

Inquiry into resilience and preparedness - notes from stakeholder sessions in Swansea and Llanelli

Key issues from the university sector

- The period of uncertainty and turbulence will be difficult for many sectors of the economy, particularly the universities sector which have a strong international focus.
- Irrespective of Brexit, the UK economy faces a number of structural challenges in relation to competitiveness and productivity. Universities in Wales will play an important role in overcoming these challenges.
- Changes to immigration rules after Brexit could pose a challenge to the university sector. International students currently subsidise home students, anything that makes it harder for students from overseas to come to Wales could undermine this income stream.
- There is the potential for Welsh universities to set up overseas in order to retain access to the European Union. Any such moves would mean a net loss to the Welsh economy.
- Universities could play an important role in the future vision for Wales outside the EU. Engagement between Swansea University and the Welsh Government so far has been limited.

Discussions with Erasmus students and staff

- It was felt that it is important to contextualise the threat posed by leaving the European Union to the higher education sector. Education is largely the preserve of the member states themselves with limited involvement by supranational institutions when compared with other areas of public policy.
- Brexit requires the UK to negotiate a third party agreement with EU for continued access to programmes such as Erasmus. Thirty other non-EU countries currently enjoy this status.
- The ultimate settlement in relation to the free movement of people should not affect international mobility programmes such as Erasmus. These programmes operate independently of the four freedoms of the Union.
- Students who had taken part in the Erasmus programme spoke of the considerable benefits it had brought them as individuals stating that there was a high degree of integration between them and the domestic students during their studies abroad. They also stated that the inbound institutions accrued benefits from receiving Welsh students.

- The consensus view was that the size and scope of the Erasmus programme makes it the best mobility programme of its type in the world and that continued participation in it was vital.
- In terms of a “no deal” scenario, participants stated that there was a worrying lack of clarity from the UK Government with regards to what that would entail in practical terms.
- Comparing the situation in Wales with the situation in Scotland, a number of participants felt that Wales needs to catch-up in terms of developing its own agreements that facilitate links and exchanges with other countries across the world. They also cited the growing demand for double degrees.¹
- Regarding the Bologna process, some participants felt that the Welsh Government was not attaching the same importance to engagement with the process when compared with other parts of the UK and that this would need to be addressed as part of an overall vision for higher education after Brexit.
- Participants also emphasised the important role of Erasmus Mundus degrees, a programme whereby at least 3 European universities jointly develop and deliver postgraduate degrees. Swansea University, for example has four Erasmus Mundus degrees which attract highly qualified students from all over the world. Some felt that Wales should continue to explore opportunities to develop jointly delivered degrees with universities in Europe after Brexit and that a Welsh Government led initiative (to facilitate discussions between Wales an officials in other European countries) would be welcome in this area.

Discussions with staff on Research and Development

- In contrast to the discussions on Erasmus, freedom of movement is a key issue in relation to research and development. Any changes to freedom of movement that curtails the movement of staff and academics would be damaging to the higher education sector in Wales.
- Many felt that the Welsh Government needs to give more emphasis to its role as a champion for the higher education sector in Wales. There were significant concerns that top-down allocation of funding from London for the purpose of research and development collaboration after Brexit could disadvantage Wales. There was a general sense that funding allocations stemming from London would favour universities in the “golden triangle”.

¹ Double degrees are degrees that are developed through the collaboration of two higher education institutions.

- It was noted that there is a lack of Welsh representation at the Research Councils UK (RCUK) High Council and that Wales needs to increase its engagement with this body.
- Concerns were raised about the implications of loss of ESIF and Horizon 2020 funding after Brexit. It was noted that universities in Wales are heavily reliant on EU funding, with around 40 per cent of Swansea's research funding coming from the EU. It was also noted that this funding bridged shortfalls in capital funding for the higher education sector.
- In terms of InterReg projects, it was noted that three partners (to Swansea University) are in the EU and three are outside the EU.
- Generally it was felt that universities in Wales had good working relationships with institutions in Brussels that administered funding, but less so with those that administered funding at a UK level. It was noted that no Welsh universities received funding as part of the first wave of Innovate UK investment.

Discussions with Calsonic Kansei in Llanelli

General background

- Calsonic Kansei is acknowledged as a regionally important company and has regular dialogue with the Economy Secretary and officials in his department. The company has also had dialogue with the Secretary of State for Wales and the Department for International Trade.
- Calsonic sits within European and global supply chains. The company imports most of its raw materials from outside the UK but within the EU and operates a “high volume, small margins” business model. This business model means that it, and similar types of companies, are at risk from slight changes to international market conditions.

Scenario planning

- The company is engaged in-house on scenario planning to establish likely business consequences at the end of the Brexit process, however, it has limited engagement from the Welsh Government on such modelling. It was noted that neither the Welsh nor the UK Governments are proactively collecting data in relation to Brexit other than the monthly returns supplied to the Office for National Statistics.
- As an active member of UK automotive trade body (SMMT), the company is engaged at a national level with Brexit and its implications for the UK automotive industry.
- Some participants expressed the view that there was a lack of urgency in terms of preparation for the various Brexit scenarios that Wales could face. It was felt that the Welsh Government could do more to strengthen resilience in the economy for the worst case scenario of a “no deal” Brexit.

European funding

- The importance of Horizon 2020 for research and innovation in the UK automotive sector was acknowledged.
- There were general concerns that a loss of access to that funding would impact innovation across the UK automotive sector.

Skills policy after Brexit

- On skills, it was highlighted that several organisational talent reviews had identified the many skills shortages faced by the company. It was noted that the Calsonic Research and Development Centre in Bedfordshire played an important role within the company’s UK operation but that their research capability was being hampered by a lack of skills and experience in the UK labour market. Access to the

European labour market has helped bridge such skills gaps in the past.

- It was felt that the Welsh Government needs to do more to ensure that students in Wales have the right skills through an enhanced focus on good quality apprenticeships after Brexit. Many noted that engagement from schools on apprenticeship opportunities was limited. It was also recognised that the private sector needs to demonstrate a greater commitment to achieving more good quality apprenticeships.

Future outlook

- In terms of the future outlook, it was stated that many companies are currently deferring investment decisions in response to continued uncertainty regarding the eventual outcome of the Brexit negotiations. Participants felt that the Welsh Government should continue to prioritise securing the best possible access to the European Single Market after Brexit.