



Select Committee on the European Union

Home Affairs Sub-Committee

Oral evidence: Brexit: EU student exchanges and funding for university research

Wednesday 9 January 2019

10.40 am

Watch the meeting

Members present: Lord Jay of Ewelme (The Chairman); Lord Best; Lord Haselhurst; Baroness Massey; Baroness Pinnock; Lord Ricketts; Lord Soley; Lord Watts.

Evidence Session No. 3

Heard in Public

Questions 26 - 45

Witnesses

[I](#): Jane Racz, Director, Erasmus⁺ UK National Agency; Madeleine Rose, Deputy Director, Erasmus⁺ National Agency.

[II](#): Chris Skidmore MP, Minister of State for Universities, Science, Research and Innovation; Sarah Redwood, Deputy Director for European Programmes, International Science and Innovation Directorate, Department for Business, Energy and Industrial Strategy; Shahid Omer, Deputy Director, International Higher Education and EU Exit, Department for Education.

Examination of witnesses

Jane Racz and Madeleine Rose.

Q26 **The Chairman:** You are very welcome. We are grateful to you for coming to give evidence to us today. We are coming towards the end of the inquiry we have been carrying out on Erasmus and Horizon. Thank you very much for coming to give evidence to us on the Erasmus part of the programme. This is a public session, so there will be a recording. We will send you a transcript so that you can correct anything we have got wrong and any little things you might have wished to express in a slightly different fashion.

What impact do you think the current Erasmus+ programme has had in the UK in enhancing opportunities for co-operation and mobility, in particular for students from disadvantaged backgrounds? We have had evidence in the past that one difficulty may be that students from disadvantaged backgrounds will not benefit as much under any new arrangements that come into force as under the present arrangements. That is why we ask that question.

Jane Racz: I am the director at Erasmus+ UK National Agency. Good morning, everybody.

The Chairman: The acoustics are not brilliant in these rooms. If you can speak up and speak slowly, that would be great.

Jane Racz: I will try my best, and I apologise that I have a bit of a gravelly voice.

Erasmus+ and its predecessor programme have enabled around 600,000 people from the UK to study, train, gain experience or volunteer abroad over the last 30 years. The programme provides funding to education, training, youth and sport organisations. We have seen from evidence that it provides life-changing international activities. An estimated 51,000 people from the United Kingdom were funded to go abroad on the scheme in 2016, and, on average, the number has been between 45,000 and 50,000 every year since the programme commenced.

Benefits to participants are that Erasmus leads to better job prospects and lower unemployment. Studies on placements show that participants who have completed an Erasmus+ placement are 50% less likely to experience long-term unemployment, and participants in vocational education and training have a higher employment rate¹. These are statistics taken from the European Commission Erasmus+ Yearly Report.

Erasmus supports social mobility and opportunities for all, and it is important to say that the programme covers HE, schools, youth, adult education and vocational education and training under the Erasmus+ existing programme. It enables those from disadvantaged backgrounds to be involved; 55% of UK young people awarded funding for volunteering

¹ Note by the witness: 81% vs. 68% after the placement abroad

or youth exchange and 30% of UK vocational learners awarded funding for training abroad in 2014 to 2015 were from disadvantaged backgrounds.

In some of those sectors, including higher education, individuals who have additional needs can often receive additional funding to ensure that they can take up the mobility. That is outside the grant funding awarded to the sending organisation. They can apply on an individual basis. Amounts can vary and there is no upper limit, on average they are under €5,000 but there have been cases where we have provided up to €50,000 as part of the grant, to ensure that those with real disabilities and needs are still able to make the placements.

In benefits to the UK, the programme raises standards in education and training through collaboration between UK organisations and international partners. It drives innovation, it encourages the sharing of best practice and offers new and exciting opportunities to young people. It contributes to UK economic growth and prosperity because it provides opportunities for young people to develop the skills vital to the UK's success in the global market, such as communication, critical thinking and problem solving. It builds trust between those young people and institutions across Europe, which lays the foundations for future involvement.

The Chairman: Thank you very much. That is a very comprehensive answer. You talked earlier about its being life changing for students. Is that what you were describing later on, or is there anything more you want to say about how it might be regarded as life changing?

Jane Racz: Yes. We have case studies. I encourage you to have a look at our website, following this, where we have some outstanding case studies. We have an example of a young man called Calum who went on a placement and has since developed a working role. He said that if it was not for the Erasmus+ programme he would have been in prison or would probably be dead. That is a real case study, and they are numerous.²

Madeleine Rose: As part of the 30-year anniversary celebrations, we profiled a number of case studies, one of which was Calum's. Another was a young girl named Coral who was at college undertaking an electrical engineering course.³ Coral had never travelled abroad before and she did not have a passport. She went on a three-week work placement to Seville, and that placement has changed her aspirations and career.

² Note by the witness: This was a European Voluntary Service (EVS) placement and Calum has since gone on to take part in and lead other volunteering activities, working with children with ADHD and at a homeless shelter, and has developed a new career in landscaping (see: <https://www.erasmusplus.org.uk/stories/erasmus-volunteer-calum-barron>)

³ Note by the witness: This was a Level 2 Electrotechnical Qualification (see: <https://www.erasmusplus.org.uk/shaping-futures>)

Coral went back to college following her placement. She won student of the year at Leicester College and she has now progressed to an apprenticeship. She was able to talk about her Erasmus+ three-week placement as part of that apprenticeship. She said that it made a real difference in the interview, because rather than just having college experience she had been out in the workplace. These experiences are invaluable for young people and help them to progress through education and into work.

The Chairman: Thank you very much. That is very helpful.

Baroness Massey of Darwen: It is a very impressive record. Could I ask a supplementary question about the youth mobility participants? Do they apply in the same way to the programme or are they selected by schools, youth clubs or whatever? I am interested in how you find those mobility programme students.

Madeleine Rose: Individuals do not apply for placements. There is a small exception for groups of young people, who can come together and make an application, but, in the main, applications are made by an organisation or an institution; a university, college or youth organisation makes the application on behalf of their students, their volunteers and their staff members. We then have a contract with the organisation if they are successful in applying for the funding and they organise the placements for their students, volunteers and young people. They follow some kind of selection process, and they prepare the participants for their placement abroad before they go. They provide one-to-one, hand-holding support to them throughout the duration of their placement. There is always an organisation behind the individual.

Baroness Massey of Darwen: I realise that, but are the organisations, in your view, looking for young people who are less socially mobile than others? Do they target them?

Madeleine Rose: Yes. There will be a certain amount of targeting. Some of the organisations will already be working with disadvantaged target groups, particularly in the youth sector and in vocational education and training. They do not only select the obvious candidates. There is a process to find out who will benefit most from the experience, and across the whole spectrum, even at universities, they follow those kinds of criteria and we actively encourage that.⁴

Jane Racz: Part of the funding gives them support to do that work, to go out and promote the opportunities in youth clubs and schools for example. We had representations at our conference in October from areas that were quite underprivileged, and they have gone out and made a huge difference with the Erasmus+ funding.

⁴ Note by the witness: Many of the organisations running Erasmus+ projects will have selection processes to offer placements to those who will benefit most from the experience. There are many examples where participation in Erasmus+ has improved motivation, performance and qualifications.

Q27 Baroness Massey of Darwen: Thank you. I am clear about that now. What impact has the uncertainty caused by Brexit had on current and prospective UK Erasmus participants?

Jane Racz: Let us be clear: we have seen an increase in questions from our beneficiaries at events and to our help desk, but we have prepared a Brexit update on our website—a collaboration between the National Agency and the Department for Education. In 2018, Brexit was the top search (term on the Erasmus+ website), with almost 45,000 page views. The first deadline of the 2019 Call is due to close on 5 February. We will not know whether there has been any cooling of the application numbers until it closes, because we do not get this information in advance.

However, we have seen no decline in interest from all our sectors. They remain fully engaged. We run a number of pre-application webinars and information sessions for all existing beneficiaries or new beneficiaries, and the interest has been at a consistently strong level. We have not seen any decline in interest or involvement. Yes, there are questions, some of which we cannot answer. We had a conference in October and we reached our full capacity for it in a very short period. The mood at that conference was extremely positive. Everyone who has been involved in the programme, who knows the programme or is seeking to be involved, is positive about the programme and what it can deliver.

We had a recent application round; every year we get different levels, and we had one in October 2018 for our youth sector activities. Again, we saw a marginal increase on the number of applications from last year and a significant increase on the same period in 2016, so we see no decline in interest currently.

Baroness Massey of Darwen: There is no chilling effect yet.

Jane Racz: No, not at the moment, and I think everybody really wants to continue to be part of Erasmus+. We will not know for sure until February, when we see the applications come in. We have seen some trends. Some of the organisations are experienced, because the programme commenced in 2014. Therefore, some of them, particularly in the youth area and some of the school areas, where they may have delivered a smaller project with not so many opportunities for young people, now have the confidence to increase the number of placements and their application level, so they may be getting more funding which enables them to offer more opportunities for young people.

Baroness Massey of Darwen: Does the fact that they are asking questions reveal some uncertainties? What kind of questions are they asking?

Jane Racz: They are asking questions, and that reveals that there are uncertainties. Some of the questions are about what will happen in a no-deal Brexit. That is a question that is being asked in every area. We have a statement on our website that we shared on the same day that the technical notice on Erasmus+ was launched. We put that on our

website the same day. We sent an email to all our stakeholders and existing beneficiaries making them aware of it. We try at every opportunity to share the information we have with them.

Baroness Massey of Darwen: Thank you very much.

Q28 **Lord Ricketts:** I should declare an interest in that both my children went on Erasmus and I think it changed their lives as well, so I am very supportive.

You have just touched on the question of what happens in the case of a no-deal scenario. I would be interested if you could tell us a bit more about how you see the role of the National Agency in that no-deal situation because, as I understand it, the Government have produced their underwrite guarantee for those who go on Erasmus placements or activities until the end of 2020, but even that depends, I think, on some further negotiation to ensure that individual UK institutions can still participate ad hoc for that period if we have left with no deal. How do you see the role of the UK National Agency working in those difficult months of trying to implement an underwrite guarantee?

Jane Racz: We have probably been in that role since the vote, because, ultimately, it is a European Union-funded programme, so we anticipated that. We are working closely with the Department for Education, our National Authority, on what the future looks like and linking very closely with them to try to prepare frequently asked questions, and to plan ahead, working with them on contingency planning. Our role is to ensure that we are available and responsive to our beneficiaries at all times, which we are. If there are queries that, as a National Agency, we do not feel able to respond to, we discuss them directly and we have very good links and access to the National Authority, our colleagues at the Department for Education, so we have those conversations.

We currently maintain our relationship with the European Commission because we are a National Agency.⁵ That is important for us. The future is unclear. However, we have all the networks in place; we have all the relationships, which remain positive, and we have the tools and the links with all our beneficiaries and stakeholders to be able to communicate responsively to them any updates or additional areas. There are some questions where we have to respond with, "This will form part of the Brexit negotiations", because with some of the questions that is the only response we are able to give currently.

Lord Ricketts: If we are in the scenario of no deal, so that as of 80 days' time we leave the EU, crashing out, do you get the impression from talking to the Commission and others that EU institutions will still welcome British students using the underwrite guarantee for the period until the end of 2020, or will even that be a difficult period?

⁵ Note by the witness: As well as relationships with the National Agency's counterparts in other participating countries

Jane Racz: It depends on the sector. All our counterparts are other national agencies. We met them recently, last November, and they are all positive and absolutely want the UK to remain in the programme in some way, because they value the relationship, and they value the mobility from the UK to them and vice versa. We have not seen any negativity at all. The practical arrangements will need to be considered and will be part of the Brexit negotiations.

Lord Soley: Have you had any discussions with the Government about what the cost of the underwrite will be, and how much are you involved in working out what that cost will be?

Madeleine Rose: On the cost of the underwrite, we have provided advice about which projects will be in motion on 29 March. We estimate about 2,000 live projects, and we know the value of those projects in totality. We know how many euros have been distributed to them already and how much is still left. We have provided all that information to the Department for Education. Total figures for the underwrite and the negotiations with the Treasury are a matter for the Department for Education.

Lord Soley: Do you have those figures or not?

Madeleine Rose: Yes. We have provided them to the Department for Education.

Lord Soley: Can you give us an idea of what they are, or is that difficult at the moment?

Madeleine Rose: Yes, we can. I cannot recall off the top of my head what they are.

The Chairman: Perhaps you could provide a note afterwards. That would be very helpful.

Madeleine Rose: Yes. We can provide you with the figures that we gave the Department just before Christmas. You will appreciate that the figures change all the time because projects are opening and closing, but we can give you those figures.

Lord Soley: It is your assessment of where you are at the moment anyway; it will not necessarily match the Government's. It is your assessment; is that right?

Madeleine Rose: Yes. We provided that to the Department for Education's programme board at the end of November, so we have fairly accurate and up-to-date figures.

Jane Racz: We contract. We have a contract with all the beneficiaries, so we know how much the grant is worth to them. We also know how much we initially gave and what is still outstanding.

Q29 **Lord Watts:** Can I take you to the future? The successor to Erasmus will

run from 2021 to 2027. We understand that the draft regulations to establish the programme were brought forward in May 2018. When the Minister came before the Committee, he indicated that he believed that the new proposal would be more flexible and would allow third countries to play a role in the future. Obviously, that is a positive thing from our point of view. Are you involved in that at all at the planning stage? Do you have a view about it? Is someone talking to you about it? Are you planning for that future programme?

Madeleine Rose: As part of our involvement as a National Agency, we attend Commission meetings with our National Agency counterparts. The most recent one was in November. We have been briefed by the Commission on its new proposal and obviously we have seen the public proposal, so, as a National Agency, we know that we will not be leading the negotiations on whether we participate in the new programme. That would be the UK Government.

From our perspective, and from that of the British Council and Ecorys, we believe that we should seek to remain in the successor Erasmus⁺ programme in whatever shape or form we can, because it is probably the world's largest mobility programme. It is a long-established programme. It is a recognised brand and has been going for 30 years. Lots of people in the UK know about the programme. By being part of this bigger programme, the country can gain efficiencies of scale and access all the mechanisms that are already in place through Erasmus⁺. All the IT systems, the opportunities and systems to create and make partnerships, all the structures and processes, such as the National Agency, and all the rules and regulations are already in place.

Lord Watts: To take it slightly further, are you involved in the same way as other countries are now?

Madeleine Rose: Yes.

Jane Racz: Absolutely.

Lord Watts: You have the same access to the systems.

Madeleine Rose: Yes. While we are still a Member State, we have full access. We still fully participate in the meetings with the Commission. We are still able to ask questions—the usual interactions—so there has been no change in that.

Jane Racz: We gave input for the new programme. We gave our view and the National Authority gave its view, because a mid-term evaluation was undertaken of the current programme that then fed into the new programme. We can have discussions on that currently at that level.⁶

Lord Watts: Have you any indication of when you need to give some

⁶ Note by the witness: The UK National Authority is currently involved in discussions with the Commission and National Agency counterparts on next Erasmus programme proposal.

clear indication that you are going to be a future partner? Is there a timeframe with the Community? Is there a date when everybody must be clear whether they will be in or out?

Madeleine Rose: It is important to remember that we are at proposal stage, and there are still two more years of the current programme to run. We still have calls for funding in 2019 and 2020. While the Commission's focus is on planning and preparing for the next generation of the programme, we are still in the sixth year of this particular programme. I do not think there is any real urgency right now to have a specific line in the sand, and we know that the proposal will be further developed and debated this year by the European Parliament and Council.

That said, the longer things are uncertain, the more likely it is that there will be an impact on the UK and our participation going forward. Universities in particular will be forward planning; they will have students coming into university now who might want to do a placement in their third year, and that will need to come through in the new programme. I imagine that universities will lead the charge in wanting to know fairly soon what the direction will be.

Jane Racz: The Commission has not yet given the National Agencies visibility of any timelines that say, "By this date", because it is still under discussion. In some countries, they are still debating what their input will be because the new programme is significantly larger than the current programme.⁷ That is ongoing. It will take a good few months for that to happen with other member states anyway. I imagine that sometime in 2019 there will need to be a timeline, but it has not been declared yet.

Q30 **Baroness Pinnock:** We have talked so far about the impact on UK students of whatever happens, but, equally, students from the EU 27 will come here for partnerships in institutions in this country. Are you able to quantify that? What will be the impact on the EU 27 of perhaps not being able to do partnerships with the UK? How many are there and what do you think the impact will be? What is the benefit to the UK of EU 27 students coming over?

Jane Racz: We have looked at the numbers on that because there will be an impact for the other member states. Across 2014 and 2017, mobility sent from the UK reached about 200,000, and mobilities received by the UK were 300,000.

Baroness Pinnock: Wow.

Jane Racz: There is a slight ratio difference. The UK is within the top three receiving countries.

Madeleine Rose: We are the No. 1 destination for staff mobility, probably because of language.⁸ We see that trend. It is important to

⁷ Note by the witness: The next Erasmus programme will be larger in both scale and budget

⁸ Note by the witness: high quality teaching is another factor in the UK's popularity as a

recognise that the impact goes wider than the UK, as you suggest, and our National Agency counterparts are very worried about that. Every year, they send huge numbers of students, learners, volunteers and staff members to the UK, so there will be quite a big gap if the UK is no longer available.

Jane Racz: Of the top five senders to the UK, No. 1 is France, No. 2 is Germany and No. 3 is Spain. They slightly vary every year, but, on average, No. 4 is Italy and No. 5 is the Netherlands. France and Germany have huge budgets; their national agencies have huge granting budgets to be able to send people. They send to other countries as well, but they are our top five. In our top five destinations, France are at No. 1, Spain No. 2 and then Germany, so it is pretty much the same, but does vary.

Baroness Pinnock: We do swaps.

Jane Racz: That is for higher education in the main institutions, because they have developed bilateral agreements.

Madeleine Rose: Anecdotally, a colleague at the German National Agency dealing with vocational education students said that the UK is by far their first choice of destination. I think they send in the region of 10,000 vocational students a year.

Jane Racz: For schools it is very similar. A colleague—the National Agency director for schools—told me, “We like having soup, but if the UK wasn’t in, it would be like having soup with no salt in it”. I thought that was very kind.

The Chairman: Could I go back to ask a question about the underwrite guarantee, which you dealt with earlier? Is it your understanding that you, the agency, will disburse funding from the underwrite guarantee and manage applications, or is that something the Government would do, or has it not been decided?

Jane Racz: The Government are leading on the underwrite guarantee and we are working with them; currently, we are working on the assumption that the National Agency would be best placed and would support in delivering that guarantee.

The Chairman: Thank you.

- Q31 **Lord Haselhurst:** No one has suggested to us so far in our inquiry that our participation in Erasmus is a bad thing, and I sense, or you have said so far, that you believe that it would be best if life just went on as before. There are obviously considerable quantifiable benefits that can be recorded, and in the new enhanced Erasmus programme there would, therefore, presumably be further benefit to us. However, if that, from your point of view, ideal scenario is disturbed, there are the options of being an associate member, or having another role as a partner country. Would either of those options offer something worth while? Would either

of them be sufficient, and, if so, which is the better route to follow?

Madeleine Rose: Obviously, some participation is probably better than nothing, but there are different limitations, depending on which status or what kind of relationship is formed. For example, with associated status you may only be able to participate in limited aspects of the programme. When new countries join the programme, such as Serbia, for example, there is a phased joining to the programme. Initially, Serbia was able to offer mobility of students from Serbia, but Serbia did not receive students. Then it picked up a little more of the programme and had some involvement in partnership projects, but Serbia could not lead these projects. This year will be its first year of full participation in the programme in its entirety. Basically, there was a build-up to full participation. If we were to remain in a situation where we had very limited access, we would not necessarily enjoy the same benefits as a country that we have now with full participation.

The third-country option, where you can fully participate, is probably the best option because we would still be able to benefit from all the different opportunities that are currently available.

Jane Racz: The biggest difference with being a third country currently is that we would not have voting rights. However, in effect, it is the National Agency who deals with the day-to-day things and makes the programme work, so as a national agency we see no difference. All the other countries, whether or not they are a programme or partner country, attend the same meetings. It is very rare that things are voted on that would make a huge difference. It is done more on a collaborative basis and everyone is invited to feed into it. Yes, we would see some difference from the current situation, but probably less than if you took the actual words to say that you had no vote, as voting is very rare. That would be more at Commission level.⁹ It is more about what it means in the negotiations and how the financials would work. That would be where the National Authority would need to be making the representation.

Lord Haselhurst: Does this situation and the uncertainty that has been created cause you to look in other directions? The Government claim, or point out, that a number of bilateral relationships exist. Ought this to cause a rethink? We have concentrated on Erasmus because it is there and because we are a member of the European Union. However, does it slightly blindside us to the fact that there may be other advantageous relationships to pursue, particularly with the biggest markets in the world, the United States, China, India and so on?

Jane Racz: The answer to your question is yes on some of those areas, but, with the Erasmus+ programme, the relationships established and the efficiencies are huge. For higher education institutions, bilateral agreements are very well documented, and they are well placed, but many of the other sectors do not have them, so we will end up looking at

⁹ Note by the witness: The level of Erasmus programme committees which the Department for Education attends in their role as UK National Authority.

options that might take away from the other sectors¹⁰, which often include the more disadvantaged participants. We will be taking opportunities away from them.

Small youth groups, small groups of young people and some of the schools do not have bilateral agreements and enjoy being able to apply to the programme for funding and having the umbrella of support and systems it all being laid out. We find with head teachers, in particular, that it is often somebody trying to run a project in an evening or in their spare time between lessons. Higher education institutions are very differently set up and they have those relationships in place anyway, so they could pursue them, but the other sectors would probably struggle. Over time, some of them could make those relationships, but it would only be the larger organisations, and the benefit of the programme is that it is open to all. That is what we feel.

The current programme is already opening up some other areas of higher education in China, America and the US. Lots of those are already in the programme, and there are plans in the new programme to widen that further for other sectors.¹¹

The Chairman: Could I extend that question a bit? Lord Haselhurst was talking about the possibility of exchanges with the rest of the world. As I understand it, about 50% of exchanges within the EU are through Erasmus. Do you see the possibility, therefore, that other forms of intra-EU exchanges could develop or expand if, for whatever reason, Erasmus ceases to be as important as it is now, and are there alternatives within the EU for our relations with EU countries that could take the strain?

Madeleine Rose: Not on the same scale, because all the other member states are involved in the Erasmus+ programme. Some of them have their own schemes as well, but they are basically to supplement their Erasmus+ programme. Some of them have other mobility schemes in existence, but, again, they benefit from being part of a bigger, branded programme. Some countries have so much demand that they cannot fund all the placements through Erasmus+, so they have set up supplementary schemes as well—for example in Spain and Germany.

I imagine that France does as well, but it would not be on the same scale. We do not know how closely these domestic schemes match Erasmus+ either. They might be very similar because they might be operating in parallel in the country, or they might be very different and have different policy priorities, different target groups and different mechanisms. The complexity of trying to engage with 27-plus different types of national or domestic programmes could be quite challenging.

¹⁰ Note by the witness: For example, vocational training, schools and youth.

¹¹ Note by the witness: There are opportunities to develop partnerships with organisations and universities in these countries. Opportunities already exist in the current programme, and there are plans to extend these to sectors such as vocational education and training.

The Chairman: If you were sitting in a university, thinking ahead and having this kind of conversation—with you, I guess—what would universities be thinking? Would they be thinking, “Do we need to set up something different?”

Jane Racz: The universities, as part of looking at Brexit, no Brexit and the deal are obviously considering that, but we have huge support from the universities; they value the Erasmus+ programme and the benefits it brings. The administration for a university is quite low compared with other programmes.

Some of them already have bilateral agreements and have programmes and exchanges with universities in other countries, but what is important is that this programme encourages more than one university working with one university. It is done at a strategic level, which encourages three, four or five universities and other sectors to work on a project or a programme together. That in itself, with a lead partner—one of the countries would be the lead with four, five, or up to 10 partners all working together—would be extremely hard for them to do on an individual basis. Yes, they could do it, but, for sure in the early days, it would reduce the amount they could do, because they would have to set up those relationships.

Madeleine Rose: For the other sectors, for further education colleges, schools, youth organisations and adult education providers, there is probably only a very small number, if any, of those kinds of agreements in place because of the nature of the set-up. A lot of the time in those sectors it is a person running an Erasmus+ project alongside the day job; they do not have specific units¹² set up to deal with their Erasmus+ programmes.

Baroness Massey of Darwen: Could I ask about the size of the programme? There is a comment in your written evidence that the Commission proposes to double the programme funds post 2020. That is an enormous step.

Jane Racz: Absolutely, yes.

Baroness Massey of Darwen: In that case how might we, or you, be involved in the future planning for that? It will take a lot of planning. Will we be involved in that planning or will we be outside the whole system?

Madeleine Rose: Some of that planning has started. Since the proposal was launched, we have had informal meetings and formal meetings with the other National Agencies. The informal meetings are organised by the national agencies themselves and normally by the presidency country. The Commissioner¹³ is invited to attend those meetings, and they are more practical.¹⁴

¹² Note by the witness: departments or teams

¹³ Note by the witness: the Head of the Erasmus+ Unit from the European Commission

¹⁴ Note by the witness: they have a workshop type format

The formal meetings are hosted by the Commission in Brussels. After the proposal was published in May, we had an informal meeting and the Head of Unit came there and said, “We want to work collaboratively with National Agencies. We want to think through practically how this big programme can be delivered, because we need to make some efficiencies or changes in order to scale up to that size”.

We have had a series of workshops, both in the informal meeting settings and in working groups convened by the Commission. We participate in some of those working groups (because the Commission has to ensure fair representation and selection of National Agencies for the different working groups). We understand that over the next 18 months the Commission will be consulting with all National Agencies and working on the practical detail. That is a positive side of the relationship. People are not just dreaming up something in Brussels that is impractical for everyone to implement; there is a real sense of community and collaboration in making the new Programme a reality.

Jane Racz: One big area where the Commission has had feedback from all National Agencies on the current programme is that the current programme of Erasmus+ is significantly better and more efficient, and the systems work way better than the predecessor, but the Commission wants to simplify it even further because there are still a large number of eligibility and financial rules.

The Commission understands that to capitalise on doubling the programme it needs to simplify it, not only for National Agencies to administer but for the beneficiaries, because it wants to encourage more, it wants to encourage different people and widen it. There is very much a focus on diversity of groups and widening participation, but a big theme behind all of it is simplification. A lot of that will be about the tools and the systems they use.

Baroness Massey of Darwen: Will part of that diversification, as you call it, be encouraging more countries that are not involved so much now to become involved, such as Serbia, which you mentioned?

Jane Racz: Yes. The fact that it has put the third-country element into the new programme opens the door to that, absolutely. I am always positive and an optimist. I saw it very much as a nod to the UK when that went into the proposal, but it is also a nod to other countries that now have seen the value and may want to be involved, because there is no reason why they could not under that status.

Q32 **Baroness Pinnock:** I think you answered much of this question when you responded to Lord Watts. It is about timing and preparation for the future. What is the last moment when UK stakeholders will need to know whether the Government intend to seek full association or the other options—a limited partnership or no participation—to be able to prepare and plan for the future?

Madeleine Rose: The new programme is due to start on 1 January 2021. The majority of deadlines [in the current programme] happen in the first quarter, in February and March 2021. Our assumption is that, if [the new programme] works in the same way as the current programme, the main deadlines will be in February and March. There are further deadlines for youth applications. They have three rounds in a year, whereas for the other sectors—schools, vocational, higher and adult education—it tends to stick with one round per year, in February and March.

In order for people to submit an application at that point, they need to form a partnership and have an idea about what they want to do: in which countries, with how many students and things of that kind. Normally, to work backwards, the call for proposals is launched by the Commission in the autumn of the preceding year. In autumn 2020, we expect the call for 2021 to come out.

Jane Racz: That is when the Commission is currently saying that the call will come out.

Madeleine Rose: That is the point when it is open, everyone knows what the programme looks like and people see which mechanisms are to apply. That is really the point when it is open for the next year. Some of the organisations will already have been preparing for that point, because they will already have been having discussions with their partners, maybe even before the academic year starts, over the summer or before that.

The answer is that it is difficult to give a specific date. Some sectors are more organised than others. Universities and colleges work more in their academic structures. Youth organisations perhaps tend to do things more at the last minute. Realistically, from the mid-point of 2020, we would need to know whether we were going forward in a new programme, because it would need to be promoted.

Baroness Pinnock: There would have to be preparation.

Jane Racz: We would need to be informed when it was, to be able to inform and encourage applicants. If we do not share the programme and provide the detail and support, it is very hard, particularly in a new programme, because there are always changes or tweaks. That in itself will lead to a low volume of applications. As a National Agency, we would need to know early in 2020 to be able to work effectively with stakeholders and future beneficiaries, so that we can support them in making their applications, and work with the other National Agencies, all of which will be asking questions of us, because their countries will want to work in partnership with the UK.

Baroness Pinnock: That is clear. Thank you very much.

The Chairman: I will take a short question from Lord Watts.

Lord Watts: It is on the suggestion that perhaps we could look outside Europe to develop links. You have indicated that most of the students are

travelling to places that are fairly close. They can jump on Ryanair or easyJet, and the culture is similar. How important to the universities, the other organisations and the students is that close connectivity, so that people can get home easily, for weekends or whatever they want to do?

Jane Racz: Feedback that we have had from all the sectors indicates that it is extremely important. Some university students are very well travelled. They are more than comfortable with, and take, some of the wider opportunities outside Europe. A lot of university students may not have travelled widely, so it is often the first step. They are away from home anyway. We find that the fact that it is not too far away and that they are familiar with it works.

As Madeleine mentioned earlier, often young people in the youth sector, in particular, and from some schools in the more deprived areas, have never been out of the UK. Many of them have never been out of their city or village. For them, Europe is and could be a whole new world, and it is important that they have support. The fact that it is in Europe means that it is not too far away.

Madeleine Rose: It is important from a practical point of view as well. When you think about Erasmus, you think about a university student going for a semester or a whole year, but 50% of the mobilities are not university students. They might only be going on a placement for two or three weeks. From a practical point of view, if somewhere is closer, it means that they are there, can start straightaway and do not have a big end-to-end travel element.

That said, there are youth groups and youth exchanges that go to Asia, Latin America and the USA. Similarly, there are university placements to those wider countries as well.

Q33 Lord Best: If there is no deal or if for any other reason we are not part of the next stage of Erasmus, the option is for us to set up our own international mobility scheme. How difficult would that be, in practical terms?

Jane Racz: Stage 1, which would be government policy, would be to understand where, in what countries, you wanted to work. Then you would look at which sectors would be in the loop. The first stages are to understand who your target audience is, what you want to achieve and which countries are in it.

In some sectors, there may already be links in place that you could leverage, as they have bilateral agreements, but in many sectors there are no such arrangements. You would have to go through a stage before the one Erasmus currently has, and work through how people initially find a partner, a country, a school or a youth organisation to work with to establish links.

The Erasmus+ programme was a very long time in the making. It has taken the Commission years and years to get to the place we are currently at. Even at the start of this programme, in 2014, it was very

clunky. It has taken three and a half years for us to feel that it is in a much better place. You are talking about a good period of time, and a lot of thinking would need to happen before that. These things are absolutely doable, but the complexities around them and in advance of just being able to make the projects happen are huge in themselves. The administration burden behind that for a National Agency, the Government and all the would-be participants would increase massively.

Lord Best: Earlier you mentioned IT, and all the systems that have evolved over time and the processes and procedures you have all got used to. You would be starting again.

Jane Racz: The contracts are established and cover all the important things. Those contracts have been in place; they have been tried and tested and they work across countries. All of that would have to be looked at again. There are all the agreements that sit behind the programme. Currently, our universities have charter status, which means that they do not have to go through a competitive process to apply for mobility. They are chartered under the programme, which means that they can apply and will be guaranteed some funding, depending on how much we get from the Commission. If that were not the case, you would have to look at how to ensure that all the organisations were fit for purpose to undertake the projects.

The Chairman: Thank you very much. We are extremely grateful to you for coming to give evidence to us this morning. It has been very helpful to us. We have learned a lot. I hope that the Minister, who is sitting behind you, has also benefited. If it is all right with the Committee, we will go smoothly on to the next session.

Jane Racz: Thank you for the opportunity.

Examination of witnesses

Chris Skidmore MP, Sarah Redwood and Shahid Omer.

Q34 **The Chairman:** Minister, you are very welcome. Thank you very much for coming to give evidence to us this morning. Congratulations on the job. I hope you did not spend all of the Christmas holiday preparing for this session.

We are in the final stages of our inquiry into Horizon and Erasmus. We have been very much looking forward to hearing your evidence this morning. We have a longish list of questions. If we do not get through all of them in the hour that we have with you, I hope it will be possible for you or your staff to write to us with answers to the questions that we do not quite get through.

Would you like to make an initial statement to us? If you would, it will be very welcome, otherwise we will go on to questions.

Chris Skidmore MP: Lord Jay and your Lordships, thank you so much for the opportunity to give evidence today. It is the first evidence session I have had the opportunity to give in this Parliament, as the new Minister of State for Universities, Science, Research and Innovation.

I hope that you do not mind, but I have decided to be joined by my teams from BEIS and the DfE. On my left, I have Sarah Redwood, who is the deputy director for EU science and innovation programmes at BEIS. On my right is Shahid Omer, the deputy director for international higher education and EU exit at DfE. If we drill down into any specifics that I am unable to answer, I hope that you will excuse me and that I may be able to point to their expertise, because they have been working on some elements of the negotiations over the past year, when I was not a Minister. I was appointed on 5 December.

I would like to point the Committee's attention to an article I wrote for the *Times* Red Box, which was published on Monday. As you might expect, as a government Minister I am a passionate supporter of the Prime Minister's EU deal. Both the programmes we are discussing today, Horizon 2020 and Erasmus, have protection in the withdrawal agreement, through the implementation period. There is also reference to them, either explicit or implicit, through the understanding on future education partnerships in the political declaration.

I know that we will be discussing the implications of a no-deal Brexit, but in my opening statement I would like to underline again the absolute importance of trying to achieve a deal in the next 80 or so days in order to ensure that we are committed to those programmes, which I passionately believe are worth while both for the students and for the research communities in which our universities are world leading.

Q35 The Chairman: Thank you very much for that. A number of us around this table have very high respect for the advice given by officials, so your two officials are very welcome.

I completely understand the point you make about no deal. We want to start with some questions about no deal, because, alas, it is still not completely ruled out. We need, therefore, to be as clear as we can be about the implications of no deal for schemes such as Erasmus and Horizon, but I completely take your point.

What action are the Government taking to mitigate the impact on UK participants in Erasmus+ and Horizon if the UK leaves without a deal on 29 March? Can you say at the same time how many UK participants in both programmes would be involved at that date and, therefore, would have some pretty difficult moments of uncertainty if that should happen?

Chris Skidmore MP: Certainly. On Erasmus, which was the topic of the previous session, there has been discussion of the Government's underwrite guarantee, which will ensure that successful Erasmus bids submitted and approved while the UK is still a member state, before 29 March, can continue beyond the point of exit. However, as has been discussed, we still need to reach agreement with the Commission for UK

organisations to continue participating in Erasmus+. We are still seeking to hold those discussions with the Commission.

There is also the underwrite extension in a no-deal scenario, which was announced in July 2018. The underwrite guarantee was announced by the Treasury in August 2016, but the underwrite extension in July 2018 will cover the payment of awards under successful bids submitted post March 2019, until the end of 2020.

The eligibility of UK organisations to participate in calls for this once the UK is no longer a member state is subject to agreement between the Commission and the UK. As a new Minister, I am currently looking to engage with the European Commission. My office has been in contact with the office of Tibor Navracsics, the Commissioner for Education, Culture, Youth and Sport, to discuss arrangements for Erasmus+. I have already had a discussion with Carlos Moedas, who is the Commissioner for Science, about Horizon 2020 and the scientific research programmes. That was a very positive conversation. I have committed to attending the Competitiveness Council in Brussels on 19 February to continue our dialogue.

I am very keen to make sure that I can also do so when it comes to Erasmus. I am hopeful that when we have the Education World Forum, which will take place in a couple of weeks, between 21 and 23 January, we will see several, if not most, EU Higher Education and Education Ministers attending that summit in London. I am trying to arrange a series of bilaterals with respective Ministers so that we can discuss the Erasmus programme and the detail of what may need to be discussed in the event of no deal.

The same framework of the underwrite guarantee and the underwrite extension also applies to Horizon 2020. As part of the underwrite guarantee, which was announced in August 2016, we have committed ourselves to fund competitively successful bids for EU projects submitted before we leave the EU, including Horizon 2020 projects. That will cover all successful bids submitted by UK participants before the UK exits the EU. It is important to say that this would be for the duration of the entire project, even beyond December 2020 and the implementation period. As I said, that was announced in 2016.

The underwrite extension that has been further announced would ensure that, in the event of no deal, UK researchers and businesses were able to apply and to participate in all Horizon 2020 calls that are open to third-country participants. That is a well-established part of Horizon 2020. We have committed to supplying funding, as EU funds will no longer be available in that scenario.

The two components of the underwrite are the guarantee and the extension. It is important to say that third-country participation does not extend to all Horizon 2020 calls. We are considering which other measures will be necessary to support UK research and innovation in the

event that the guarantee and the extension are required or are unable to be applied in those circumstances.

The Chairman: We have heard a lot from experts and those involved in Horizon and Erasmus over the last couple of months or so. It is quite clear from conversations with them that, on the EU side as well, there is a real desire that some sort of programme continues after we leave, assuming that we do. Do you get the impression that that is true at the political level as well? We sometimes get the sense that, at the working level, people are very keen that things continue more or less as now. At the political level, there is a rather different view. Have you had that sense in the department?

Chris Skidmore MP: In the context of future discussions around no deal, we must remember that the EU Commission will not actively engage in any negotiations across any EU Commission-related activity until we have the vote next week and it has certainty about the UK's position, whether that is no deal or deal. I think you will find that that is applicable across all departmental areas.

I have had a conversation bilaterally with Carlos Moedas with regard to the Horizon 2020 programme. At the moment, we are unable to discuss the details of the programme. What I have been able to do is ensure that, once we have certainty, we will be able to re-engage in those negotiations as soon as possible. He was certainly keen to do so.

There is willingness to understand that the programmes are not just financial. Overwhelmingly, it is about research connectivity and ensuring that we maintain those relationships going forward, because future research programmes will be dependent on maintaining their holistic approach to working together across many partner countries.

Q36 **Lord Soley:** The next couple of questions are predicated on no deal, which I, too, hope will not happen. If it does, is it realistic or feasible for the United Kingdom to finalise an association agreement, or even interim arrangements, before 29 March? How realistic is that?

Chris Skidmore MP: Existing conversations have focused on delivering the withdrawal agreement. As no-deal Minister in the DfE, attending ministerial meetings weekly—

The Chairman: As no-deal Minister?

Chris Skidmore MP: Yes. You may have seen that we have a series of meetings chaired by the Secretary of State for Exiting the European Union, Stephen Barclay. Those meetings now take place weekly. I am the Minister who represents the DfE. In BEIS, it is Minister Kelly Tolhurst, but I am there to reflect on the scientific programmes as well. We had our second meeting on 3 January, to discuss arrangements. That is where, working with the Treasury, the nature of the government guarantees and the underwrites will become apparent, if we move into no-deal territory.

A point was made about associate status, on the basis of no deal. The issue is that there are 80 days to go until EU exit. The work that is needed to establish full associate status is predicated, first, on the fact that we cannot begin the discussions on associate status while we are still a member state. We would have to begin the discussions on associate member status on 30 March, the point at which we exit the European Union. Secondly, it is worth noting that the process by which associate membership can be established or negotiated will take a matter of months, if not between nine months and a year. It is worth reflecting on that timescale of delivery for associate membership.

Lord Soley: I do not envy you your task, if we get down to that. If in the next couple of weeks it becomes clear that we are much closer to no deal, which depends on the vote next week and so on, the crucial issue is that you will still have to work out what you are going to do at the beginning of April, very quickly, if the programmes are to continue. I would have thought that you will need to be ready to put up the money to make sure that they continue straightaway. Is that how you are looking at it, or are you looking at other issues?

Chris Skidmore MP: That is where the underwrite guarantee and the underwrite extension are particularly important, as they make sure that they bottom out the continuation of programmes within Horizon 2020. There will then be a question of whether we continue to wish to retain associate membership of Horizon 2020, while Horizon 2020 is still operable, if we have also paid for the guarantees of the extensions within the government guarantees.

There is then the secondary question of Horizon Europe. With Horizon 2020 coming to the end of its programme, the establishment of Horizon Europe is taking place. Separate negotiations are happening, and Sarah might be able to touch on those. The EU Competitiveness Council has begun work on bottoming out the regulatory function of what Horizon Europe might look like going forward.

European parliamentary elections will be taking place. I am fairly assured that we will give researchers and the scientific community confidence that the continuation of Horizon 2020 and of projects within that framework is safe. In the next phase, beyond Horizon 2020, we will need to look at whether we can be associate members of the secondary Horizon Europe phase, moving into the 2020s, up to 2027, and at what may be possible.

At the same time, European partner countries themselves have not developed their regulatory function enough for me to be able to tell you today what our involvement in that might be. They are trying to establish a vote on the draft regulations, effectively, before the European parliamentary elections, but there is a change in the presidency of the EU Council, which is moving from Austria to Romania.

I have raised the fact that I would be very keen to attend the next EU Competitiveness Council, which will be held in Romania, in Bucharest, on 3 April, but that will depend on whether the EU Commission will allow me

to attend, if the UK is then a non-member state. I am trying to demonstrate my personal willingness, and our continued commitment, to be involved in those discussions, but as regards Horizon Europe and the potential vote on that I cannot give you any certainty, because there is no certainty on the European side either.

Sarah Redwood: That is correct.

Lord Soley: I understand. That is helpful. Before I move on to how the funding will work, can I clarify this a bit? It seems to me that, because you cannot negotiate with Europe prior to 29 March, you just have to hope that they and you will want to continue the present system as it is. If you were able to do that, it would give you time to negotiate how it is going to be, but is that realistic? Do you think that is a possibility, or would you have to drop everything and try to work out some sort of interim arrangement?

Chris Skidmore MP: With the underwrite guarantee and the underwrite extension, which you might describe as interim arrangements, in BEIS we have established a portal to reach out to the research communities. When it comes to who holds the cards in understanding the research landscape in the UK, it is important to note that we do not necessarily know everyone who is currently participating in Horizon 2020. I have some figures. Rather than read them out, I would be happy to send you the full details.

The Chairman: We would be most grateful.

Chris Skidmore MP: They indicate who we believe is involved, but, certainly with third-party programmes, it is difficult to know exactly who the researchers are. We do not hold that database. It is held at Horizon 2020 and Commission level.

In BEIS, on 27 September, we set up on the GOV.UK website a portal whereby researchers and scientific communities are able to register the activity that they need to continue as part of the programme post 29 March. To date, we have had around 1,000 registrations on that portal. This is a useful opportunity for me to state again that, in ensuring that we can put in place the guarantee and the extension to the guarantee, we are keen that the scientific community engages with us in the UK to make sure that we know who needs the funding in place going forward.

Q37 **Lord Soley:** Some of our witnesses have indicated that they need more information to remove uncertainty about how the guarantee would work, particularly around how distribution is monitored and protected over time, because there is of course a time limit. Can you tell us any more about that? Are you picking up information that people involved in the various programmes are worried because they do not know how it is going to function after 29 March?

Chris Skidmore MP: We are working closely with UKRI to look at the data that is being received from universities and other projects around the country. UKRI will take a strong and significant role in ensuring that

we can monitor and build a relationship with the UK beneficiaries of current Horizon 2020 funds.

On the detail of the monitoring, it will take place alongside what the Commission needs to monitor to ensure that it can recognise that a funding commitment has been made. We need to discuss that with the Commission. If no deal becomes a reality, obviously we will issue more information on the guarantee.

Sarah Redwood: We are trying to keep the terms and conditions as aligned as possible with the EU to make it as simple as possible for the beneficiaries so that the transition is as smooth as possible. As the Minister said, it is dependent on the approach the Commission will take. That is why we need detailed discussions with the Commission.

Lord Soley: It must almost entail a gap between 29 March and an agreement, at which stage all the witnesses we have been talking to will still be saying, "We want more information because we do not know what to do".

Chris Skidmore MP: That is why it is so very important that we had that early bilateral conversation with Carlos Moedas, the EU Commissioner for Research, Science and Innovation, that took place in December. Although we cannot actually engage on the specifics, because of the EU Commission's edict, I wanted to try to ensure a resolution that as soon as we had certainty, whether it was deal or no deal, we could immediately allow for our officials to have already begun work on the processes of what might take place.

Looking at that bureaucracy sounds rather Kafkaesque, but it is important that we have the channels ready to go in either scenario. That is what I hope that conversation will lead to. We cannot discuss the content, but we can ensure that the framework is ready to go, as soon as we have certainty in the next few weeks.

Lord Soley: Are various people and UK organisations saying to you, "We need more information"? Are you being told very directly that they do not know how the underwrite system is going to work? Are you hearing that message?

Chris Skidmore MP: As a new Minister, I am very keen to engage the sector. I have made five university visits so far, to quite research-intensive university organisations, such as Bristol, Manchester and Imperial. I have been to Manchester Met. I have been sitting around having engagement discussions with all the vice-chancellors. One of the vice-chancellors from Manchester was very vocal as part of the Universities UK letter on the no-deal scenario, highlighting not only the need to ensure that there is clarity around no deal for some of the Horizon 2020 programmes but that there is an issue around the funding streams for the European Research Council grants and the Marie Skłodowska-Curie actions, which are highly valued.

While we are going to continue to underwrite all successful UK bids before EU exit, one of the issues around the European Research Council and MSCA grants is that the underwrite extension I talked about would focus on being able to fund our participation as a third country as opposed to existing programmes. It would be new programmes where we might be a third country involved in the underwrite extension announced in July 2018. The ERC and MSCA grants are mono-beneficiary; they are not open to third-country participation, so we would not be able to access them in the event of no deal. The extension to the underwrite does not apply to those funding streams.

I am keen to work with the scientific community looking at alternative funding streams that may need to be established supplementary to existing programmes. This was raised on the Radio 4 "Today" programme by the vice-chancellor of Manchester University, and in the letter by Universities UK. It is important that we can not only put short-term measures in place for the future but look at the potential for where we might want to go for funding in the area of mono-beneficiary grants. I am holding an event with the royal academies on 24 January to begin discussions on the future of our research ambition.

It is important to mention that all this takes place within the overall envelope of the Government's commitment to 2.4% of GDP being spent on research and development by 2027. Our current level of GDP spend is about 1.67%, and 0.67% of that is public spend. I am determined as Science and Innovation Minister that we need to make that bold commitment because it would only take us up to the OECD average if we hit 2.4%. Ultimately, it is our long-term ambition to make 3%.

That lends itself to a post-Brexit vision of the UK as a world leader in research, reaching out globally and internationally to research communities. We need to make sure, when it comes to funding streams for research and innovation, that, if we are affected by a no-deal Brexit, we have contingency measures in place to work both with the existing infrastructure and with potential new infrastructure that may need to be created going forward. I cannot give more detail than that, but I underline that I am determined to ensure that I will not be the Minister who lets this slip.

Q38 Baroness Pinnock: Excellent. You have answered my question about the European Research Council and the Marie Curie grants. You said clearly, "It ain't gonna happen"; they will not be available. You painted a picture of wanting to increase GDP expenditure on innovation and research.

Inevitably, there will be a period post-2020 when the research council grants are not available and there will be a big hole or gap. How will that be filled? That is where universities will be very concerned.

Chris Skidmore MP: I want to clarify your point that it ain't gonna happen. First, there are short-term measures that we need to put in place to cover the issues around the ERC and the MSCA within Horizon

2020. Discussions are ongoing, and I would not want to give the impression that we are not going to look at how we can compensate and look at those programmes to make sure there is security and certainty going for researchers involved in them.

We have touched on Horizon Europe and the discussions that are going on about once Horizon 2020 ends and we begin Horizon Europe. That is a far bigger programme as regards the amount of research funding that will be available. As I stated, the regulatory framework for Horizon Europe is yet to be voted on. We had the EU Competitiveness Council on 30 November, which set out a general declaration. I cannot remember the actual terminology.

Sarah Redwood: Partial general approach.

Chris Skidmore MP: Details still need to be worked out here, but we would still like to explore the option of association of Horizon Europe as part of our continuing relationship. It does not preclude that from taking place. We have talked about association membership of existing programmes, which is difficult. We are still keen to be able to pursue association membership of future programmes that begin in 2021.

Baroness Pinnock: I am sure you are aware of the evidence we have heard in previous sessions that university researchers are very concerned about the future. They have described to us that it is already difficult for them to get involved in European partnerships because of the uncertainty. How do you intend to address that?

Chris Skidmore MP: The underwrite guarantee and the underwrite extension provide additional certainty around third-party association. I highlight again that it is important that the underwrite guarantee is for the duration of the projects. There may sometimes be a bit of confusion about the length of the guarantee. Projects will continue beyond the implementation period if we get to a deal scenario. There will be certainty going forward into the 2020s.

I will do anything I can to demonstrate to research communities that, yes, this is an uncertain period and I have inherited the role at a point of maximum transition in what needs to be decided, discussed and negotiated. All I can do is give my personal commitment as Science, Research and Innovation Minister that I am absolutely determined to make sure that we get the best possible certainty in place for our research communities, and that we are able to give them confidence to continue.

The fact that we have seen around 1,000 registrations so far demonstrates confidence within the sector and that they need to embrace the processes that need to be put in place, but we need to ensure that we engage with the Commission. We have the Catch-22 situation at the moment that we are unable to have full engagement until we have the vote and we know exactly whether we are in a deal or no-deal scenario.

Sarah Redwood: We are focusing our communications about the underwrite and guarantee and how they work not just in the UK but also in eastern European member states, to help provide clarity there. We have already seen some university associations forming joint statements with the likes of Universities UK about their continued desire for collaboration, which we see as a positive sign. For example, one was signed with Germany at the end of November and one with France in June. There was one with Austria in October. That is a positive signal that we are trying to get the message across to partners in other member states that the UK is open for business.

Q39 **Lord Best:** Whatever deal or no deal we come to in the end, are there going to be a lot of hassles for students and people on work placements going to any of the other 27 countries? Is there going to be an overlay of misery on top of other things, or are you already in touch with the member states about how we are going to treat that particular group of people?

Chris Skidmore MP: On 6 December, we published a policy paper on the rights of EU nationals in the UK in the event of no deal. Obviously, people will be able to apply to the EU settlement scheme to secure their status in law. That will enable those studying or working here by the end of March 2019 to remain in the UK. I hope that that will provide certainty. The Home Office will continue to run the EU settlement scheme for EU citizens, and family members will have until 31 December 2020 to make an application.

The immigration White Paper made it very clear and explicit that there would be no cap on international student numbers. We are very keen to make it clear that we are open not just to Europe but to the world, because we want to bring in the best and the brightest. We know that our HE sector is world leading internationally. It brings in about £18 billion-worth of realised gross value added nationally.

You have seen from the previous evidence session that there has been no downturn in UK students applying. I am not aware of there being any downturn of EU students wanting to participate in Erasmus. We know that twice as many EU students are coming to the UK as UK students going abroad.

It is my hope that, with some of the student participation programmes, the fact that we are a net provider, not only of money for Erasmus—we put in £1.3 billion but get maybe £1 billion-worth of placements back—but of sheer numbers, means there will be a special willingness to engage with the Commission on ensuring that we have that programme in place going forward after 29 March.

Shahid Omer: We are a net importer of students via Erasmus. Obviously, there is a net contribution in finance, and, as the Minister said, we are hopeful that we can come to a sensible and pragmatic decision on future arrangements on Erasmus.

To answer the second part of your question about outward mobility, we have provided reassurances to EU nationals coming here, citizens and students. Going outwards, in response to the citizens' rights no-deal declaration, we have seen unilateral declarations from France, Germany, Denmark, the Czech Republic, Hungary, Malta and Portugal that they would look to respect the rights of UK nationals residing in the EU. It all needs to be formalised, but those are positive signals, and that is part of the ongoing engagement on the part of HMG to make sure that the rights of our students, as part of a wider cohort of UK nationals, are protected.

Lord Best: Is there something special for those in the Erasmus and Horizon programmes that ensures that?

Shahid Omer: They will be captured as UK nationals. Beyond Erasmus, we need to be mindful that there are approximately 15,000 UK nationals studying in higher education abroad. I do not think we need special arrangements. We would be looking to cover the range, but that is an ongoing discussion at the most senior political levels because the point you made is critical.

The Chairman: Assuming that we leave on 29 March, how will our students who go there from April onwards be treated?

Shahid Omer: UK nationals? Come April, the bulk of Erasmus activity will have died down, broadly speaking. It will be the final term for HE, for example. We will be looking at the next term onwards. There will be some advice that we need to think about, and that depends on what happens over the next two weeks. If you are going on a school exchange in March, what is the best advice we should be giving for those very short-term placements? We stand ready to provide advice on that, but we do not want people to disrupt their plans now because the world might change in a couple of weeks.

Lord Watts: You claim that student numbers demonstrate that there has been no drain away from UK universities, yet, as I understand it, there is an increase, although a small increase, and it does not compare with many other countries that have seen large increases. Is there any evidence that would suggest that student numbers are in the wrong direction?

Shahid Omer: As regards EU nationals studying here, looking at UCAS data, we have seen in the last round the second highest recorded number of applicants and the highest number of individual acceptances. That is against a background of some uncertainty, which we have tried to mitigate. We have offered EU nationals student finance for 2019-20 for the duration of their courses.

That should be set in the wider context of other countries being much more aggressive in how competitive they are for international students. Yes, we could have had more growth, but there are more players in that world right now. Australia, New Zealand and other countries are very

aggressive in attracting national students. There is Ireland as well. I would not want to ascribe any impact solely to EU exit.

Chris Skidmore MP: I have some figures. It is UCAS data. Applicants from the EU increased by 2.8% to 52,620, as mentioned by Shahid. It was the second highest number recorded for that group and reverses last year's fall. Acceptances increased by 3.8% to 31,855. We have seen an increase from non-EU countries of 6.5% to 81,325, which translates to high acceptance numbers of 42,220 and is up by 4.9%—the highest numbers ever. University-sponsored student visa applications increased by 9% in the year ending September 2018, to 194,152, the highest level on record.

Lord Watts: I understand the point about growth, but I am making a different point. The market seems to be much bigger and some countries are doing exceptionally well. I wonder whether we are getting our fair share, for want of a better word, of the potential increased market. Although the figures look as though they have increased, if you compare them with other countries, they show very low growth.

Chris Skidmore MP: Taking back control of our border policy was one of the key missions for leaving the European Union for those who voted for it, and the immigration White Paper has set out very clearly that one of the points around taking back control of our borders is that we can really focus on ensuring that we have the easiest possible route for international students to be able to access UK universities. We have seen the work that BEIS has done around the tier 5 researcher visa, for instance. That is really important in the potential consultation on some of the work around research communities as well.

It is not just students. I am determined to ensure that we do not lose momentum in developing our research and development commitment to 2.4%. It is not just about the money. If you are going to get to 2.4%, okay, we have put in an extra £7 billion, up to £20 billion, £23 billion or £24 billion¹⁵. We will have to go far beyond that. If you do not have the research capability, if research staff, research teams and their families are not able to come here, that is something that is allied with student numbers.

Universities are complex ecosystems. Research leads to students wanting to come here. At Imperial, for instance, I have been looking at the EDEN2020 work on robotics and their application in medicine. In those teams, there are clearly students, both undergraduate and postgraduate, who were attracted to the course because of the course tutors and the course leaders. We need to consider that; we act as a magnet and continue to draw in students from both Europe and internationally because we still want to be world leaders.

The Chairman: We should move on. The last question is on no deal.

¹⁵ A note from the witness clarified that this should read 'Committed to the biggest increase in public investment in R&D ever (£7 billion more by 2021/22)'.

Q40 Lord Ricketts: This can be a bridge between a no-deal and deal scenario. It comes back to the issue of the people behind the programmes in Horizon and Erasmus in a no-deal scenario in particular.

You have talked about the guarantees and assurances that people will have as a result of the withdrawal agreement to live and work in EU countries, or for EU nationals here. Those who are residing on the day we leave the EU will have those rights protected, but we are now talking, even in a no deal, of the underwrite and that underwrite extension starting for projects potentially well into 2020, which will then go on, as you were saying, perhaps into the mid-2020s. That will bring people with them, researchers, Erasmus students and so on.

I am not clear whether the Government are saying that those people can be sure of their status beyond 2020 and beyond the point where it is guaranteed in the withdrawal agreement. When projects that are funded in the UK attract EU people as part of the underwrite extension, will the people coming to do the research on those projects or the students coming on Erasmus be sure of their rights and conditions in this country?

Chris Skidmore MP: On both Erasmus and the Horizon scheme, we have the moment of transition in Europe as well, which we have to take into account. The underwrite and the underwrite extension can be seen as applicable to the current schemes, but, particularly on Horizon Europe, the earlier witnesses mentioned that negotiations are taking place, moving on from financial year 2021-22. We would still be looking to associate with that programme. Whether or not that will be possible totally depends on negotiations with the EU Commission.

You are absolutely right that there are other areas where there are longer lead-ins to funding, particularly for separate issues, which are not discussed on the Horizon programme but are in my portfolio, on nuclear fusion work—ITER—in Marseille and what that will mean for JET at Culham. It is about ensuring the longevity of projects that will last for decades. Those are pieces of separate work that we have been undertaking in addition to looking at current programmes where funding is applied for and is a competitive process. Until we know the nature of our status, I am unable to tell you what we would like to be able to achieve and whether we will be granted associated status in Horizon Europe, apart from saying that we will work towards that as our common goal.

Going forward, as I mentioned, the underwrite guarantee within the context of Horizon 2020 is for the duration of the programme. Even if it goes beyond 2020, you have that.

Lord Ricketts: Does that extend to the people associated with the programme? That was my question. It is all very well to have a guarantee for the money and for the project, but if the people themselves cannot be sure of their status in the UK in that period, they will not come.

Chris Skidmore MP: With the immigration White Paper and the work on future mobility, the Home Secretary has said that if we leave the UK

without a deal there would need to be transitions for EU citizens entering the UK after 29 March. The Home Office has stated that it is considering a number of options and will set out further information shortly. I am keen, in my department, that we work with the Home Office to raise issues regarding the research mobility that is clearly a priority for the scientific community.

The Chairman: Thank you. We now need to move on to the future relationship with EU programmes on the assumption that there is an agreement.

Q41 **Lord Soley:** This is away from the nightmare no deal into the slightly less frenetic 2020 period, which I suspect will go on beyond 2020. As you know, Minister, the European Parliament and the Commission are currently negotiating successor programmes for Erasmus and Horizon. Do you have any knowledge as to how soon those proposals will be finalised, and whether we can then fit in with that in order to produce an associate agreement?

I understand from what you have said already, and it is general government policy, that you want an associate agreement and you want to finalise it by the end of 2020. That is again quite tight. Can you do that and how aware are you of the details of the negotiation between the Commission and the Parliament?

Chris Skidmore MP: Erasmus was touched on by the national agency, where they are looking at the new programme being adopted in 2021. As regards Horizon Europe, as I mentioned, we had the EU Competitiveness Council on 30 November for high-level general agreement. There will be future discussions in the EU Competitiveness Council on 19 February and potentially on 3 April in Romania. From the early stages of the negotiations, which obviously I did not personally attend, I understand that the shape of the proposal is favourable to the UK. We would look to attempt to commit to associate status. Sarah might like to add something about the discussions that have been going on.

Sarah Redwood: The negotiations are ongoing. It is still too early to say whether or not we would want to seek association, but that is certainly our goal at the moment. We would not be able to say, with the level of detail now, that we know whether or not that is the outcome we would eventually pursue.

The pace of negotiations on the regulations so far has been frenetic. Our team members have been attending up to four working groups a week on the regulations. The Commission is committed to allowing for finalisation of those before 2020. Obviously, we need the regulations to be complete before we can seek to negotiate whether or not we would associate.

Lord Soley: I understand that. I see the difficulty, in that you cannot move until they have decided what the future programmes are. I am trying to find out a bit more about the complexities and how long it will take to create an associate agreement, almost regardless of what they decide. One assumes that the programmes will continue in some way.

One assumes that they will not be dramatically different. It may be possible to reach an associate agreement fairly quickly. Basically, you will have about a year to do it. Is that enough?

Sarah Redwood: It all depends on what the shape of those regulations looks like and whether or not we want to choose to associate with them. This is not a new thing. Other countries already have associated country status, so there is precedent for how it can be done.

Lord Soley: You have not picked up significant resistance from other EU countries to having an associate agreement.

Sarah Redwood: Other member states recognise the value that the UK brings. They see us as a collaborator and not a competitor at this stage, based on the discussions we have had. We have made no secret of the fact that we want the option to explore association in the future.

Lord Soley: Hopefully, that means some open ground on both sides to try to reach an associate agreement fairly quickly.

Sarah Redwood: Yes.

Lord Soley: You are being optimistic. Is that right?

Sarah Redwood: We think it can be done in a year, assuming that the Commission and member states are still willing. That is based on precedents from other countries—the likes of Switzerland and Israel—that were also exploring association.

The Chairman: How long has it taken other countries?

Sarah Redwood: I would prefer that we wrote to follow up with details on those actual countries.

The Chairman: That would be very helpful; thank you very much.

Q42 **Baroness Pinnock:** This question is about planning for a future with a deal, which may not happen, as everything may or may not happen. It is about the financial contribution. I heard the ambition of the Minister to increase the GDP contribution to science and research. There will be a cost to the country for future programmes in association with Horizon and Erasmus. Have you put a figure to that yet?

Chris Skidmore MP: As regards the negotiations, I do not think I have any available figures to hand. All I know in relation to the current programme for Horizon 2020 is that we put in around £4 billion but we get £5.7 billion out.¹⁶ We are the second largest recipient, with between 14% and 15% of all Horizon 2020 funding coming back to the UK. It is important when we look at the funding envelope here that we recognise the value of the programme and what it can give us in return. I am sure we would want to reflect on the positive impact of these big European partnerships. The opposite is the case with Erasmus. As I mentioned, we

¹⁶ The Government has since clarified the '£5.7 billion' figure to be €5.1bn.

put in around £1.3 billion, but in return we get back about £1 billion across all areas.

We have made clear our commitment to education partnerships; the question is about working out what they will look like, whether that is full programme status or partner status in Erasmus. We simply are not in a position to hypothecate what our position would be, apart from wanting to open up the deep and special partnership that the Prime Minister made very clear in the Article 50 letter, and which we are determined to ensure goes forward with the political declaration. We would seek to get the maximum possible benefit from relationships that we have fostered over decades.

As was touched on in the previous session, you simply cannot equate monetary spend with putting together a programme that will replicate Erasmus and 30 years' worth of ties not only across member states but across institutions. It is obviously important to reflect on that value. There is return on investment. There is also the alternative cost of replicating a similar scheme.

Baroness Pinnock: That is precisely why some of us do not want to leave.

Chris Skidmore MP: I am sorry; could I correct the record? We put about £1.8 billion into Erasmus, not £1.3 billion. We get £1 billion back.

Baroness Pinnock: On Horizon we get, as a net beneficiary, £5.7 billion.

Sarah Redwood: It is in euros. It is only a very rough approximation.

Baroness Pinnock: But more than we put in.

Chris Skidmore MP: Obviously, that is within the overarching envelope, and that is why—

Baroness Pinnock: I understand that. It is a ballpark figure. Would we be right in anticipating that that would be the sort of funding the Government would be prepared to allocate to research?

Chris Skidmore MP: No. It is important to recognise that the scale and ambition of Horizon Europe is very different from Horizon 2020, in the level of funding that is anticipated. I will hand over to Sarah because I cannot get to the figures as fast as I would like to.

Sarah Redwood: We do not know yet, but the total budget of Horizon Europe is expected to be between €90 billion and €130 billion. If we were to associate, historic precedent is that it is typically calculated on the basis of the proportion of GDP, which gives us the scale of what it would look like. As the Minister was indicating, Horizon 2020 is smaller, so we would expect a larger contribution under Horizon Europe as part of a larger programme.

Shahid Omer: The future Erasmus programme will double in size, as the NA mentioned. It is quite a significant shift when we are net contributors.

Lord Best: The UK is clearly a major net beneficiary of the Erasmus and Horizon schemes. We do well out of them. Looking backwards, the gap looks like about £1.7 billion in credit for us. If the programme was much bigger, the credit would probably be much bigger as well. I wonder if we factored in the loss to UK taxpayers when we were working out our £39 billion divorce settlement. We are talking billions, not small numbers. Have we factored in the fact that we will be losers instead of gainers from the programmes to the tune of some small, or not so small, billions in our divorce settlement?

Chris Skidmore MP: The deal establishes the £39 billion for two years, with the existing programmes concurrent and being able to commit to the existing programmes. Beyond that is for the discussion on the future relationship. The £39 billion covers the flows within what exists at the moment. We are net contributors on Erasmus but net recipients from Horizon 2020. Everything levels itself out in the pot.

In the national funding envelopes for new programmes, we will want to be able to make clear the value on the return investment that our research and development brings. That is one of the reasons why we committed in the longer term to the industrial strategy. We recognise the value, not only for scientific research communities but for the wider economy, and the businesses and supply chains that spin off that.

Obliquely to reference our participation in space, we are still committed to funding the European Space Agency, which is totally independent of our membership of the EU. We put around £370 million a year into ESA, which gives us access to a market worth around £6 billion in all the activity that is going on across the world with the ESA.¹⁷ It has been roughly estimated that every £1 spent on our activity with the ESA equates to £10-worth of value.

My job and duty as the Science Research Minister is to articulate and communicate publicly the value of research and innovation. It is not just rarefied activity happening in our universities or in Culham or Harwell. It is activity that trickles down and benefits our wider economy both in jobs and in the international investment that comes here. It illustrates partnerships internationally, but the spin-out as a result of people choosing to base themselves in the UK is equally important. It is absolutely vital for our success in the 2020s that research and development is placed at the heart of our vision.

Q43 **Lord Haselhurst:** On the basis that it is generally unlikely that we would come out of a club to which we had been paying a subscription and getting benefits, and still expect by paying no subscriptions that we would continue to receive the same benefits, one has to face the possibility that, even if the Government are quite clear in wanting to get

¹⁷ The Government has since clarified the '£370 million' figure to be €355 million.

a deal that maintains the best we can from these two programmes, it may turn out to be less good, unless there is a countervailing factor that the quality of what we put in, as opposed to just the money side of it, is something our present colleagues do not want to lose. If the deal that comes out is not so good, and the Government doubt whether we are going to get something worth while out of it for what it would then cost us, is there an alternative? Would the Government be able to find the money to mount something equivalent that would, hopefully, yield the same benefits?

In the written evidence you have provided there is reference, in paragraph 15, to bilateral educational relationships with many countries and some exchange and mobility initiatives outside Erasmus. There is mention of the UK-German connection that funds exchanges and visits to Germany on a bilateral basis. Generation UK helps participants from disadvantaged backgrounds to undertake an internship in China, et cetera, et cetera.

How much is that costing in comparison with the moneys involved in Erasmus and Horizon? Is there scope for it to be expanded as some counterbalance to anything we lose by not having a satisfactory deal with the EU on Erasmus and Horizon?

Chris Skidmore MP: I might turn to Shahid at this point, as he might have some detailed figures. I do not, but we know that the Erasmus scheme is about 46% of all related student exchange course mobility. A majority of other mobility exchanges make up the total funding envelope. We are keen as part of no-deal preparations—and it is right that we do so as a responsible Government—to explore within the DfE what form the domestic alternative to Erasmus may take, recognising that we will never be able properly to supplement the historic ties and relationships that have been built up over 30 years. Still it is important that we look at that.

On the other programmes that exist, I am not sure whether Shahid can help.

Shahid Omer: I do not have details as to how much the development will cost. Can we write to you on the assortment of schemes that exist across DfE and elsewhere?

The Chairman: That would be very helpful.

Lord Haselhurst: This may be a naive question at this stage of our inquiry. I assume that the word “placement”, which is used a great deal, means the physical transfer of an individual for a given period of time to an equivalent university setting or even an industrial setting. How far can exchanges be enhanced by the use of IT? I was struck by something I was told by someone from one of our leading drugs companies; rather than physically moving himself from where he was to see colleagues elsewhere, he pointed at the giant screen on the wall and said, “That’s how I do it”. Is there not increasing scope for parallel work to be done without there always being physical contact by moving to another country for a 12-month period, with the added costs that are involved?

Chris Skidmore MP: The point you make is valid in the development of EdTech, which is beginning to revolutionise the application of higher education and teacher contact time in schools. I am also the EdTech Minister. The Bett conference that covers EdTech takes place on 25 January. I am keen to be associated with that and to attend, and to look at the ways we will be taking forward our own EdTech strategy.

The point you make about the extent to which virtual learning environments provide the opportunity for virtual exchanges is something I will take away.

Q44 **Lord Haselhurst:** When will the Government publish their international research and innovation strategy, and what bearing will it have on the matters we are discussing?

Chris Skidmore MP: I have only been the new Minister for a month, so I hope this does not sound like a tired ministerial cliché, but a copy of IRIS—the international research investment strategy—is on my desk in draft form. I was reading it last night. It is subject to my comments, and once I am happy with the direction of the strategy we will look to publish it in due course, as soon as possible.

Lord Haselhurst: Lord Chairman, that sounds a better answer than “in due course”.

The Chairman: I think I will interpret that as “very shortly” rather than “shortly”.

Chris Skidmore MP: I am keen to hit the ground running. This year is critical for setting out our vision for research and development, in particular when there is a comprehensive spending review as well, which will involve itself in a lot of the financial envelopes around research and development. I am keen to make sure that I make the case as soon as possible for our investment in research and development going forward.

Lord Soley: How much do you work with both the British Council and the Commonwealth, which already do a lot of work on this? Indeed, our previous witness was head of performance and delivery at the British Council. Presumably there is the same basis for further work, given that both the Commonwealth and the British Council are already doing these types of exchange and scientific research links.

Chris Skidmore MP: On science participation, the Science and Innovation Network—SIN—has been established in well over 100 consulates and is something we are keen to develop.¹⁸ There are other international research partnerships that we are looking to continue to establish and bed down. We have established the new fund for international collaboration, which is £110 million over three years.

¹⁸ The Government has since clarified these figures to be around 100 SIN officers in around 50 countries.

From the point of view of UK development funding, there is the global challenge research fund and the Newton fund. As Minister, I am responsible for those funds, which are £1.5 billion and £735 million. We have established 90 SINs across the world, and we hope to establish more in due course. At official level, there is significant engagement with the British Council on behalf of the DfE.

We lead the world in tertiary education. Three of the best top 10 universities, according to the figures, are in the UK. We are a world leader in EdTech as well. We have a positive case to reach out globally as well as establishing partnership in Europe.

Q45 Lord Watts: We have heard from a number of witnesses that regulatory alignment on data protection, clinical trials and chemical regulation is crucial to our future relationship with the EU. Can you give us a brief view of where we are in negotiations between ourselves and the Commission on this crucial area?

Chris Skidmore MP: I will ask Sarah to start and then I will come in.

Sarah Redwood: We absolutely recognise that this is really important to enable collaboration to continue as much as possible. On data protection, we are already aligned with the EU. Our Data Protection Act 2018 updated the UK's rules in accordance with the EU's general data protection regulation. The political declaration set out that the EU and the UK are ready to work quickly to sustain the flows of data that are really important.

On clinical trials, we are committed to being aligned as much as possible with the new EU clinical trials regulation, which we expect to be implemented soon. Obviously, that again is subject to the outcome of the future relationship negotiations. Our current regulatory approval approaches mean that we have protection in the UK, so there will be no interruption in the approach that is taken on that. We will make sure that we align as much as possible with the EU regulations without delay when they come into force in the EU, subject to the normal parliamentary approvals. That is expected to happen after exit date.

On chemical registration, the political declaration set out that the UK and the EU would explore the possibility of co-operation between the UK authorities and the relevant authorities in the EU to ensure alignment as much as possible. All those actions across the piece show willingness to ensure that collaboration can continue and that the regimes are aligned as much as possible to facilitate the work of our scientists and researchers.

Lord Watts: Are they being actively negotiated and discussed at the moment?

Sarah Redwood: Yes.

The Chairman: Thank you very much indeed, Minister. Thank you, Mr Omer and Ms Redwood. We are very grateful to you for giving evidence

to us. We are also grateful to you for the offer of written evidence on one or two points, which we will follow up with your officials if that is all right with you. We will send you the transcript in the usual way. We look forward in the fullness of time to your history of the Brexit negotiations.

Chris Skidmore MP: Yes, I am hoping it will be more amicable than the last scenes at the Battle of Bosworth.

The Chairman: Thank you very much.