of the Vice-Chancellor's Office
Anne-Cécile Larribau (Secretary)	Project Coordinator, Vice-Chancellor's Office

5.2 Research funding

Research income

- Research income forms 39% of the University's total income. External research funding is important to underpin the volume and quality of research outputs and hence Cambridge's ability to attract top quality staff and graduate students.
- The value of EU funding to the University has been increasing. In recent years the University has received an average of around £60m of new grants and awards from the EU. In 2016/17 the University's total new grants were £497m.

ERC grants

- Almost 60% of the University's EU funding is via European Research Council ('ERC') grants. The value of ERC grants has increased steadily in recent years, and Cambridge has more ERC grants than any other university in Europe. Access to ERC funding is seen as important in recruitment and retention of many of our leading academics. The University currently manages 227 ERC grants (94 ERC Starting Grants, 40 ERC Consolidator grants, 12 ERC Proof of concept Grants, 78 ERC Advanced Grants and 3 ERC Synergy Grants). Marie Skłodowska-Curie schemes (fellowships, exchanges and networks) and collaborative grants make up the remaining 40% of the EU funding received by the University.
- The growth in research income from the EU has exceeded growth in income from Research Councils in the past ten years. In 2005/06, funding from EPSRC alone was nearly three times higher than EU funding. Since then, EU funding has increased sharply, while funding from the RCs has slowed such that funding from the EPSRC is comparable with that from the EU.

Brexit impact

- The referendum result has no immediate formal effect on UK access to EU funding. Until the UK leaves the EU, UK researchers can continue to apply to the programme in the usual way. The Treasury has announced that EU (Horizon 2020) research funding granted before the UK leaves the EU will be guaranteed, and that it will underwrite the payment of such awards¹⁵, even when specific projects continue beyond the UK's departure from the EU.
- The Commission provided the following statement in response to the University's enquiry on this issue as follows:

"The notice published in the Horizon 2020 Participant Portal refers to the eventuality that, during the grant period, the United Kingdom withdraws from the EU without concluding an agreement with the EU ensuring in particular that British applicants continue to be eligible: in that case, given that the eligibility criteria must be complied with for the entire duration of the grant, British applicants will cease to be eligible to receive EU funding (while continuing, where possible, to participate) [e.g., multi-beneficiary grants where the minimum eligibility conditions are met by the other co-beneficiaries], or will be required to leave the project on the basis of Article 50 of the grant agreement [e.g., mono-beneficiary grants]."

¹⁵ Note that the 'underwriting' is not yet in a legally binding form

5.3 Industrial income

Desk research and interviews with several strategic partners reveal three major variables that will affect the relationship between Brexit and industrial income: quality of science and the University's international status/reputation; availability of EU funding – both for research and businesses' R&D; and regulation and harmonisation.

A. Quality of science and the University's international status/reputation

Interviews with strategic partners revealed that a key reason why they come to Cambridge is the quality of science. Private research funding from global corporations could go elsewhere if the UK does not maintain and grow its research funding, quality of science and international status.

B. Availability of EU funding – both for research and businesses' R&D

UK industry receives substantial amounts of funding for R&D activities from the EU, through:

- (i) the EU Framework Programmes for research and innovation;
- (ii) the European Structural and Investment Funds (ESIF), specifically funding for research and innovation under the European Regional Development Fund (ERDF);
- (iii) loans from the European Investment Bank (EIB)¹⁶. In recent years, UK business enterprise provided about 2.3% of their R&D funding to the Higher Education sector¹⁷.

If businesses are unable to receive EU funding for R&D, universities' industrial funding will decrease. If UK universities are unable to receive EU research funding, businesses' confidence in the UK universities' quality of science will decrease, resulting in reduced industrial funding.

C. Regulation and harmonisation

Harmonisation in regulation, especially in some critical areas such as data sharing and data protection, and clinical trials etc., is critical to ensure collaborations between universities and industries in the UK and EU under the same legal frameworks. However, acting freely without EU constraints may provide opportunities for emerging technologies and industries to develop in the UK, leading to increased industrial income in new areas and topics. A change to domestic rules such as VAT provides an opportunity to support business-university research collaboration and co-location.¹⁸

The extent to which the UK will be able to influence rules varies in different scenarios.

Scenario analysis

Scenario 1 – Single Market agreement

A. Quality of science and the University's international status/reputation

The assumption under this scenario is that free movement of people will be maintained and that the UK will have full access to Horizon 2020 and future FPs as an equal partner. These provide the right conditions for us to continue to enhance the quality of our science, thereby maintaining our international status and the health of the science ecosystem.

¹⁶ The role of EU funding in UK research and innovation. Technopolis group. <https://acmedsci.ac.uk/file-download/70343878>.

¹⁷ Spending on Research and Development in the UK. House of Commons Library. Briefing paper, Number SN04223, 21 July 2015.

¹⁸ Leaving the EU: implications and opportunities for science and research. UK Parliament. https://publications.parliament.uk/pa/cm201617/cmselect/cmsctech/502/50206.htm#_idTextAnchor016.

B. Availability of EU funding – both for research and businesses’ R&D

The Treasury will provide a guarantee for all new structural and investment fund projects which were signed after the Autumn Statement and before leaving the EU. As for post-Brexit, Norway’s current experience shows that some minor ESI programmes can include countries that are not EU member states, but these funds are relatively small. However, the government will use the structural fund money that comes back to the UK following Brexit to create a United Kingdom Shared Prosperity Fund. This will help to deliver sustainable, inclusive growth based on the modern industrial strategy.¹⁹

After the date of withdrawal, UK projects will not be eligible for new operations from the EIB reserved for Member States. Any continued lending to the United Kingdom would have to be unanimously agreed by the EIB’s Board of Governors (the finance ministers)²⁰. The decision of the management board will have an impact on both funding for infrastructure projects and lending by the European Investment Fund, a public-private partnership of which the EIB is a majority shareholder. The EIF accounts for more than a third of investment in UK-based venture capital funds, whose clients include entrepreneurs and creative start-ups.²¹ The UK’s desire for a continuing arrangement with the EIB may lead to further negotiations.²²

In summary, businesses’ R&D funding from EU will decrease due to a cessation in ESI and EIB, but domestic policies and further negotiations may compensate for some of the losses.

C. Regulation and harmonisation

Most EU rules, such as rules in life science, product standards, financial services, consumer protection and data protection, will apply post-Brexit, which ensures the highest harmonisation in both industry and research. However, this means that the space for the UK to make its own rules is limited and some EU rules are costly for research. For example, the EU life science regulatory regime may well be more costly for researchers and businesses than individual national systems, but it does at least provide the potential to access a proportionately greater EU-wide market, except in highly politicised sectors like GM.²³

On the research side, the UK would have observer status on the ERA’s strategic policy committees. Having any say over the EU rules is very limited.

Scenario 2 – Bespoke agreement

A. Quality of science and the University’s international status/reputation

A new arrangement on freedom of movement will need to be negotiated, and the UK could pay for full access to Horizon 2020/FP9 as an equal partner. There is a possibility that the current access to skills and EU research funding are maintained, but the related costs – payment to access to EU research funding, time costs of negotiation, costs to improve freedom of movement, etc. could be high. The quality of science may decrease with talented people moving to countries and universities

¹⁹ UK Funding from the EU. House of Commons Library. Number 7847, 10th Jan 2018.

<http://researchbriefings.files.parliament.uk/documents/CBP-7847/CBP-7847.pdf>.

²⁰ Brexit: future funding from the European Investment Bank? House of Commons Library, Nov 21, 2016.

<https://commonslibrary.parliament.uk/economy-business/economy-economy/brexit-future-funding-from-the-european-investment-bank/>

²¹ UK infrastructure projects could be hit by European Investment Bank concerns. The Guardian.

<https://www.theguardian.com/politics/2017/may/15/uk-infrastructure-projects-could-be-hit-by-european-investment-bank-concerns>

²² UK Funding from the EU. House of Commons Library. Number 7847, 10th Jan 2018.

<http://researchbriefings.files.parliament.uk/documents/CBP-7847/CBP-7847.pdf>.

²³ The impact of leaving the EU on higher education. UK Parliament.

<http://researchbriefings.parliament.uk/ResearchBriefing/Summary/CBP-7834#fullreport>

where there is easier access to research funding and more readily available research collaborations.

B. Availability of EU funding – both for research and businesses' R&D

The UK could pay for full access to Horizon 2020/FP9 as an equal partner.

Depending on the negotiation, ESI and EIB may cease for the most part after Brexit. But the government's compensation and mitigation measures are not clear.

C. Regulation and harmonisation

Depending on what agreements the UK will have with the EU, harmonisation will be largely reduced compared with the Norway EEA model. For example, under the EU's data protection framework, any country other than the EU and EEA Member States is classed as a "third country".²⁴ If the Swiss option of bilateral agreement is to be adopted, the UK will need to approve medicines and grant clinical trial authorisations etc., separately from the EU (and the EEA).²⁵ Reduced harmonisation introduces great difficulties for EU industries and universities working with UK industries and universities. If not negotiated well, it will be a reason why companies may consider moving out of the UK.

Compared with the single market model, in the bespoke agreement scenario, the UK has greater freedom to make its own policies and regulations. On the one hand, favourable domestic policies in research and innovation-related issues could stimulate business investments in the UK and their collaboration with UK universities. For example, the relatively young and fast-moving UAV (drones) sector, if freed from EU regulation, could be innovatively developed in the UK²⁶. On the other hand, favourable trade policies could boost the economy and industrial development, which may indirectly influence universities' industrial income. For example, Switzerland has successfully signed FTAs with countries the EU has not, such as China. It also signed its deal with South Korea before the EU.²⁷

Scenario 3 – Third country status with bilateral agreements

A. Quality of science and the University's international status/reputation

The UK would not be automatically eligible for Horizon 2020 funds, and its involvement would be restricted to some thematic areas. Recruitment and admissions from the EU are likely to decrease. There is a risk that the quality of science will decrease with talents moving to countries and universities with easy access to funding and research collaborations.

B. Availability of EU funding – both for research and businesses' R&D

The UK would not be automatically eligible for Horizon 2020 funds, and its involvement would be restricted to thematic areas that are of interest to UK stakeholders. Also, co-funding towards collaborative projects would be expected. A reduction in both research funding and industrial funding would be expected.

²⁴ Brexit and data protection. House of Commons Library. Briefing Paper. Number 7838, 10 October 2017 <http://researchbriefings.files.parliament.uk/documents/CBP-7838/CBP-7838.pdf>.

²⁵ Brexit Monitor The impact on Pharma & Life Sciences. PwC. <https://www.pwc.nl/en/brexit/documents/pwc-brexit-monitor-pharma-life-sciences.pdf>.

²⁶ The aerospace industry: statistics and policy. House of Commons Library. <http://researchbriefings.files.parliament.uk/documents/SN00928/SN00928.pdf>

²⁷ What if...? The consequences, challenges and opportunities facing Britain outside the EU. Open Europe. <https://openeurope.org.uk/intelligence/britain-and-the-eu/what-if-there-were-a-brexit/>.

Depending on the negotiation, ESI and EIB may cease after Brexit. But the government's compensation and mitigation measures are not clear.

C. Regulation and harmonisation

Again, potential benefits and risks on universities' collaborations with industry and industrial income depend on what agreements the UK will have with the EU, and what industries will be impacted the most.

Scenario 4 – no agreement

A. Quality of science and the University's international status/reputation

In the worst case, all EC funded projects where an UK institution is the main beneficiary could be terminated on the day the UK departs from the EU. Freedom of movement will be restricted. It will greatly harm the quality of science. A sharp decrease in industrial income will be expected.

B. Availability of EU funding – both for research and businesses' R&D

All EC funded projects where an UK institution is the main beneficiary could be terminated on the day the UK departs from the EU. With the end of ESI and EIB, UK businesses will receive minimal R&D funding from EU. This again will possibly lead to a sharp decrease of universities' industrial funding.

C. Regulation and harmonisation

This scenario presumes a complete separation of the UK systems from that of the EU, unless the UK negotiates with the EU on specific regulations, rule, standards, etc. Instead, the UK will automatically be under the WTO. The lack of harmonisation between UK and EU will introduce greater barriers for university-industry collaboration.

Fully outside of the EU, the UK would have no say over EU decision-making on the rules governing trade in the single market. On the other hand, the UK will have more freedom to negotiate its own FTAs with the rest of the world and could adopt different models. Benefits such as reduced cost of inputs for manufactured goods that are re-exported would be possible, depending on the policy and agreements.²⁸

²⁸ What if...? The consequences, challenges and opportunities facing Britain outside the EU. Open Europe. <https://openeurope.org.uk/intelligence/britain-and-the-eu/what-if-there-were-a-brexite/>.

5.4 Endowment

Detail in simulation: Brexit Impact Assessment for the CUEF

Assumed Impact on Key Markets for the CUEF

	Scenarios			
	[1]	[2]	[3]	[4]
GBP/USD	7.5%	0.0%	-7.5%	-15.0%
GBP/EUR	5.0%	0.0%	-5.0%	-10.0%
GBP/JPY	10.0%	0.0%	-10.0%	-20.0%
GBP/Other	7.5%	0.0%	-7.5%	-15.0%
UK Property - Equity	5.0%	0.0%	-5.0%	-15.0%
UK Property - Debt	2.0%	0.0%	-2.0%	-7.5%
Relative performance of UK Equities (USD)	4.5%	0.0%	-4.5%	-8.0%
World ex-UK Equities (Local)	0.5%	0.0%	-0.5%	-2.0%

Impact on the CUEF

	£m	£m	£m	£m
Direct FX impact on non-GBP equities	-122.35	0.00	122.35	244.71
FX hedge overlay on EUR and JPY equities	10.69	0.00	-10.69	-21.37
UK Property - Equity	10.47	0.00	-10.47	-31.42
UK Property - Debt	0.87	0.00	-0.87	-3.27
UK Equities	-16.24	0.00	16.24	37.90
World ex-UK Equities	7.69	0.00	-7.69	-30.76
Total	-108.88	0.00	108.88	195.79

Total as % of CUEF

-3.5%	0.0%	3.5%	6.3%
-------	------	------	------

Annual effect on 4.25% distribution if permanent

£m	£m	£m	£m
-4.63	0.00	4.63	8.32

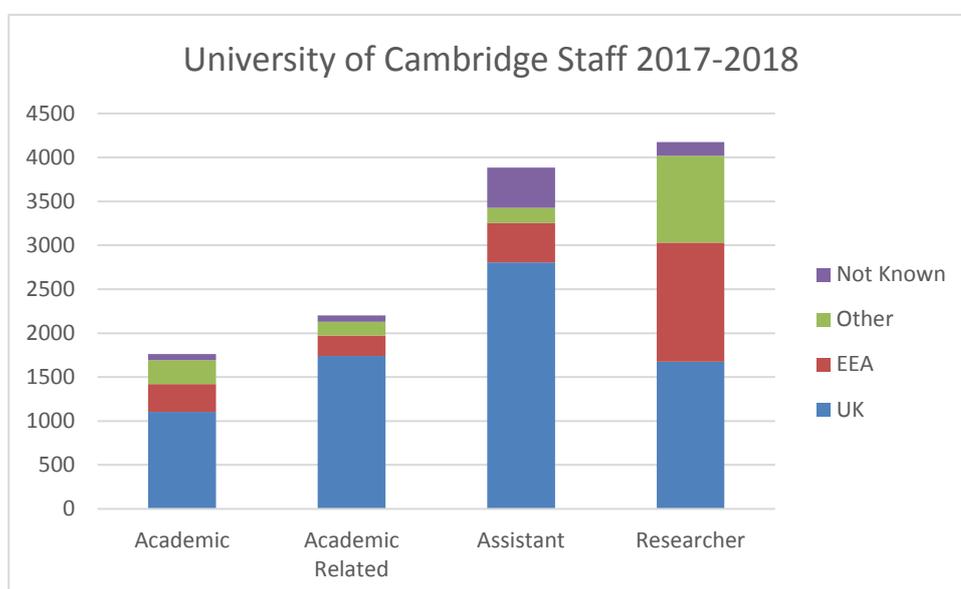
5.5 Staff & Students²⁹

Staff

At December 2017, the University employed c2,357³⁰ staff (19.6% of all staff) from non-UK EEA countries.³¹ Whilst the majority of these staff are researchers, just over a 1,000 are Academic, Academic-Related or Assistant staff (8.3% of all staff).

Aside from applying for UK Citizenship, there has been no other mechanism by which EEA nationals can formalise and protect their status *under UK law* for the purposes of residence and work, principally because EEA nationals are not subject to UK immigration control.

Currently, the ability of EEA nationals to live, work and move freely to the UK is governed by EU law under the Citizens' Rights Directive (Directive 2004/38), which runs in parallel with UK immigration law. At the point the UK leaves the EU, EU (Withdrawal) Act, assuming it becomes an Act, will maintain the effect of existing domestic laws that implement the Citizens' Rights Directive until repealed by any new Immigration Act.



In the unlikely event of Parliament failing to pass the EU [Withdrawal] Bill into law, then for existing EEA staff, unless they could also prove they are British, the University would have no option but to dismiss them with immediate effect. In those circumstances, were the University to continue to employ them, it would most likely find itself in breach of existing UK immigration legislation that prevents illegal working. The penalty for employing illegal workers is a £20,000 fine for each worker and potential criminal proceedings against the employer and the illegal worker. Based on the University's current non-UK EEA staff headcount, this would potentially incur a cost of c.£40 million if that scenario was borne out. All employers in the UK would face this same issue.

The University can be confident that the Government will not wish to face a 'cliff edge' regarding the legal status of EEA nationals in the UK, otherwise they would be facing a situation where overnight, c3million EEA nationals would become unlawfully present in the UK, unable to work/study or access basic services and subject to deportation. The political and economic fallout of such a situation, for the UK as a whole, is obvious.

²⁹ Source: internal note of 29.12.2017 *The UK's exit from the EU and EEA – approach to mitigation*

³⁰ The headcount includes 0 hours staff.

³¹ The EEA comprises the 28 EU Member States plus Iceland, Liechtenstein and Norway.

On 8 December 2017, the UK reached agreement with the EU27 on the rights of EU nationals who are currently resident in the UK. The joint report of 8 December will provide the template of the Article 50 Withdrawal Agreement. This agreement requires a super-qualified majority vote of the Council of Ministers and a vote by the European parliament and therefore is not definitive at present. Even if this agreement is not honoured or upheld by the EU27 in its current form, the proposals as they stand are highly likely to be implemented by the UK Government. This is evidenced by the 'open letter' to EEA nationals in the UK, written by the Home Secretary, on 19 December 2017, where the Government has committed itself to safeguarding these rights, in line with the agreement, "cementing these rights into law".³²

Under the current agreement, the following rights are guaranteed:

- All non-UK EEA nationals, and their dependants, who were resident³³ in the UK for at least 5 years before 29 March 2019, will be granted 'settled status' (equivalent to settlement for non-EEA nationals).
- Non-UK EEA nationals, and their dependants, who have been resident in the UK for less than 5 years before 29 March 2019, will be granted 'temporary status' (undefined at present) which will allow them to reach 'settled status' after 5 years in the UK.
- The Government is allowing 2 years, or more, from 29 March 2019 for all non-UK EEA nationals to apply for and gain either 'temporary' or 'settled status'.
- During the two years after 29 March 2019, free movement rights will continue for all non-UK EEA nationals and their dependants. After this time, they must have gained either 'temporary' or 'settled status'. There is a risk that, for those members of staff who are not able to obtain either status within the specified time, they will then be unlawfully present in the UK. A small number [presently 15] of Marie-Sklodowska Curie Global Fellows might find themselves in this situation as the fellowship requires them to live in a third (non-EEA) country in the first two years of the fellowship, prior to coming to the UK. The next call for applications will be in September 2018 and the University will need to have considered if/how we will support them.
- Irish Citizens will not be affected and will not be required to apply for any status.

A future immigration system, which will apply to those EEA nationals entering after 29 March 2019, has yet to be created or defined. The Migration Advisory Committee will report its findings on "EEA workers in the UK labour market" to the Government in September 2018. The Government will create a new immigration system based on the findings of this report. The University submitted a detailed response to this call for evidence in October 2017. An Immigration White Paper is due to be published sometime in 2018.

With regard to a future immigration system, the worst-case scenario would be the failure to create a new system which would take account of the concerns raised by the University, and the wider sector, within our collective MAC responses. Ultimately, this could result in EEA nationals being subject to the existing immigration system, with new appointments supported principally through Tier 2. This route in its current form places a heavy administrative burden on both the applicant and the University as the employer, and if EEA nationals in the future became subject to this route *in a non-revised form*, it is likely that there would be three broad impacts.

³² <https://www.gov.uk/government/news/home-secretarys-open-letter-to-eu-citizens-in-the-uk>

³³ Still to be defined – it may simply mean 'presence in the UK' but it may require the individual to prove they have been working/studying/self-employed/self-sufficient, as per current EU law.

Firstly, it would be impossible to sponsor EEA nationals within critical roles, such as Technicians, due to the current skill level and salary requirements that exist within the two-year Tier 2 route. Secondly, moving from a system of free movement to a highly restrictive visa route, with all its associated regulations and timeframes, would be a significant disincentive for recruiting EEA staff in the future. Thirdly, recruiting all EEA nationals through the Tier 2 route in the future would create significant administrative and cost implications [including health surcharge, skills levy etc] for departments, staff and dependents, and resource and cost implications for the HR Compliance Team that would have to be addressed if levels of recruitment from EEA countries were to be sustained in the future.

Relative to this, there would be significant cost implications for EEA nationals having to use the Tier 2 route in the future, where currently it costs c£1,000 for a two year Tier 2 visa. Similar costs would also apply to dependants, and this in itself could be a disincentive for them to come to the UK. The HR Committee has recently approved the introduction of a new loan scheme to assist with visa costs for non-EEA staff (and dependants) requiring a Tier 2 visa. Dependent on the cost implications of any new immigration system, the University would need to consider broadening this scheme.

For staff whose salaries are funded by EU monies (regardless of nationality) there is the additional consideration as to whether these funds will continue. This could lead to redundancies in the event that EU funding was withdrawn and alternative sources of funding could not be found. By March 2019 and assuming no increase in the number of EU projects awarded, 600 staff will be funded, to some degree, from EU sources. If we assume that the UK Government will underwrite EU-funded projects in case of a non-deal then the impact on these staff would be more from an immigration requirement rather than financial.

Since the referendum result, there have been a small number of cases of individuals citing Brexit-related reasons for rejecting offers of employment at the University. This has included an election to a prestigious Chair, where uncertainty around the portability of EU research funding was the clinching factor in the individual's decision to decline the offer.

There has been no reduction in the recruitment of non-UK EEA nationals applying for roles at the University. This is being monitored on a monthly basis and reported via the EU Working Group, chaired by the Pro-Vice-Chancellor for Research, Professor Chris Abell.

Students

In 2016/17, 11% (1,320) of Cambridge undergraduates were from non-UK EU countries. The University admits c900 non-UK EU domiciled postgraduate students per year. The current number is up a third on the position a decade ago, and has been driven largely by applications from the newer EU Member States and additional recruitment activity in some EU countries.

During the 2017 entry application round UCAS reported that non-UK EU applications nationally fell by 4.4%. At Cambridge the decrease was greater at 14%. This was due in part to numbers falling after a spike in admissions the previous year, but the combination of an early Oxbridge application deadline and a late Government announcement on the fee status of EU students will not have helped the Cambridge position; certainly in October 2016 UCAS was reporting that EU applications to UK universities nationally were down by 9%.

Interestingly, Cambridge data did not show a clear pattern of change in rates of application across the EU by country or region. Offers made were not down by the same order of magnitude (suggesting that the higher quality end of the field was less affected), and when the round closed the University had admitted the same number of non-UK EU students as in the previous year. The 2018 entry application round has seen a slight recovery in EU applications both nationally (6%) and at Cambridge (4.3%).

The experience of the last year has not however led to revision of the projection of the post-Brexit position. As Brexit looms, and assuming EU students become eligible for Overseas fees,³⁴ the Cambridge Admissions Office projects an 80% decline in undergraduate admissions from the newer EU Member States (mirroring the admissions position before those countries joined the EU) and a more modest decline of 50% in undergraduate admissions from the older EU Member States. We therefore expect numbers to fall by at least half and possibly by as much as two-thirds, reducing the intake of non-UK EU numbers by 150-200 students per year. However it is probable that a transition period of two years will affect these projections because if the EU gets its way, the status quo will apply regarding free movement of persons and so equal treatment [and equal fees?] will apply.

At 1 December 2017 24% (2,350) of Cambridge postgraduate students were from non-UK EU countries. Postgraduate student numbers from the non-UK EU have been stable over the past five years, however there was a significant increase in applications (c7%) for 2017 entry compared to 2016 entry. This reflected a general increase in postgraduate applications.

Of the non-UK EU nationals admitted in 2017, 33% of undergraduates and 46% of postgraduates are recorded as self-funded (compared to 18%/43% of UK nationals and 65%/49% of the remaining undergraduates and postgraduate students respectively). Both the Gates Cambridge Trust and the Cambridge Trust fund EU and Overseas students; if the fees increase for EU students, the numbers of awards the Trusts – and one would assume external sponsors and funding bodies - can make would reduce. It is extremely difficult to project a post-Brexit position for postgraduate entry, but if it were assumed that numbers fell as modestly as 10-15% then the University would lose 100 non-UK EU postgraduate students per year.

As part of the University's central support services, the International Student Office provides advice to prospective and current students, and their families, on immigration-related matters. There has been an increase in immigration queries from EEA nationals since the referendum outcome, mainly from current PhD students seeking guidance on applying for permanent residence and clarification on the requirement to hold comprehensive sickness insurance. The Office closely monitors changes to UK immigration policy and rules and liaises with the Home Office, and other relevant bodies, on student immigration policy.

Erasmus provides the University with an established framework to facilitate student mobility with institutions across Europe and an annual budget to fund activities. The programme supports an undergraduate year abroad in MML, Law and Engineering as well as a small number of study and research exchanges in other Departments. In 2016/17 the budget was €464,639, the vast majority of which was distributed to students as an Erasmus grant. The UK Government has confirmed it will underwrite agreements for Erasmus+ submitted whilst the UK is still a Member State and has advised it will be seeking continued participation until the end of the current Erasmus Charter in 2020.

³⁴ Protocol No.29 of the EEA agreement allows countries to charge higher fees to EEA students if they already charged the higher rate (i.e. the overseas rate) before the EEA Agreement. The UK has taken advantage of this and Cambridge charges overseas fees to EEA students (i.e. Norwegian, Icelandic, Liechtenstein). Some universities (e.g. Leicester) do not. This Protocol is not well known but the implication could be that if the UK remained in the EEA, HEIs may be bound to continue to charge EU students the Home rate of fee.