



ASSOCIATION
OF COLLEGES

Brexit and colleges

An AoC position paper on the UK's exit from the European Union and future policy

November 2018

The Association of Colleges (AoC) represents 95% of the 266 colleges in England incorporated under the Further and Higher Education Act 1992.

The UK has been a member of the European Union for 45 years so the process of exit will be difficult and raises big questions about the UK's economy and education system. Brexit will bring economic change and a new approach to migration. If that was not enough, the fourth industrial revolution, international competition and the need for people to retire later will require changes in how the UK organises education and training. These are big long-term issues which AoC will address in a paper to be published in February 2019. In the short-term, there are number of immediate Brexit-related issues which need to be addressed. These are explained in more detail in this paper but cover:

- Access to education
- Outward mobility
- Recruiting and retaining teachers
- Regional funds
- VAT, state aid and procurement

1. Access to education

What happens now?

Colleges educate 2.4 million students and apprentices including an estimated 40,000 nationalsⁱ from the EU27 countries. The percentage of EU27 students in colleges (about 2%) is less than the percentage in universities (about 4% of undergraduates). However, colleges in parts of England that have seen high EU immigration enrol greater numbers of EU27 students

Since the 1990s, EU nationals living and working in the UK have been able to enrol on further education courses or take apprenticeships on the same basis as UK citizens with the key test being three year's ordinary residence in the European Economic Area (EEA)ⁱⁱ.

Department for Education (DfE) has promised that EEA nationals who start higher education courses up to and including autumn 2019 will continue to access public funding (including student loans for teaching and maintenance) on the same basis as UK students until they complete their courseⁱⁱⁱ.

DfE has not yet made the same commitment to further education students though the transition agreement reached between the UK government and EU effectively extends existing arrangements and rules until 31 December 2020^{iv}.

EU nationals will have until June 2021 to apply for EU settled status^v. DfE guidance on school admissions states that "*children arriving from overseas have the right to attend state funded schools in England*" apart from those whose visas exclude access^{vi}

What needs to happen?

DfE should confirm that young people under the age of 18 have access to publicly-funded schools or colleges regardless of their nationality unless their visa conditions preclude this. It is in the national interest for the UK to have well-educated cohorts of young people starting adult life.

DfE should also confirm that adults who are EEA nationals should continue to have access to further education, adult education or apprenticeships on the same basis as UK nationals for courses starting before June 2021^{vii}. Eligibility to access education and training in 2021-22 and beyond should depend on proving settled or pre-settled status. The government's plans for a single skill-based immigration system implies a bias in favour of high skilled migrants. If the UK economy is to remain competitive, it will require UK residents working in lower paid roles to retrain and to keep their skills up-to-date.

DfE should also publish a strategy for English for Speakers of Other Languages to ensure that all those resident in the UK, including settled EU nationals, have the language skills necessary for work and full participation in society.

2. Outward mobility

What happens now?

Colleges have participated in exchanges with colleges in continental Europe since the 1950s (often as part of town-twinning partnerships). The EU has provided grants for this to happen on a more structured basis via the Erasmus+ programme. Erasmus+ funds student and staff mobility which helps broaden horizons, share good practice and develop understanding of different societies. Over 100 UK colleges have participated in the current Erasmus+ programme cycle (2014-2018), with the vocational sector receiving over €59m in funding. Typically the money is used to support short student and staff placements abroad, a model that fits well with the college calendar and the family and work commitments that college students often have.

Our strong vocational education system, population size and our place as the home of the English language mean the UK has welcomed significant numbers of Erasmus+ participants from EU27 countries in return.

The UK government has made a public commitment that Erasmus+ funding will continue until December 2020 whether there is a deal or not.

What needs to happen?

The UK is due to leave the EU in 2019 but will still be part of Europe. Our success as a country will depend on strong links with our neighbours, a good understanding of other countries and an open attitude. The UK should continue to fund outward mobility schemes. Cost and travel time mean that continental Europe should remain the primary destination for such schemes. In partnership with the EU and with other key UK international partners.

3. Recruiting and retaining teachers

The Home Office plans to publish a White Paper later in 2018 that will set out plans for a single skills-based immigration system to take effect in 2021 at the point where free movement between the UK and EU comes to an end. The Home Office's Migration Advisory Committee has made several recommendations for future arrangements including the use of a single economy-wide salary threshold to assess skill level. We await details of the government's response to these recommendations.

There are significant teacher shortages in colleges in construction, engineering, mathematics and other areas. Staff turnover levels are increasing, partly because of pay levels relative to other sectors including schools.

These skills shortages could get worse in the early 2020s because of the need for more and different teachers to educate a growing population of young adults and to deal with an expected shift in demand in technical subjects. Immigration restrictions could make the situation worse. The single economy-wide salary threshold used to assess visas could be a problem. People work in colleges for love as well as money and their reward package includes better holidays and pensions not just pay.

There is no firm data on the proportion of EU nationals in colleges but, based on survey data, AoC estimates that colleges employ a total of 7,000 EU nationals

(4% of the college workforce^{viii}). 12% of colleges surveyed reported no known EEA employee whereas 5% reported more than 20.

What needs to happen

The new immigration system needs to be sufficiently sophisticated to recognize the priority that teachers are needed to educate and train the future UK workforce. The details of how this should happen depends on the White Paper. Options include a lower salary threshold for teaching roles in publicly-funded education and training or expanding the shortage occupation list. The immigration system should also include routes from the future youth mobility scheme into skilled occupations.

4. Regional funds

What happens now?

Colleges have used the European Social Fund (ESF) over the last two decades to help retrain and improve the skills of hundreds of thousands of people.

The amount of ESF funding received by colleges fluctuates widely because of the stop-start nature of government procurement and the complexity of the funding rules. The amount received varies from 1-2% of total college income but is much more significant in some colleges in the more economically disadvantaged parts of the country.

The UK government has made a public commitment that ESF funding will continue until December 2020 whether there is a deal or not.

What needs to happen

Exit from the EU requires a fresh look at the priorities but should not result in any reduction in spending because this would widen existing social and economic divisions. The new Shared Prosperity Fund should be targeted at areas where economic activity is lower and unemployment is higher. The overall aim should focus on using skills to improve economic performance by helping people into work, by retraining those in sectors affected by automation and economic change and by providing support to businesses to adapt.

5. VAT, State aid and procurement

What is happening now?

There are quite a few rules which constrain [ESFA](#), colleges and others in the education system but which were designed to facilitate cross-border trade. UK membership of the EU means that a large body of legislation has been shaped by EU directives including employment, public procurement, consumer protection, competition, energy, intellectual property and social security law. It will take time for the UK government to use its new-found power to make changes but there may be opportunities for a more intelligent approach to regulation in some areas.

The UK introduced Value Added Tax (VAT) on the day that it joined the EU. VAT rules in EU members states are partly controlled by the EU treaties because a slice of VAT revenues is used to calculate contributions to the total budget. The operation of the VAT rules reduces the resources available to FE colleges by about 2% compared to school sixth form students. Government funding levels fix the full-time funding rate for 16 to 18-year-olds at £4,000 until 2019 which is 20-25% less than the figure paid to pre-16, half that available for HE students and insufficient to build a better technical education system. Brexit is an opportunity to extend the public service VAT refund scheme beyond councils, academies and national museums to cover publicly-funded sixth form level education.

What should happen?

The government should implement state aid controls and public procurement rules in a way that supports a longer-term approach to education and skills. Meanwhile the Treasury should extend the VAT refund scheme to cover 16-to-18 education

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Footnotes

ⁱ There is no official data on nationality of college students because the data that used to be collected in the Individual Learner Record was unreliable and the requirement was discontinued. There is also no data on nationality of school pupils.

ⁱⁱ The EEA is the EU plus Norway, Iceland and Liechtenstein.

ⁱⁱⁱ DFE announcement “Further financial support for UK and EU students” 2 July 2018

^{iv} Article 22.1.h. of the draft Withdrawal Agreement (March 2018) protects “the right for their children to be admitted to the general educational, apprenticeship and vocational training courses under the same conditions as the nationals of the host State or the State of work, if such children are residing in the territory where the worker works”

^v Home office announcement “EU settlement scheme, statement of intent” 21 June 2018

^{vi} The exclusions from school admission are children from non-European Economic Area (EEA) countries who are (1) short-term visitors, or (2) whose permission to study was given on the basis that they attend an independent fee-paying school.

^{vii} The deadline for applications for settled status is 30 June 2021

^{viii} The Office of National Statistics estimates that education as a whole has an estimated 4% of non-UK EU staff. 15% of university staff are non-UK EU which reflects their international research partnerships, tendency to employ their own graduates and location in bigger cities.