21 January 2019

Science and Technology Committee
Brexit, Science and Innovation: Preparations for 'No-Deal'

1. Introduction

1.1 We are pleased to have the opportunity to respond to this consultation on preparations for a no-deal Brexit.

1.2 The Institution of Engineering and Technology is Europe’s largest professional engineering and technology organisation. The members represent a wide range of expertise, from technical experts to business leaders, encompassing a wealth of professional experience and knowledge.

1.3 This response has been compiled on behalf of the IET Board of Trustees by the IET’s Innovation and Emerging Technologies Policy Panels. The panel includes a diverse range of experts that provide unbiased impartial advice for government and parliamentary stakeholders.

2. Impacts of “no-deal” on Universities

2.1 There will be disruption to students at all levels, as well as teachers, arising from the extreme uncertainty around funding. Whilst the government has given some reassurances on current Horizon 2020 funding, there remains potential for disruption due to the inherent difficulties in cross border collaboration under these circumstances. There is an even greater lack of clarity about terms of future research projects and collaboration both for domestic and EU partnerships. This could delay research, as well as stall vital research collaboration across borders.

2.2 There is also a risk of a delay to the exploitation of research results caused by the uncertainty around regulatory frameworks and potential access to markets. This in turn has the potential to affect the overall finances and financial health of Universities.

2.3 It is likely that the UK will be seen as less welcoming for overseas students, especially from the EU and this may again impact University finances.

3. Impacts of “no deal” on innovation in businesses

3.1 The supply chain impacts of No deal are well documented.

3.2 One of the main impacts on innovative businesses will be the uncertainty about access to markets for new innovative products and services. Such products are often successful in overseas markets first. In larger companies this could delay innovations reaching the
market or lead to businesses reducing their levels of innovation. For smaller companies this uncertainty could lead to serious financial instability.

3.3 Uncertainty will also arise for businesses involved in EU collaborations in research and innovation, who will face similar problems to the universities as mentioned in 2.1. This is a very real challenge to the government’s 2.4% R&D target.

3.4 Innovation thrives where there are stable regulatory frameworks and the rules of business are clearly defined. Uncertainty about such rules increases risk for investors, delaying and reducing investment in innovation. A no-deal Brexit would also mean a lack of clarity about regulatory frameworks for new products and services; this is both current frameworks and potential future frameworks. We would also be lacking a framework for international businesses to exploit and make best use of innovations from the EU and other countries.

3.5 A critical barrier to the UK’s commercial success will be reduced access to overseas skills for innovation, for example researchers and other personnel from EU.

3.6 Large companies are likely to shift high value operations, including R&D, to mainland Europe to access funding and talent in the EU and to get security of business environment.

4. Impacts of “no deal” on personnel involved in innovation

4.1 In the case of a no-deal Brexit, currently accepted UK qualifications may no longer be relevant in the EU, which could inhibit the participation of some UK innovators in international innovation activities. Similarly, difficulties of UK nationals in traveling to EU countries for work would limit exploitation of business opportunities there.

4.2 The uncertainty about terms of employment for UK nationals in EU countries and EU nationals in the UK will further inhibit collaborations between companies based in the two places.

5. Impacts of “no deal” on non-departmental public bodies (NDPBs)

5.1 The need for clarity around the nature of future UK regulations and how they will be implemented and enforced will put immense strain on the resources within UK NDPBs - examples include those involved in regulation of the aerospace, road vehicles, chemical agriculture sectors and in environmental conservation.

5.2 There would be a similar pressure on Parliament to create new legal frameworks for both UK regulations and how they interact with international regulatory frameworks e.g for energy, pharmaceuticals and medical devices.

5.3 We would also need clarity on how the UK could be involved in and participate in the international standardisation discussion.

6. Preparation from Government and NDPBs

6.1 Beyond the assurances that the Government has given on current Horizon 2020 funding, we are not aware what the Government and its non-departmental public bodies are doing to prepare for such an outcome in relation to science and innovation. As such we cannot comment on their adequacy.