

What would Brexit really mean for Cambridge?

Ross Anderson

Cambridge's Vice-chancellor has been campaigning for Britain to stay in Europe. But he has to be slightly careful what he says, in case he ends up having to do business with Boris Johnson.

It's time that somebody spelled out the costs. I'm an elected member of Council, the university's governing body; I'm also on the committee that sets our budgets. What I say here is in a personal capacity. And the big picture is clear enough from the published accounts.

My best estimate is that Brexit would cost Cambridge University about £100m a year, or about 10% of our turnover.

Look at our budget report, published in the Reporter on May 18 2016 [1]. We get almost half our income from research grants and contracts: about £445m in total. Of this, 15% comes from the EU directly, and it's been growing steadily – up from 7% in 2008. A further 9% comes from overseas, much of it industrial money, and another 4% from UK industry. Our biggest-ever donor Bill Gates wrote in the Indy on Friday that if Britain left, then Cambridge would be significantly less attractive as a place to fund research. Most technology firms agree.

Our biggest single slice of research funding comes from charities, with 36% of the total. Whether they'll stay loyal remains to be seen, but if Brexit means that EU countries no longer trust us with personal information, that could impact international medical research projects. And like tech firms, medical charities also worry about being able to hire the best international staff.

The next largest slice comes from student fees, at £237m. Most of our graduate students are foreign, together with a lot of undergrads; in the Computer Lab, where I teach, most of our undergrads are foreign too. If a post-Brexit government wants to get net migration down into five figures, it's hard to see how this can be done without cutting students, who make up about half of the 330,000 migrants to the UK each year.

Even if Prime Minister Boris gives every student a visa, some of the students from Italy and Poland and Romania who're currently paying £9,000 a year will be put off if they have to pay the overseas rate of £17,000. We can't predict how many, but the number of students from Scotland has tanked since they started paying higher fees here than north of the border.

Other operating income includes the money made by Cambridge University Press and Cambridge Assessment. Their real profits come from English teaching and testing, particularly for foreign students who want to come to UK universities. If a Brexit vote leads to a more hostile visa regime, this will take a hit too.

It would be prudent to assume we'll lose £60m of EU money, £20m from fees, £10m from English teaching and £5m each from industry and charities. If overseas students desert us it could be a lot worse. But we'd better plan for £100m a year, or just over 10% of revenue – about three times what we suffered after the financial crisis of 2008.

Much of the pain would fall on research staff on fixed-term contracts; they would simply not be renewed. But we'd then not need as many service and support staff either. We always hope to avoid redundancies, but the 2008 crisis caused us to freeze hiring from 2009–13, which led us to slip behind Oxford in the research rankings. Not hiring any young academic staff for a decade would do intolerable damage. We'll probably gut our capital budget instead.

One big decision we face later this year is whether to go ahead with phase 2 of the Northwest Cambridge development. Phase 1 should deliver 350 student rooms and 700 apartments for postdocs around the end of next year, and we borrowed £350m to pay for it. That money bought two million days of work, so local building trades are doing well. We will decide in November whether to borrow a further £300m for a second round. If our income, our student body and our postdoc numbers are suddenly shrinking, that would be reckless; if we also see a falling pound, rising interest rates and falling property prices, then phase 2 is as dead as Monty Python's parrot.

In simple terms, everyone in Britain pays about £4 a week to the EU, which gives us about half back, leaving an average net contribution of £2 a week, or about £12.5m for a town the size of Cambridge. I personally am quite happy to pay £2 a week to keep the neighbourhood safe and tidy; I pay a lot more in Council tax for the same basic purpose. But even if EU membership is seen purely in economic terms, Cambridge gets a lot more back than we put in. This is despite the fact, reported yesterday in the Cambridge News, that Cambridgeshire gets less back in EU structural funds and regional development funds than Cornwall or Merseyside. We more than make up the difference in research funding. The same goes for other university towns like Oxford, Bath, and Lancaster; even Newcastle is ahead.

But in the long term the biggest problem may not just be money. Great universities thrive by drawing the best and the brightest from round the world, to be our students, to be our research staff, and to be our academics. Most of our new hires are foreign. We already have a hard time competing with America for the best people. What will happen if Britain votes to leave Europe following a campaign of xenophobia – which has spilled over into outright racism, and now into violence? This is not just about money; it's about who we are, and also about what other people perceive us to be. Even if Remain wins on Thursday, we've all been damaged. If it goes the other way, the world may conclude that Britain is no longer the best place to send your kids, or to build one of your research labs.

[1] Report of the Council on the financial position and budget of the University, recommending allocations from the Chest for 2016–17, Reporter, 18 May 2016, at <http://www.admin.cam.ac.uk/reporter/2015-16/weekly/6426/section6.shtml>

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