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How universities can continue to attract the best minds post Brexit

November 2016 white paper

Foreword

The education sector, like the rest of the UK economy, is currently working through the ramifications of the leave vote. While the government has provided short term assurances that the immigration status of current EU students will not face any immediate change, EU students wishing to apply for courses starting in the 2018-19 academic year do not have such certainty. The long term implications for EU students who want to study in the UK will depend entirely on the outcome of the lengthy negotiations between the UK and the EU. Recently published global university rankings demonstrate that the uncertainty surrounding Brexit has reflected negatively on UK institutions, seemingly confirming the predictions of academics in the build up to 23 June. So if the rankings of UK universities are down and students are looking to study elsewhere, what impact does this have on the global education sector? In the following white paper we discuss the challenges and considerations for UK universities following the UK's decision to leave the EU.

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Every year, once the long summer holidays are over, universities around the world eagerly await the publication of the Quacquarelli Symonds (QS) World University Rankings - a league table of the top universities measured against six criteria. The latest figures came out on 6 September. They put the UK in second place behind only the US.

London hosts more top-40 universities than any other city in the world - impressive for a small island with a fifth of the population of the US.

Yet the spectre of Brexit may already be jeopardising the UK's league position. For the first time since the tables were launched, Cambridge University has fallen out of the top three global rankings and that's part of a wider trend. Thirty-eight of the UK's 48 universities in the QS rankings dropped down the league.

By contrast, nearly half of top US universities rose up the QS rankings.

Ben Sowter, head of research at QS, says the EU referendum may be partly to blame: *"Uncertainty over research funding, immigration rules, and the ability to hire and retain the top young talent from around the world seems to be damaging the reputation of the UK's higher education sector"*.

Many academics had feared this in the run-up to the EU referendum, predicting the possibility of "brain drain" if the UK lost EU research funding and ended reciprocal arrangements that give EU students benefits similar to those of home students.

The UK's University and Colleges Admissions Service (UCAS) says 26,800 EU students are at UK universities. That represents 6.4 per cent of all graduates and postgraduates at UK universities last year. The percentage in London universities and Oxbridge is even higher. EU nationals make up 23 per cent of research scientists at Cambridge University.

Part of the attraction for EU students and academics has been that British universities are the largest recipients of EU research funding. For example, Britain receives £1bn a year from Horizon 2020 - the EU's biggest science research programme.

The formal process of Britain's withdrawal from the EU has yet to start. But the Vice Chancellor of Regent's University London, Professor Aldwyn Cooper, points out that corporate sponsorship is in decline: *"Immediately pre-referendum, Bill Gates wrote an article that stated that he had invested \$1 billion in research at UK universities because of their quality and their role in the EU. He made it plain that this would not continue if Britain voted out"*.

EU students and academics may already be voting with their feet, preferring institutions in EU states where they can travel and collaborate without the need for visas. They have a wide choice: more than half of the world's top universities are in Europe.

International faculty and student ratio is one of the measures QS World University Rankings uses to gauge an academic establishment's position - in other words, its success at attracting international talent.

American universities have been excelling in this area recently. International students make up a greater proportion of the overall US student population than ever before. Nearly a million international students enrolled at US universities last year - a 40 per cent rise in five years. A third of those students are from China, nearly 15 per cent from India.

These students are often attracted by the employment opportunities an American education confers - not only in their home country but also in the US.

Graduate earnings in China are often low. Chinese government statistics show the average monthly salary for students six months after graduating is ¥ 3,487 (£393). In the US, a recent study by the National Association of Colleges and Employers found that the average salary of a new graduate is £3,166 - eight times more. In the UK average graduate salaries are also higher than in China. A recent study by High Fliers Research puts the median graduate annual starting salary at £30,000 - that's £2,500 per month.

It's easy to see why Chinese students might prefer to stay and work in the country where they graduated and enjoy a return on their investment they would be unlikely to see in their home country.

The UK has an image problem here: students from outside the EU think it will be harder to find work in the UK after graduating than it would in the US.

Richard Everitt, Director of Education at the British Council in India, says this is a major reason why the number of Indian students applying to study in UK has dropped.

Non-EU students have found it harder to stay in the UK since 2012, when post-study work visas were scrapped, reducing from two years to four months the period during which students are allowed to stay and work in the UK after graduation.

Foreign graduates in the US can have an easier time finding work. International students can remain for work if they obtain an Employment Authorization Document.

Internships are more commonly offered in the US - even for freshmen - than in the UK. According to *USA Student Visa* - an online resource that helps graduates remain in the US to work - academic qualifications and internship experience are considered an asset for most US companies, putting graduates in a good position to find employment in the country.

The number of Indian students coming to the UK in the past year dropped by 10 per cent. In the US, the number rose by 10 per cent in the same period. Canada, Australia and Germany have also seen numbers rise.

Gordon Slaven, the British Council's Director of Higher Education, says the UK's global market share is declining: *"We need to take urgent steps to address and stem this decline. Other countries are currently gaining at the UK's expense and the government and sector must work together to ensure that our world-class higher education system remains attractive and accessible to every ambitious young person in the world."*

The benefits to society of a more flexible approach to employment rules are clear. In America, on average, immigrants are 30 per cent more likely to start a business than people born there. Forty per cent of the Fortune 500 companies in the US were started by immigrants or second-generation immigrants. More US universities are recognising this and trying to attract the best international students.

Oregon State University is one of those. In an effort to jump-start international enrolment, it has launched an English-immersion programme in partnership with a private British firm. It accepts students with limited English and helps them prepare for their courses. It has had the dual benefit of introducing talent to the university pool - students who might otherwise have been excluded because of language barriers - while bringing in revenue at a time when state financial support has been falling.

American universities are also seeking to do more than bring international students onto their campuses. They are enhancing collaboration with universities in Asia. The QS World University Rankings show that Asian universities are rising up the league table. Of the 74 Asian universities in the top 400, 68 per cent are higher than last year in the latest rankings.

Cornell University in the US is partnering with City University of Hong Kong to create a new veterinary school. City University has adopted much of Cornell's best practice and experience and created a programme tailor-made to meet the real-world challenges of the region such as the public health risks posed by SARS, bird flu and swine flu. Professor Michael Kotlikoff, Provost of Cornell University, says: *"The partnership gives City University's fledgling veterinary school credibility while allowing Cornell to expand its global reach, collaborating in a region with complex and interesting fields of research"*.

Richard Everitt of the British Council in India says the UK must adopt this kind of collaborative approach: *"Establishing UK-India higher education partnerships with student mobility a component of the agreement, together with more UK students spending time in India and a range of UK transnational education offers in India will be one way to ensure Indian students remain engaged with the UK."*

Some UK universities are already exploiting this kind of opportunity. The University of Kent has launched a five-year project to raise £1m to support new scholarship, student exchange and research initiatives in Hong Kong and China. Nottingham University has gone further, becoming the first foreign university to establish a campus in China. Lancaster, Liverpool and Cardiff universities have also opened Chinese campuses in collaboration with local universities. Cardiff University admits it has done so to improve its reputation: *"Partnerships are critical to developing our international activities and enhancing our international reputation. Improving Cardiff's profile and global visibility will help to attract the highest quality staff and students from around the world. It will also help the University achieve its overall aim of breaking back into the QS World Rankings top 100."*

Local bureaucracy and differences in administration and compliance can make international cooperation difficult and costly for British universities however. Verita has supported government and commercial organisations to navigate changing regulatory environments while facing mounting pressure to control spending.

Ed Marsden explains: “UK organisations commission Verita to help staff establish culturally contextualised policies and procedures in unfamiliar regulatory environments. We are awarded such work because of our experience with developing robust systems and processes in the UK.”

Support for staying in the EU was strong in Britain’s university cities. University governing bodies make reluctant Brexiteers. Like the rest of the country, they are still waiting to find out exactly what Theresa May means when she says Brexit means Brexit. They know that they must match the favourable reciprocal agreements EU universities can offer or risk sliding further down the rankings. They also know that they must make it as easy as their academic rivals do for foreign students to enrol in our universities. And that might mean reversing the clampdown introduced four years ago. They may be disappointed since the home secretary responsible for those changes went on to become prime minister.

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