

Wales' future relationship with the European Union  
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Evidence from Cardiff University

On behalf of Cardiff University, please find below a response to the inquiry by the External Affairs & Additional Legislation Committee into Wales' future relationship with the European Union.

Cardiff University is an ambitious and innovative university with a bold and strategic vision located in a beautiful and thriving capital city. Our world-leading research was ranked 5th amongst UK universities in the 2014 Research Excellence Framework for quality and 2nd for impact. We provide an educationally outstanding experience for our students. Driven by creativity and curiosity, we strive to fulfil our social, cultural and economic obligations to Cardiff, Wales, and the world.

Our ambition is to remain among the top 100 universities in the world and top 20 in the UK. Our new strategy sets out our strategic direction and focus on research, innovation, education and students, international and civic mission.

We have 31,595 students enrolled, representing over 130 countries, including from the EU. We have a world-leading research community with a strong and broad research base: our research contract awards have a total value of over £530m. We have won seven Queen's Anniversary Prizes and our researchers include two Nobel Prize winners.

## Overview

Support for higher education will be crucial if Wales and the UK are to make a success of Brexit. By securing an effective post-Brexit settlement, universities can continue to make a vital contribution to a successful, dynamic and internationally competitive country and can continue to attract international talent.

Cardiff University is a key driver of economic and social prosperity in Wales. Cardiff is a global, outward looking university with links to more than 100 countries, and we have a strong sense of civic mission. A 2016 report by London Economics found that the University contributes nearly £3bn to the UK economy, with the University's contribution to the Welsh economy approximately £2.2bn in 2014/15. Generating £6.36 for every £1 it spends, Cardiff is positioned as a top five university within the 2014 Research Excellence Framework, our research tackles challenges of global significance while our students receive a student experience that is ranked among the best in the UK.

We acknowledge that many issues relating to Brexit are complex and will take time to resolve, and we welcome the progress that has been made so far on key issues such as the UK Government confirming arrangements for the last year of the Horizon 2020 programme post-Brexit, and the continued access to Erasmus+ for academic year 2019/2020. However, we are still keen to secure reassurance on other genuine practical arrangements to help deal with uncertainty and promote stability as the UK exits the EU, such as clarification on replacement of European Structural Funds in Wales.

We would also urge interested parties to support five priorities for Brexit negotiations to ensure that all higher education providers - including Cardiff University - are in a position to continue to deliver economic, social and community benefits in the South East Wales region and Wales as a whole, and that we are in a position to continue to play a central role in ensuring a successful, dynamic and internationally competitive UK post Brexit.

Urgent clarification on replacement of European Structural and Investment Fund (ESIF) Wales receives almost £2 billion in regional policy funding which is used to support economic development in some of our poorest areas. The vote to for the UK to leave the European Union has left uncertainty over future programmes that involve EU funding.

Universities in Wales receive a significant amount of funding from European Structural Funds, and this continues to provide vital investment and funding for projects and infrastructure that contribute towards economic and social growth in Wales. European Structural and Investment Funds have also played an important role in both innovation funding in Wales, and private investment in research and development. High quality research and innovation are the bedrocks of a growth economy, and have knock-on benefits for all communities across Wales.

Urgent clarification is sought about how these funds will be sustained or replaced at a devolved level following the UK's withdrawal from the EU so that Welsh universities can continue to deliver the maximum economic and social impact in communities across Wales.

Should the UK look to establish a new regional development fund, such as the UK Shared Prosperity Fund in place of ESIF, it is imperative it allocates funding appropriately and on a similar needs-based system if it is to help rebalance the economy.

## Five priorities for Brexit negotiations

As part of the Brexit negotiations, the UK Government should prioritise:

1. Structural funds in Wales
2. Research funding, collaboration and networks
3. Status of EU students and staff
4. Student mobility and Erasmus+
5. City Region Deals in Wales

## Structural funding in Wales

Certainty is needed on a replacement to ESJF in Wales post-Brexit as outlined above. This includes assurances before the date that the UK will leave the EU that there will be a full replacement for the European Regional Development Fund (ERDF) distributed at a devolved level currently through WEFO. These funds are vital in helping Welsh universities build critical research and innovation capacity and infrastructure that delivers the maximum economic and social impact in communities across Wales.

The UK's withdrawal from the EU will mean Wales' access to EU Structural Funds will disappear when the current round ends in 2020. Structural Funds in Wales are used to support research capacity building in the HE sector on a very significant scale that contributes towards economic and social growth in Wales.

European Regional Development Fund (ERDF) spending is one of the funding streams of Structural Funds that support research and innovation. Projects are match funded by ERDF /ESF over long-term programmes of activity (more than five years) and at high values (generally £5m-£20m grants). Crucially, ERDF programmes in Wales allow fundamental research activities to be supported.

In the most recent round (2014-2020), ERDF spending was used to help build the Cardiff University Brain Research Imaging Centre, a state-of-the-art European centre of excellence for neuroimaging research. The centre plays a pivotal role in the global endeavour to better understand the causes of neurological and psychiatric conditions such as dementia, schizophrenia and multiple sclerosis, so as to yield vital clues for the development of better treatments.

Routes for such innovation activities funded by ERDF are important - more so in Wales given there is no Higher Education Innovation Funding (HEif) available to Welsh institutions. They are particularly important for Welsh Government schemes that support Technology Transfer and other engagement between HEIs and industry, as well as for projects delivered by HEIs, which seek to develop and exploit HE-led research with SMEs in Wales.

For example, Cardiff University is a partner in the ASTUTE 2020 (Advanced Sustainable Manufacturing Technologies) project, which brings together expertise from Welsh universities to work with manufacturing industries to facilitate and de-risk the development and adoption of advanced technologies, increasing competitiveness and future proofing. Part-funded by the ERDF and the participating universities, it specifically aims to stimulate transformational and sustainable growth in the High Value Manufacturing Industry in West Wales and the Valleys.

ERDF is also match-funding capital awards for the Institute for Compound Semiconductors and Supercomputing Wales. It is also supporting grant programmes for Research Fellowships run by the Welsh Government which aim to boost

research by attracting and developing talented researchers to Wales such as COFUND and Ser Cymru; and PhD/MRes studentship funding programmes (KESS2).

Structural Funds are therefore, highly strategic and valuable contributions to strengthening and sustaining the research base in Wales. We would urge that in establishing new terms for the UK's relationship with the EU, and recognising the role that science and research play more broadly in stimulating economic growth and fostering innovation, assurances are made that ERDF funds distributed through WEFO are replaced in their entirety, and that research and innovation play a central role in any replacement regional development mechanism.

## 2. Research funding, collaboration and networks

Security in terms of continued UK access to and influence over Horizon 2020 and future EU research and innovation programmes focused on excellence, including FP9, is sought. Should such access prove to be impossible, a replacement scheme that will support collaborative international research must be secured.

Cardiff University believes that the overall level of spending on research and development needs to be maintained at least at current levels to preserve the capacity of UK science and research, and to maintain the UK's position as a world leader in this field. Research and innovation are global pursuits, reliant on ideas and people that are mobile across borders. It is not only the funds provided by the EU but also the networks and facilities made available to researchers. Continued collaboration in international networks is paramount if the UK is to maintain its standing as a leader in science and technology, and drive forward a culture of innovation.

If the UK Government secures continued access to Horizon 2020 and future EU research and innovation programmes such as the 9th Framework Programme (FP9), it will be important to ensure that we can continue to exert influence on the research programme and funding mechanisms.

If the UK Government cannot secure continued access, the government should make provision through uplift to the national science and research budget equivalent to the amount secured from Horizon 2020, recognising the UK as an existing net beneficiary from EU research programmes. The Government should consider building on existing mechanisms, such as the targeted Global Challenges Research Fund and the Newton Fund.

In the event that the UK no longer participates in European research funding mechanisms post-Brexit, the Government should ask UK Research and Innovation (UKRI) to propose alternative mechanisms such as an International Research Council in partnership with other leading countries with a substantial advanced science base.

If sufficient access to funding cannot be negotiated, or alternative long-term funding cannot be found, then we will lose not only a major and irreplaceable funding stream, but the equally important opportunities to engage in international research collaboration. Such collaboration is critical to excellent science and any reduction could cause lasting harm to the UK research effort.

The total value of future research income to Cardiff University from live FP7 and Horizon 2020 projects awarded up to 30 April 2017 amounts to £26.9m, with further applications to Horizon 2020 in the pipeline to the value of £18m. ERDF projects are worth an additional £39m with a further £7.5m of projects pending contract. An estimated further £10m of grant funding is currently in early stages of business planning. One significant recipient of this funding is the Cardiff University Brain Research Imaging Centre. Our other EU-led collaborative initiatives are supporting our researchers in upwards of 80 Horizon 2020 projects. Together with our remaining FP7 projects, these cover topics ranging from developing the next generation of renewable energy connectivity through to research into diabetes.

### 3. Status of EU students and staff

Assurance is needed to ensure universities can continue to recruit and retain talented students and staff from across the EU and more widely by reducing barriers for qualified international staff and students, recognising their huge local economic and social impact.

As an international community that values students and staff who come to work and study here, 16% of our academic staff and 5% of our students are EU nationals (10% of our research students are EU nationals). Our international students contributed £217m to the economy in 2014/15. They are a long-term asset to cultural and trading partnerships of the UK. Many members of the public do not see students as migrants<sup>7</sup>, and a policy of cutting international students to reduce net migration does not therefore address concern about immigration.

While we welcome the confirmation that EU students currently studying here (including the 2017/18 and 2018/19 cohorts) will receive student support for the duration of their studies, we would also welcome confirmation of the fee rate EU students might move to and when this would come into effect.

We believe there is also a risk that EU staff (and UK staff with EU spouses) will seek employment outside the UK if they no longer feel welcome or are uncertain about whether they will retain their right to remain. We are seeking a commitment from the UK Government that EU nationals already living in the UK have the right to remain.

We need a new post-Brexit immigration policy that encourages all international students to choose to study in the UK coupled with welcoming messages from

Government, recognising their hugely positive social and economic impact on the UK.

## 4. Erasmus+ and Student mobility

Early assurance is needed on the continued access to Erasmus+, but if this should prove impossible or undesirable, a replacement Welsh or UK scheme that will allow our students to study, work and volunteer abroad must be secured.

In 2015/16, 18% of the University's home undergraduate students at Cardiff were internationally mobile<sup>8</sup>. Many of these participated in the Erasmus+ programme, supporting the enhancement of students' personal development, inter-cultural understanding and linguistic abilities, as well many of the transferable skills sought by employers.

We believe that Brexit offers an opportunity to create a new international outward mobility programme that could replicate and perhaps improve upon the most successful elements of the Erasmus+. This would allow universities to continue valuable collaboration with EU partners and support compulsory periods abroad for modern language students, in addition to supporting wider internationalisation of education in Wales and the UK.

## 5. Cardiff City Region Deals

Assurances from both UK and Welsh Governments are needed on the EU funding component of the Cardiff City Deal, specifically the allocation of £106m of funding for the development of the Cardiff Capital Region Metro from the European Regional Development Fund.

Cardiff University is involved in the Cardiff Capital Region City Deal, a £1.2bn agreement by UK Government, Welsh Government and the 10 local authorities of south-east Wales. It seeks to improve productivity and drive innovation. It expects to create 25,000 jobs throughout the region and attract £4bn worth of private sector investment.

We welcomed the joint commitment by the Secretary of State for Wales and the Cardiff Capital Region City Deal Joint Cabinet to ensure the programme for the region is successfully delivered and in full. UK Government has already announced a £50m investment to help develop the compound semiconductor (CS) technology of the future as part of the UK Government's City Deal investment. The University and Cardiff-based CS specialist IQE will spearhead the UK national 'catapult'. The 10 councils have recently agreed a £38m investment in a new state-of-the-art foundry for CS technologies, further supporting the development of a CS cluster in Wales.

The University's involvement is expected to go much further. The City Deal foresees the potential for investment in other areas in which the University is able to offer expertise, such as software development and cyber security, public service innovation, energy and resources, the creative sector, health and wellbeing, and the development of Cardiff Capital Region.

We are, therefore, seeking assurances from both UK and Welsh Governments on the status of the EU funding component of the City Deal, specifically the ERDF funding in pipeline projects, which includes approved funding for compound semiconductor investment and business support, and the allocation of the agreed £106m for the development of the Cardiff Capital Region Metro from the ERDF.

## Conclusion

Cardiff University is committed to working with partners to navigate the best course for Wales and the rest of country as the United Kingdom exits the European Union.

Though the UK's exit from the EU will bring challenges, we are committed to seeking opportunities in the new world context. We want to continue to form productive collaborations across Europe and across the world.