University and College Union

Marketisation and the growth of the private sector in tertiary education

a UCU report

Challenging **the Market** in Education

Thank you

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Foreword

The private sector in UK tertiary education is growing fast. UCU members see that reality every day, but one of way of measuring it in crude statistics is to look at the growth in private investment in further and higher education.

In just ten years between 1995 and 2004, overall private expenditure in tertiary education grew by 85%. By comparison, public expenditure grew by just 6%.[1]

This startling rate of growth has meant a sharp rise in the overall proportion of tertiary education investment which is provided by the private sector.

Between 1995 and 2004, the proportion of private investment in tertiary education grew from 20% to 30.4%. Public expenditure on tertiary education fell correspondingly from 80% to 69.6%.

The proportion of tertiary education income which is provided by the public sector in the UK is now significantly below the OECD average of 75% and far below the EU average of 83%.[2]

RELATIVE PROPORTIONS OF PUBLIC AND PRIVATE EXPENDITURE ON TERTIARY EDUCATION INSTITUTIONS

	1995		2004	
OECD COUNTRIES	PUBLIC EXPENDITURE %	PRIVATE EXPENDITURE %	PUBLIC EXPENDITURE %	PRIVATE EXPENDITURE %
United Kingdom	80.0	20.0	69.6	30.4
France	dna*	dna	83.9	16.1
Germany	88.6	11.4	86.4	13.6
Sweden	93.6	6.4	88.4	11.6
Spain	74.4	25.6	75.9	24.1
EU average	dna	dna	84.0	16.0

*dna = data not available. Source: Education at a Glance 2007, OECD, p221

Much of this rising private expenditure, which was measured before the introduction of top-up fees in higher education, comes from the fees paid by students. However, a growing proportion also comes from investment by private companies.

Private companies interested in investing in tertiary education have been able to exploit a highly favourable public policy environment to muscle in on the provision and delivery of support services and now, increasingly, core education functions. In part this has been achieved through contracting out and competitive tendering. Increasingly, however, it has been done through the financing of investment through the private sector, using variants on the Private Finance Initiative (PFI), and now, increasingly through the use of public-private partnerships (PPPs).

UCU is opposed to what we see as the creeping privatisation of tertiary education. We think that the interests of our members, of the students and parents who are at the heart of education and of the wider society we serve, are best served by an education system that is funded and controlled by the public and that is democratically accountable to the citizens of the UK.

We will also fight tooth and nail against any attempt to lift the current cap on 'top-up fees' in higher education.

It is becoming increasingly clear that challenging the creeping privatisation of tertiary education means linking up with other unions and communities challenging similar processes in their parts of the public sector. That's why we won support at last year's Trades Union Congress for a policy that asked the TUC to coordinate research into privatisation in the whole of the public sector. That's also why the UCU campaign *Our School, Our College, Our Community* is so important and why we were so delighted when the NUT agreed to join us. We face the same challenges across the public sector and if we face them alone, we will not succeed.

But is also means developing our challenge to the deeper processes that underpin, support and drive forward the privatisation of education.

Our conference is called *Challenging the Market in Education*, because we recognise that we have a bigger task on our hands even than winning the battle to keep education public. We have to challenge the forces driving the emergence of markets across tertiary education. We have to begin an effective challenge to marketisation.

Sally Hunt
UCU general secretary

1 What is marketisation?

Distilled to its essence, marketisation is the process of creating market mechanisms within the public sector, driven by the belief, common among those who subscribe to neoliberal economics, that the market is the most efficient way of allocating resources.

FIVE KEY PROCESSES OF MARKETISATION

Dexter Whitfield has helpfully distinguished five key processes of marketisation:

- commodifying services, whereby public agencies replace grants with contracts for an expanding range of commercialised activities
- commodifying labour, whereby work is reorganised along the lines of private sector employment and new challenges are thrown up to union recognition agreements
- reshaping the state for competition and market mechanisms, whereby government funding agencies become 'commissioning' agents, rather than providers, with a brief to foster competition in the name of efficiency
- Restructuring democratic accountability and user involvement, whereby traditional structures of democratic control are undermined and replaced with complex and opaque business transactions – the relationship between the user of public services and the service itself also changes to become more like a consumer purchasing a given commodity
- Embedding business interests, whereby businesses direct public policy

And as Whitfield has argued, these processes reinforce one another. As public sector agencies are broken up into competing units and as the relationship between the state and the services is changed to commissioning services on the basis of 'best value', it becomes inevitable that public sector entities will need to look for new forms of partnership with the private sector and that private sector providers will press to be allowed to compete for contracts. The more embedded marketisation becomes, the easier it becomes to argue for the wholesale privatisation of services.[3]

Wherever you look in the public sector, these processes are at work, from the NHS to local government and the provision of social services. In primary and secondary education we can see them in the shape of the massive PFI programme, Building Schools for the Future, which makes local authorities commission investment in basic infrastructure from the private capital markets. We can see it in the continued fragmentation of the schools system into a mass of competing 'specialist' schools with increasing budgetary autonomy and in the encouragement to the private sector to invest directly in and assume greater control of schools through the Academy scheme.

THE PROCESS OF MARKETISATION IN TERTIARY EDUCATION

In UCU's sector, tertiary education, marketisation is also at work. If you listen to our employers of course, we are not part of the public sector. It's certainly true that universities and, since incorporation, colleges, are legally independent entities and are free of local authority control. And to some extent, accordingly, competition for students has long been part of their funding base. Yet the fact remains that, even with the growth of the private sector detailed above, tertiary education remains predominantly publicly funded. On average, universities, for example, gain 57% of their income from the public purse. Tertiary education institutions therefore remain dependent on public funding and are accountable to the government, to some degree for the use of that funding.

The independent legal and budgetary status of universities and colleges makes driving forward the creation of internal competition easier. But the funding councils and the research councils have promoted this through funding formulae that reward aggressive student recruitment as well as teaching and research performance. Now the government wants to encourage universities and colleges to compete for contracts from the private sector. This demand-led funding policy will make tertiary institutions more dependent on private sector investment. In the case of FE, colleges will have to bid for public funding alongside private training providers by showing that they can win private sector training contracts.

There is now a fee regime that sweeps across our sector, from adult education to higher education. Already there is a market in bursaries, with richer institutions able to offer more to offset the cost of fees. If some universities get their way in 2010, the cap on top-up fees will be lifted from £3000 and we may see the creation of a genuine market in access. Students who pay fees cannot but think of themselves as contracting for a service rather than enjoying a social entitlement.

There are greater than ever pressures to commodify the learning process. E-learning technology has a tremendous potential but the attempts to marginalise the learning process to reduce staff costs are highly problematic. The pressures to create short, standardised, modular courses that can be delivered flexibly by non-specialist staff pose a threat to quality.

There is a growing market in employment conditions. UCU has fought hard to retain national bargaining structures and to impose national level frameworks on local agreements. Even so, variations in pay and conditions do now exist across the country and some employers are looking to bring in market supplements and performance-related pay. In addition, the growth of a huge casualised workforce now means that employers have greater flexibility in hiring and firing.

We've seen the erosion of democratic accountability and the reshaping of the user-service relationship. Governing bodies in colleges and universities are now increasingly sidelined to rubber-stamping the decisions of senior managers and are increasingly dominated by lay members whose business backgrounds make them favourably predisposed toward the supposed efficiency of the private sector.

And these processes are driving colleges and universities ever more into the arms of the private sector. Starved of public investment, given the autonomy to seek new investment through outsourcing, PPPs and PFI schemes and now forced to compete with private sector providers by a government that sees itself as commissioning services from a 'diverse provider base', our colleges and universities are being privatised fast.

THE IMPACT OF MARKETISATION IN TERTIARY EDUCATION

Why does UCU care about this? We care because we can see our vision of education and the values we hold dear being undermined every day. And we also care because we can see that it does not work. The marketisation and privatisation of tertiary education are creating the same problems seen right across the public sector.

COMPETITIVE FUNDING STRUCTURES AND DEMAND-LED FUNDING

Competitive funding structures are not creating efficiency. Instead, they are generating instability and undermining the ability of education institutions to deliver on either their core missions or the government's own priorities. Competition is creating and reinforcing unequal provision across the UK. Colleges and universities become used to taking knee-jerk decisions on the viability of whole areas of provision on the basis of short-term fluctuations in student recruitment. Coupled with performance in winning research grants and in research assessment, this can lead to the closure of entire departments and the running down of whole disciplines.

UCU has long argued that this competitive funding structure undermines the public good of independent research and teaching and that it also undermines the public interest in core scientific research in strategically important subject areas. The government recently had to step in to mitigate the worst effects of this following Reading University's decision to cut its internationally renowned Physics department.[4] But every day such decisions are made on a smaller, less publicly visible scale.

The current policy emphasis on encouraging 'demand-led' provision by making swathes of funding dependent on the ability to secure private sector training and skills contracts and funding will only increase instability, making more and more core funding dependent on the short-term training needs of employers.

Staff endure a near constant round of job cuts, while those who are kept on experience perpetual change, instability and pressure as they are encouraged to recruit students, win new funding, or take on new roles at short notice and without support. Students experience a narrowing curriculum as institutions close provision of 'high-risk' subjects. Departments close without regard for regional or national levels of provision. Regional 'deserts' are created in provision. Coupled with the pressure on students to study near home as a result of rising fees, this creates real inequality of access to higher education.

The growth of 'employer-led' courses is likely to further reduce access to education by narrowing the range of courses on offer, giving them a higher training component and giving employers a greater role in determining content. This could well reinforce and aggravate existing inequalities, channelling 'non-traditional' students toward 'skills' courses and away from wider educational opportunities.

FEES, INEQUALITY AND THE MARKETISATION OF ACCESS

Perhaps most damning is the growing evidence that the fee regime that marketisation has created in tertiary education is undermining the government's own stated objective of widening participation and opening access up to hard-to-reach groups or non-traditional students.

In higher education, research by the Sutton Trust indicated that that many students from poor backgrounds are being put off university because of fear of debt. Far from enjoying new levels of choice, very few of them understand the Byzantine student finance system well enough to make well-informed decisions.[5] If the cap on top-up fees is lifted, then we may see a setback for equality in the UK of truly historic proportions.

Adult education is also suffering, with students now paying for around 38% of the cost of their courses and this is expected to rise to 50%. In 2006, entitlement to free tuition in English for Speakers of other Languages (ESOL) was cut and funding targeted, theoretically on the most vulnerable. In fact, as we demonstrated, the new funding regime penalised and marginalised the most vulnerable. We showed that the cut in entitlement to free entry-level courses was hitting not only asylum seekers but also women in particular among settled communities. Some of the most socially excluded people in the UK were being denied access to the most basic precondition of social inclusion and community integration.[6]

Among those students who do have access to tertiary education, marketisation is eroding the sense that education is a public service and a social entitlement. The growing market in learning and access has generated a justified sense among students that they are consumers of a product and as such they have an expectation of a level of service. Institutions have not come to terms with the level of support they must provide for staff in dealing with this and staff are expected to pick up the slack through increased contact time and less time for other scholarly or administrative duties. The internal professional drive to maintain standards has been coupled with an increased bureaucratic burden, associated with the need to account for funding. For staff in further, adult and higher education, all this leads to rising workloads, stress, ill-health and recruitment and retention problems.

MARKETISATION, PRIVATISATION AND EMPLOYMENT CONDITIONS

The germinal market in pay and conditions has undoubtedly allowed some to benefit. But for poorer institutions, it creates a pressure among institutions to employ people at the bottom of scales, freeze pay or refuse to implement pay agreements and employ more casual staff. There is now a huge casualised workforce in tertiary education. These staff groups need us and we must respond to this challenge.

The growth of the private sector in tertiary education is creating a two-tier workforce. The impact of privatisation upon employment terms and conditions and pay is now well attested. Research shows that women and older workers fare better in the public sector while public provision of family friendly working practices is markedly superior to that of the private sector. Public sector organisations are also twice as likely to have conducted an equal pay review and more likely to pay sick pay and maternity pay and provide superior pension schemes.[7] This accords with our own experience in tertiary education. Where private companies have operated, staff have had worse terms and conditions, have been expected to move into a private pension scheme and have been told that the union will not be recognised.[8] Casualisation is also more prevalent among private employers.

SUMMARY

To summarise, UCU is concerned that marketisation is creating:

- an unstable funding environment, leading to cuts, casualisation and erosion of terms and conditions, along with the creation of markets in pay
- a narrowing of the curriculum that ill equips our young people to think or innovate
- inequality of provision and a narrowing of access to education, reinforcing social segregation
- the conditions for the continued and faster growth of privatisation in our sector
- worse pay and conditions for staff in tertiary education.

UCU is not opposed to change. But we don't believe that changes that are in the interests of staff, students or society can be made through market mechanisms or imperatives.

We think that managing change in the interests of staff, students and the public requires planning, dialogue and genuine partnerships.

That's why we are campaigning against the growth of private provision and the marketisation of our education system. The conference, Challenging the Market in Education and this report are just the beginning of that campaign.

ABOUT THIS REPORT

This section has only been able to touch on the outlines of the processes at work and some of their consequences. We need much more research into the impact of marketisation in tertiaryeducation and following the conference, UCU will be commissioning research that will be tasked with doing just that.

This report has a more modest ambition. Here we focus on the growth of the private sector, the sharpest and most immediately visible part of the process of marketisation in tertiary education. This is for activists to use now. In this report, we provide an overview of the main processes through which the private sector gained entry into tertiary education.

In section two we look at the ways in which PFIs have been used in tertiary education, mostly in the provision of capital investment and 'support' services, but now also in what is called core provision.

In section three we survey the growth of private sector involvement in the direct provision of education, from 'stand-alone' private education institutions to the increasing variety of public private partnerships.

In section four, we provide a compendium of the main companies involved in the provision of education.

Finally, the conclusion summarises UCU's campaigning work to date and raises some issues for the future. Throughout, we also provide questions as talking points, reflecting the fact that we face important questions concerning where we want to go and how we go about getting there. We hope you find it useful.

2 The Private Finance Initiative

There is now a well-established literature critical of the Private Finance Initiative (PFI), pioneered by academics like Allyson Pollock and Mark Hellowell in the field of the NHS, and Dexter Whitfield in education. This section is not intended to add to that literature, for which references are provided below. In this section we provide a brief overview of the use of PFIs in tertiary education and a review of the key criticisms levelled at PFI projects.

WHAT IS THE PRIVATE FINANCE INITIATIVE?

PFI is a way of public sector agencies mobilising private capital for investment through the private capital markets rather than through using public sector capital spending budgets. Under a typical PFI scheme, a public sector agency will contract with a private sector consortium to finance, design, build and operate, for example, a hospital, for a period of 30 years. The public sector body pays an annual fee to use the building and acquires it fully at the end of the period.

Private finance initiatives were first introduced into the tertiary education sector in 1994, two years after they were rolled out by the Conservatives in other parts of the public sector. Since the Labour government came to power in 1997, use of PFIs has mushroomed across the public sector.

One reason for the attractiveness to government of the PFI is that it has been ‘a way to kick-start investment in new schools and hospitals without increases in tax or rise in the national debt because it kept large capital projects off the public balance sheet’.[9] However, PFI liabilities are to move on to the balance sheet in the 2008-9 financial year, as part of the adoption of international financial reporting standards.[10] This will remove one of the key public justifications for PFI schemes, since PFI liabilities will now appear as part of public sector borrowing. However, the government is committed to promoting use of PFIs in procuring infrastructure ‘where it is value for money to do so’.[11]

- There are now PFI projects with a total capital value of £57bn – equivalent to 11% of total public debt of £536bn – and 10% of annual government spending.[12]
- In all, the government has signed more than 800 PFI contracts that will cost the taxpayer around £155bn up to 2032.[13]
- A number of PFI projects – including in the education sector – have been moved offshore by their private owners to avoid paying tax on their profits. According to The Guardian, a £40m contract for three schools in Conwy, Gwynedd, is now ‘mainly based overseas’, and the 3i Infrastructure fund, based in Jersey, has a 50% holding of a project building new schools in the Highlands.[14] In another instance of overseas ‘ownership’ of public provision, the senior management of a London comprehensive, Salisbury school in Enfield, has been outsourced to the US-owned education services company, Edison.[15]

PFI IN EDUCATION

In comparative terms, the PFI market in tertiary education is small, dwarfed by that in the NHS which saw 160 PFI projects with a capital value of £9 billion between 1995 and 2004. PFIs in primary and secondary education already outstrip those in tertiary education, but the investment through the government’s Building Schools for the Future programme is likely to increase that gap.[16]

Nonetheless, PFIs are now widely used in further and higher education. Both HEFCE and the LSC support and promote the use of PFIs in the provision of what they deem 'non-core' activities. HEFCE has provided guidance on the proper use of PFI schemes for universities based on Treasury advice for all public sector agencies.[17]

In further and higher education, PFI schemes have been used in particular for investment in teaching facilities, telecommunication systems, hospitality and conference facilities, sports centres and most notably for student accommodation projects.

By 2006, there were around 170 PFI projects signed in the education sector, of which 33 were in further or higher education with a capital value of around 650 million. Current deals in the pipeline across the education sector as a whole to 2010 include approximately £3bn worth of PFI.[18]

JOINT VENTURES IN 'CORE' EDUCATION PROVISION WITH PFI CHARACTERISTICS

While PFI schemes are well-established in 'support' services, in the last two years they have begun to appear in the provision of 'core' education service provision. A small but growing number of higher education institutions have engaged in 'joint ventures' with private companies that are basically PFI schemes in all but name. The universities of East Anglia, Exeter and Newcastle signed deals with the private company INTO to provide English language teaching and recruitment to international students.

While there are a growing number of such ventures in general, the INTO deals characteristically combine teaching and recruitment activity with raising private capital to build new student teaching and accommodation facilities. INTO raises private capital from funds with private equity and property speculation portfolios. Its ventures are funded by Espalier, which is owned by INTO's chairman, Andrew Colin and REVCAP, a property speculating fund.[19]

The PFI characteristics of these joint ventures mean that they carry the same risks as other PFI schemes. According to UCU sources, the deal signed with INTO at Newcastle saddles the university with potentially heavy liabilities: 'Written into the agreements are commitments about building projects for bed space for these students and higher than average property costs for teaching space. Should the ventures fail, a University as the substantial backer of the holding company, would be liable for a large proportion of those costs.'[20]

WHAT'S WRONG WITH PFI?

The evidence is mounting that PFIs are producing inadequate facilities and that they cost more than traditional borrowing arrangements, while saddling the public with huge long-term liabilities. They are, however, producing profits for a huge range of contractors, lawyers, consultants, private equity firms and banks.

PFIs can produce poor buildings because construction companies build schools or hospitals as cheaply as possible.

The evidence from hospitals and schools shows that PFI schemes are vulnerable to soaring costs. PFI schemes in the NHS have been subject to massive cost overruns, up to 170% in some cases, while the costs of repayments have eaten into budgets.[21]

PFIs enable accountants, consultants, lawyers and contractors to earn huge profits at the public expense. This can add as much as 5% to the total cost. Contractors' profits generally average around 10%.[22]

PFIs have provided profits so large that they have been criticised by the National Audit Office and were described as 'the unacceptable face of capitalism' by the chairman of the House of Commons public accounts committee.[23]

The government says that 'value for money achieved in PFI projects should not be at the expense of staff terms and conditions'.[24] But the evidence shows that staff pay, terms and conditions come under pressure where staff are transferred into PFI schemes. Unison general secretary Dave Prentis says: 'Thousands of workers have been transferred from the public sector to the employment of contractors. To the Treasury's credit, it has declared that value for money should not be at the expense of the workforce. However, until someone monitors what has happened to staff in operational contracts, we cannot be sure whether this objective has been fulfilled. The evidence we have at Unison is that a two-tier workforce still exists.'[25]

The government claims that PFIs are cheaper than public sector investment. But it's difficult to tell whether PFI projects are good value for money because data on the costs of procurement and overall profits and losses is missing.[26]

Research indicates that PFI schemes are worse value in the long term because it is more expensive to borrow on the private capital markets than for the government to borrow to fund public sector developments.[27]

PFI projects can carry heavy risks. In February 2008, Metronet, the consortium that won a contract to refurbish two-thirds of the tube network in London, went bust at a cost of £2bn to the taxpayer.[28]

There is also a potential threat to the future of the PFI. The 'credit crunch' recently affecting the financial world may hit PFI projects, because banks and other lenders of capital are less willing to lend into the PFI market, and some public sector specialist lenders 'have responded to the crisis by raising their prices to uncompetitive levels'.[29]

Problems in education PFIs

The same problems that bedevil PFI schemes in the rest of the public sector may be beginning to become apparent in higher education PFIs. According to UCU sources a PFI scheme to build student accommodation at Dundee University is currently running at massive losses. Halls in the new student village remain empty while the venture made losses of £500,000 last year and a staggering £1.3 million this year. The university's share of this is £400,000 and the proportion appears to be rising. The university is currently seeking redundancies among staff.[30]

DISCUSSION POINTS

- What should UCU's stance be toward new PFI schemes in support services?
- Where PFI schemes already exist, what can UCU do to ensure that they do not affect the financial health of colleges and universities?

USEFUL REFERENCES

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3 The growth of private provision in tertiary education

In this section, we survey the encroachment of private sector providers into tertiary education. In further and adult education, private training provision has been a reality for a long time. But private providers are now being encouraged to bid for contracts for public funding to deliver adult education. Colleges will be forced to compete for public funding against private providers. In response, some colleges are looking to establish joint ventures to firm up their market position.

In higher education, private providers are currently far more limited. The private university at Buckingham may now be supplemented by the UK's first 'for-profit' university if KAPLAN's plans to gain degree-awarding powers succeed. But publicly funded universities are also looking to establish joint ventures and partnerships with private providers.

PRISON EDUCATION – A CASE OF OUTSOURCED EDUCATION

The provision of offender education in 32 UK prisons has now been outsourced and the contracts are currently in the hands of the private company A4E. Since 1993, UCU members in the privatised parts of prison education have seen their employer change at least four times through round after round of retendering. Sometimes the employer has changed after only three years. In addition, as pensions are not protected under Transfer of Undertakings (Protection of Employment) regulations, staff lose out. Through lobbying by UCU in 2006, prison educators won guarantees that the cost and value of their pension would remain effectively unchanged despite a change of employer. However, these members face another round of re-tendering next year.[31]

FURTHER EDUCATION – TRAIN2GAIN AND EMPLOYER-LED PROVISION

The current government is committed to opening up further education to 'widen the provider base' in the sector. In a recent paper, it said, 'To promote dynamism and innovation we will encourage new high quality providers into the FE sector. New competition arrangements will make it easier for new providers to enter the system, where significant expansion of high quality provision is needed. There will be open advertising, with appropriate development funding and capital incentives, as well as revenue funding, for the successful provider.'[32]

The most striking example of opening up provision is in the new work-based programme Train2Gain, designed to be led by employer demand. In the Train2Gain work-based learning programme, colleges and providers are competing to gain contracts to provide training.

Train2Gain is a 'demand-led' programme for adult learners, to deliver training, normally in the workplace, tailored to suit the employer's operational needs. It began as employer training programmes, which were introduced as pilots in 2002. Renamed Train2Gain and rolled out as a national programme in 2006, the initiative encourages and subsidises employers to put on training programmes for their workforces on their premises and in work time. These programmes focus on literacy, numeracy and full level 2 qualifications and skills.

How does Train2Gain work?

As part of Train2Gain, private sector training 'brokers' assess an employer's current and future training and skills needs, and then to link the employer with a training provider. The provider can be a publicly funded provider like an FE college or a private training provider. Brokers are expected to work with small to medium enterprises, employers considered 'hard to reach' in terms of a low level of training for staff.

Train2Gain and contestable funding
The Leitch review of skills recommended routing all public funding for adult vocational skills in England, apart from community learning, through Train2Gain and Learner Accounts by 2010. This would have meant that all LSC funding for adult education would have been 'contestable', that is, open to private sector training providers to bid for.

However, the government backed away from this, rightly recognising that implementing Leitch's funding plan in full could destabilise FE colleges. However, spending on Train2Gain is set to rise dramatically. In 2006-7 spending on Train2Gain was £194m. This will rise to £1bn by 2010-11. In all, the government is planning that £1.6bn of funding for learning and skills will be 'employer responsive' by 2010-11, comprising nearly 13% of total funding for learning and skills in England in that year. [33]

The government is under pressure from private sector organisations in the UK to promote more competition in the provision of further education and training. A recent CBI report said, 'CBI members believe that establishing a level playing field between all colleges and PVI [private, voluntary and independent] providers in delivering further education and training will improve the quality of service. Evidence from the Employer Training Pilots, which are open to PVI providers, clearly demonstrates how demand-led provision … and competition can lead to more responsive provision which meets user needs. Train2Gain, the national roll-out of ETPs, has the potential to transform workplace training. The impetus for providers from all sectors to raise their game is the key reason why we believe competition is the right route to raising standards.'[34] The CBI called on the LSC to 'genuinely begin to use its commissioning powers to challenge both poor and coasting provision'.[35]

Early problems with Train2Gain
According to the Times Educational Supplement in September 2007, less than half thebusinesses contacted by Train2Gain brokers were actually sending staff for training. Lower than expected student numbers meant that about one-third of its first year's £268m budget went unspent.

In addition, a report published in August 2007 by the former education and skills select committee expressed concern about the quality of Train2Gain brokers, who were in some cases succeeding only in adding 'an extra, unwelcome layer of bureaucracy'.

The committee was also concerned that much of what was funded under Train2Gain might otherwise be paid for by employers themselves.[36]

For staff in FE, Train2Gain represents a new level of instability in the sector. Colleges will have to compete against cost-cutting training providers for public funding, while employer demand is inherently unstable.

Train2Gain and the growth of private provision
Most importantly, Train2Gain and the pressures to make funding 'demand-led' and 'contestable' have given and will give a massive boost to private sector education providers.

1 Firstly, private sector providers are now winning contracts for public funding. Already, Carter & Carter and VTGroup plc have been the two largest recipients of LSC funding for work-based learning, and both have won Train2Gain contracts in most, if not all, LSC regions.[37]

2 Secondly, colleges are looking toward new levels of partnerships with private providers to avoid losing 'market-share':

One possible response is for the larger colleges to become private companies in themselves. In January 2007 Ioan Morgan, principal of Warwickshire College and chairman of the so-called 157 Group of large FE colleges, proposed a system of self-regulation for the group, and said, 'Some colleges could opt out and try to become private companies. Why not?'

Another possibility is for colleges to form joint ventures to provide training with private providers. In 2006, Castle College Nottingham signed a deal with Carter and Carter to win training contracts. This was explicitly justified as a response to the changing policy environment in which colleges will have to compete for funding with private providers. As college principal Nick Lewis put it, 'There's one school of thought that regards this policy as a major threat. The real issue is: how do you respond to it? We've embraced partnerships and those partnerships aren't purely with the private sector. In that environment, you've got to have the strongest offer in terms of quality and capacity, or you're going to see that £6m eroded. Our aspiration is to do the eroding rather than be eroded.'[38]

In April 2007, UCU members defeated a similar proposal at West Nottinghamshire College, voting unanimously to campaign against it on the grounds that pension rights would be eroded and new staff would have inferior contracts and pay. In March 2008, Carter and Carter plc went into administration. The greater part of its operations has been bought by Newcastle College, effectively moving back into the public sector. This sharply illustrates many of the risks that will come with greater private sector provision of tertiary education and although in this instance, the public sector will benefit, that will not always be the case.

NEW FORMS OF PUBLIC-PRIVATE PARTNERSHIP IN HIGHER EDUCATION

The e-University

To date, the highest profile case of private sector involvement in the provision of higher education concerns the recent failure of the government's UK e-University project. This was launched in 2000 as a joint venture between the government, universities and a private technology company, but was disbanded in 2005 with the loss more than £50m after proving unpopular with online learners.[39]

Joint ventures in English language teaching

The most significant intrusion of private education providers into core provision in higher education has been through the formation of 'joint ventures' with private companies to provide English language teaching as well as facilities and accommodation.

Universities have latched onto the growing market in international students wanting to study in the English speaking world. In 2004–5, there were 215,000 non-EU international students in UK HE.[40] Former prime minister Tony Blair took a keen interest in encouraging international students to the UK. The first phase of the prime minister's Initiative on International Education was launched in 1999, to increase the number of non-EU students in the UK by 75,000 by 2005 (50,000 in HE, 25,000 in FE). The targets were exceeded, with an extra 93,000 in HE and 23,000 in FE. Announced in 2006, the second stage of the PMI aims to attract an extra 100,000 FE and HE overseas students to the UK. The government is putting £27m funding into global promotion of UK HE in 2006-8, including the UK/India Education and Research Initiative.

The growth of this sector has encouraged the emergence of private companies who specialise in recruiting and teaching English to international students in partnership with Universities. Some of these partnerships have PFI features as discussed above. But others are more straightforward public-private partnerships. Such partnerships now exist at the Universities of East Anglia, Exeter, Newcastle, Nottingham Trent University, Sheffield, Glasgow, Sussex, and Hertfordshire.

The companies active in this field are discussed in depth in section four of this report, but they comprise large edu-businesses like Kaplan, which is a subsidiary of the Washington Post media conglomerate, as well as the Australian education businesses IBT and INSEARCH. Other companies like Study Group International and INTO have a property development angle and a short-termist finance structure which makes partnerships potentially more dangerous.

Typically, the private provider will take over the recruitment of overseas students for a university, contracting with agents who operate in the countries feeding UK universities. The companies then set up an international students' centre, either employing new staff or looking to transfer existing ones into new ventures that provide English language and foundation courses to the international students.

These companies market themselves and their ventures aggressively and a common feature is that their advertising emphasises 'guaranteed' or 'assured' progression onto undergraduate or postgraduate courses at partner institutions.

PROBLEMS OF JOINT VENTURES

New staff at these ventures commonly enjoy worse terms and conditions, worse pay rates and are transferred into private pension schemes. The companies usually attempt to transfer staff out of existing facilities onto the same terms. UCU has fought this wherever possible, in some cases winning protection for staff and in others deterring the companies altogether. But wherever such joint ventures are set up, they are creating a two-tier workforce.

UCU sources also tell us that quality is threatened in these ventures. Sources report that such ventures often attempt to use off-the-shelf generic courses written by non-specialists, while the pressure to generate profits mean that staff have to work harder to maintain standards of progression under the pressure to pass more students through the system.

Overall, the long-term health of this market is also a concern. The prospects of UK and US holding up their current share of the market in international students are not encouraging as English language provision and university capacity grows in South-east Asia. Is this a viable longterm income stream for UK universities? The British Council has recently expressed concern that it is not.[41]

EMPLOYER-LED HE AND NEW PARTNERSHIPS WITH INDUSTRY

Joint ventures with private sector education providers are one way in which the private sector is growing in higher education, but they are not the government's favoured way.

The current government is more interested in extending its innovations in reshaping educational provision so that it is responsive to user 'demand'. The user it is most interested in is private industry.

GOVERNMENT POLICY AND GENERATING EMPLOYER-LED PROVISION

In 2006, the Secretary of State for Education and Skills, Ruth Kelly, set out as a funding and strategy priority for the Higher Education Funding Council for England 'incentivising and funding provision which is partly or wholly designed, funded or provided by employers'. Kelly said: 'A strategy of growth through employer-led provision will ensure that the HE sector is fulfilling that vital part of its mission that delivers the skills that the labour market needs. It will introduce new sources of finance that will allow us to grow the country's high-level skills base more quickly than the public purse alone could afford.'[42]

In April 2008 the Department for Innovation Universities and Skills (DIUS) published its higher level skills strategy paper. Entitled *Higher Education at Work – High Skills: High Value*, the paper outlined the government's strategy to bolster 'employer engagement' in higher education, which it argues is the main way to increase the proportion of adults with level 4 qualifications and above: 'We need to make real a vision for the future where businesses are willing to pay for provision because they can see a direct connection between what students are learning and increased productivity. We need HE providers to win new markets as businesses and employers become convinced of the value of high level skills.'

HOW WILL IT WORK?

Some of the new initiatives included in the department's strategy paper include:

- expanding university accreditation of employers' in-house training and aligning employer training with university standards
- setting targets for more students to take two year degrees
- empowering Sector Skills councils to increase the number of employer co-funded courses (currently the target is for 20,000 new entrants on courses co-funded by employers by 2010-11); testing a new 'co-purchasing' role for Sector Skills Councils – with emphasis on short, modular courses
- finding new ways to encourage the movement of staff between business and higher education.

The Higher Education Funding Council for England will be asked to explore the development of 'new success criteria', ie how to reward activities that promote employer engagement.[43]

HEFCE subsidising employers?

There is also the possibility of HEFCE providing funding to employers so that they can provide some form of higher education. In September 2006, HEFCE agreed to fund three Higher Level Skills pathfinder projects, which seek to extend the government's Train2Gain scheme to include higher education.[44]

The pathfinder project in the Northwest has helped to set up a Masters degree in construction management at the University of Salford. The course will be delivered through distance learning, with tutors available for online support, and with the additional option of face-to-face contact at the university. The course has been developed through employer demand, particularly with the involvement of the construction company Balfour Beatty. Core funding for teaching on the course is provided by the Higher Education Funding Council for England, but from this year, employers will be expected to contribute to core funding, as well as assist with tuition fees.

Although the number of students on employer-led courses in higher education is very small in comparison with the rest of the sector, the government is keen that this area should grow. In a recent speech to the CBI, Secretary of State for Innovation, Universities and Skills John Denham said the training system needed to operate more effectively. ‘For that, it must be employer-led – able to deliver what employers want at every level… We are remodelling the whole training system around that goal.’[45]

Employer-led funding and marketisation

Whereas Train2Gain makes core public funding contestable for public and private sector providers on the basis of their success in winning contracts, so far this has not been proposed in higher education. The current proposals don’t provide the private sector providers with the same boost as Train2Gain has in FE.

However, the emphasis on demand-led provision clearly reinforces the marketisation process, reshaping provision as a series of contracts between institutions and users and increasing the quantity of core funding that is dependent on the private sector.

As with Train2Gain, these policies are designed to stoke up ‘demand’ among private industry users for tailored training and they also make it easier to argue for a wider provider base to service that demand. As with Train2Gain in FE, ‘demand-led’ funding in higher education represents an opening for private sector providers to make the case for their right to contest for contracts to provide higher education.

The decision to grant degree-awarding powers to the private sector College of Law in 2007 could be a sign of things to come.

Employer-led research

Much more research is needed on this area. Private sector employers have always had a strong relationship with research in universities and this relationship can be fruitful. However, in recent years, the government’s attempts to encourage research of greater immediate relevance to the private sector through the funding and research councils appear to have altered the terms of this relationship.

The threat to much ‘blue-sky’ research in all fields is obvious. The Higher Education Policy Institute has said that academics will ‘struggle to finance research in fields which are, perhaps temporarily unfashionable or whose conclusions are likely to be unwelcome to funders of research’. Equally, individual researchers report a new level of pressure to tailor their findings to reflect the needs of their sponsors, according to research undertaken by one of UCU’s precursor unions, the AUT.[46]

The drive to push research toward industry needs also strongly shapes the research agenda toward the needs of large companies, capable of funding and exploiting research in universities. A report by the New Economics Foundation has shown the growing role of the oil and gas industry in the funding of research in geology departments and research centres. The report claims that as a result research on fossil fuel extraction dwarfs that on renewable or sustainable energy sources.[47]

DISCUSSION POINTS

- ➤ How do UCU and its allies develop a campaign against employer-led funding while insisting on the need for employers to fund training?
- ➤ What would a healthy relationship between tertiary education institutions and industry look like?

4 Who are the companies?

This section contains research on the major companies operating in both the further and higher education sectors. It is not exhaustive and will be updated over time, but it provides a campaigning resource for activists.

While private companies share the feature of not being public sector companies, they are not all the same. Some are purely profit motivated, some are third sector companies, some are interested in property deals, some are pure edu-businesses. It's important to understand the businesses in the sector as their profile affects the way in which unions and their allies campaign.

FURTHER, ADULT AND PRISON EDUCATION

A4e

A4e is an international company, working in the areas of workforce training, operating learndirect centres, and providing a variety of NVQ qualifications. A4e runs around 120 learndirect courses.

'A4e is a private sector organisation with a strong sense of social responsibility. Our aim, in everything we do, is to improve people's lives. We are a £120m, 2500-strong, global organisation that is focused on innovation, delivery and social change – for the individuals we commit to help, and for the governments we support. We are a market leader in global public service reform. We design, develop and deliver front-line public services that benefit individuals, organisations and communities.' (website at 23.4.08)

A4e works with offenders: 'A4e delivers Offender Learning and Skills Services (OLASS) in 32 prisons across England; working in partnership with each prison to develop tailored education and training for their offenders. The OLASS programme is overseen by the Learning and Skills Council. A4e is working on their behalf to educate offenders and help them find employment on their release. OLASS forms a vital part of the prison reform programme and research has shown that improving the transition between offender release and their entry to employment programmes can make a significant impact on reducing re-offending rates.'[48] (website at 23.4.08)

UCU members were directly affected by A4e winning contracts in prison education as A4E were not offering a comparable pension scheme and only conceded following a vigorous campaign.

Capita Learning and Development

Capita is one of the UK's largest edu-business companies. Capita Learning & Development is part of the Capita Group plc, a provider of 'integrated professional support service solutions' including customer services, insurance services, human resources, software systems, strategic support and property services.

Capita ran the nursery voucher scheme for the Conservatives and the ill-fated Individual Learning Accounts (ILA) project for Labour.[49] ILA was a DfES lifelong learning scheme administered (but not provided) by Capita, which had to be closed in 2002 because of fraud and abuse by learning providers costing nearly £100m, as well as poor quality assurance.[50]

Capita is on the government-backed UK Register of Learning Providers. It provides courses for learndirect, including communication skills, interviewing, IT, project management, reception skills, supervisory management.

Capita Learning and Development describes itself as: 'The UK's leading provider of people development and training solutions. We offer over 100 training courses and accredited training programmes across the UK, in the areas: Communication skills, Customer service, Management and Leadership, Project Management, Sales and Marketing, Professional Office Administration, Information Technology and HR Training and Employment Law.'[51]
(website at 23.4.08)

In September 2003 Capita won the contract to manage the Education Maintenance Allowance (EMA) for the government.

Carter & Carter Group plc

QQOn 10 March 2008, Carter & Carter[52] called in the administrators. The company had debts of £130m. It had 25,000 learners on its courses.[53]

The company described itself as 'the largest provider of learning solutions in the UK'. It provided training in manufacturing industries, particularly automotive, and ran apprenticeship programmes.

Carter & Carter grew rapidly in capacity to train through the Train2Gain programme and in training apprentices, particularly through buying up other training providers. These acquisitions, and the company's joint venture with Castle College, Nottingham, were part of its growth strategy 'as funding agencies look to rationalize the provider supply chain and contract with fewer, larger organizations'.

In August 2005 Carter & Carter bought Assa Training and Learning for £24m. In 2006 Carter & Carter bought training company, Fern Group, for £13.6m.[54]

In December 2006 Carter & Carter announced it had also bought, for a total of £23.4m, the following training and education consultancy organisations: the training division of Quantica plc, NTP Limited, and IMS (UK) Limited. Carter & Carter said, 'Together these three acquisitions further strengthen market share in the flagship Government initiative, Train2Gain; provide significant increased presence in the strategically important London and North West markets; add an additional 3,500 apprentices; give the group capability in funding management which will become increasingly important as funding agencies look to rationalize the provider supply chain and contract with fewer, larger organizations who are able to manage networks of subcontractors; and further improves the blue chip client base of the Group. In addition to the commercial benefits for Carter & Carter, these acquisitions are aligned with the Governments' [sic] strategic thinking on training as well as the views expressed in the recently published Leitch Review of Skills.'[55]

In 2005, Carter & Carter's turnover (income) was £51m, up from £21m in 2002. Profit before tax in 2005 was £4.3m, compared with a £1.9m loss in 2002. Carter & Carter's average number of students in learning increased by 27% in 2005 to 4,446. The company said: 'While the number of students in learning remains a core driver, as we seek to reduce the time required to qualify apprentices, revenue per student becomes increasingly important.'[56]

On 12 October 2006, Carter & Carter announced the signing of a memorandum of understanding with Castle College Nottingham, and said it 'intends to establish a network of engagement with high quality colleges such as Castle College Nottingham around the UK that will be mutually beneficial for both parties.' Core programmes included automotive retail, automotive engineering, construction, sport, health and social care at all learner levels from 14 to 16 through apprenticeships to adult learning.[57]

In May 2007 Carter & Carter group chief executive Philip J Carter died in a helicopter accident.[58] Later, evidence was found of falsification of Carter & Carter records.[59] On 10 March 2008 Carter & Carter called in the administrators. The company had debts of £130m. It had 25,000 learners on its courses.

Since then Newcastle College has bought part of the company, acquiring a business providing training in many parts of Britain.[60] In addition, the Retail Motor Industry Federation has bought Carter & Carter's Apprentice Learning Division, affecting 2,800 apprentice learners.

Centre for British Teachers (CfBT)

CfBT is a charity, whose principal activity is the provision of education and training services in the UK and abroad. All trading subsidiaries covenant their profits to the charity. CfBT's annual turnover exceeds £100m.

CfBT says, 'we have some 2,000 staff around the world designing and delivering services. CfBT staff support educational reform, teach, advise, research and train.'[61]

CfBT describes itself as 'a major contributor to the Government's Skills for Life strategy to raise the quality of teaching and learning in adult literacy, numeracy and language (ESOL) provision.' CfBT says it delivers: the Skills for Life Improvement Programme; the Skills for Life Quality Initiative; the Skills for Life materials for embedded learning; support for dyslexic learners; the Key Skills support programme; the Sussex Skills for Life Development Centre; and professional training for subject learning coaches.'[62] (website at 23.4.08)

Included in CfBT's recent national priorities were: support for developing whole organisation approaches; extension of the facilitator network to include coaching and mentoring; development of a CPD framework and IAG (careers information, advice and guidance).

'CfBT has worked on the New Deal, moving into Connexions from its base in the former Careers Service … It has also found a niche in teacher training, although in January 2002 CfBT was criticised by Ofsted for its ICT courses for teachers, which failed to meet Government standards, and distance learning courses in English and geography, which had serious weaknesses.'[63]

In schools, the organisation said in 1999 that 'CfBT should be moving steadily towards more direct delivery of education. Instead of managing projects designed by others or placing teachers in schools managed by others, we should be managing schools ourselves or at least providing direct services to learners.'[64]

CfBT runs the Connexions service in West London, Richmond and Oxfordshire.

CfBT Education Trust is a contractor for the delivery of education at Her Majesty's Young Offenders Institution, Huntercombe, HMP Woodhill (Juvenile Unit), Sir Evelyn House and The Josephine Butler Unit. It is also the education partner with G4S Limited in the operation of Oakhill Secure Training Centre in Milton Keynes.

Since 2000 CfBT has been working with government departments and strategy units, local learning and skills councils, local authorities and the voluntary sector 'supporting and promoting inclusive practice through innovative professional development, research and consultancy.'[65]

Education Leeds

Education Leeds (EL) is a company set up in 2001 to take over services formerly provided by Leeds LEA.

According to its website, 'Education Leeds is a not-for-profit company, formed in April 2001 and wholly owned by Leeds City Council. From 2001 to 2006, the company was a unique partnership between Leeds City Council and Capita and operated under a direction from the Secretary of State for Education and Skills. Education Leeds had a five-year contract with the council making it responsible for providing all education support services that relate to children and young people of statutory school age. In April 2006 the Secretary of State withdrew their powers of direction and Leeds City Council decided to continue the contract with Education Leeds. This ended the five-year strategic partnership with Capita.'[66] (Website at 23.4.08)

In November 2001 EL began restructuring of the service; five senior managers were not reappointed following interviews. In October 2002 EL identified 18 areas where primary schools could close to reduce 10,000 'surplus places' in the city. In November 2002 EL had to pay back £87,500 to Leeds City Council after failing to hit five performance targets on exam passes and pupil attendance. In January 2003 EL identified a further tranche of primary schools for closure. May 2003 'dozens of teachers were issued with redundancy notices'. In May 2004 EL staff were balloted for strike action after the jobs of 34 teachers and 71 support staff were threatened with redundancy because of plans to close five schools. In October 2004 Ofsted judged Leeds a highly satisfactory LEA.[67]

Professor Leslie Wagner, chancellor of the University of Derby, is chairman of the EL board.

For further information on outsourcing in schools, see: http://bit.ly/9drgsb

Nord Anglia Education plc

Nord Anglia Education plc is a £100 million turnover business which consists of two divisions – International Schools and Learning Services. The latter is 'a leading provider of education, training and guidance within the UK and overseas. We are strategically positioned in key sectors of the education market to deliver quality learning experiences to people at every stage of their lives and are the only company to be focused solely on education to be quoted on the London Stock Exchange.'[68]

Nord Anglia's learning services division works in partnership with government departments (including Ofsted and the Quality Improvement Agency in the UK), local education authorities, schools and other public sector organisations to deliver a wide range of education, training and learning support contracts both in the UK and overseas.

In June 2004 Nord Anglia sold its UK schools portfolio for £11.9m 'because it earned a lower return on capital than that achieved across the Nord Anglia group as a whole'.[69]

In April 2005 Nord Anglia won a four-year inspection services contract from Ofsted worth £26m, covering inspection of 2,718 schools and 387 FE colleges and school sixth forms in England.

Nord Anglia Recruitment is part of the Nord Anglia company, and is 'one of the leading providers in its specialist field, delivering quality temporary and permanent recruitment services to a range of educational and training organisations, both nationally and internationally. We offer a variety of positions at all levels including Lecturers/Tutors/Assessors/Internal Verifiers.' It is based in Manchester. (website at 23.4.08)[70]

Tribal

Tribal says it is 'a leading UK provider of consulting and professional support services, with a number one position in several of our markets. We help a wide range of clients – over 2,500 in the public sector alone – improve the quality of their services to customers. Our clients include central government departments, local authorities, housing associations, schools, colleges and universities, the NHS and primary care trusts, as well as the private, not-for-profit and third sectors.'

In FE, Tribal 'is the leading provider of support services and consultancy, working with more than90 per cent of all colleges. Our services include curriculum planning and funding, data services and systems – including outsourced and managed service solutions, quality improvement and interim management (HR, finance, curriculum, quality, MIS). We also provide marketleading management information systems to colleges across England, Scotland and Wales.' (website at 23.4.08)[71]

According to the CBI, Tribal provides education and training for offenders in prisons and in the community for the Offender Learning and Skills Service, which is managed regionally through the LSCs.[72]

VT Education and Skills

VT Education and Skills is owned by Vosper Thorneycroft plc, the support services, military supplies and shipbuilding company. In 2006-7, VT Group plc's total income rose by 19% to £1bn from £847m in the previous year. Over the same period pre-tax profit fell by 3% to £54m.

VT Education and Skills describes itself as 'a training and education services company. It comprisesthree trading companies that provide a fully integrated support service to meet your education, training and project management requirements. It employs over 2,000 staff and has an annual turnover approaching £100m.'

VT training is one of the VT education and skills companies, and is 'one of the top three providers of vocational education, training and assessment, the majority of which is under contract to central government via the LSC. We currently supply over 12,000 Apprentices and are working with 6,000 employers.'[73] (website at 23.4.08)

In January 2006 VT Group bought HCTC Ltd (the Hotel and Catering Training Company) from ECI Partners for £10m. VT described HCTC as 'a leading work-based learning provider specialising in the hospitality sector'. The business operates primarily through government funded contracts with the Learning and Skills Council, Education and Learning Wales and Scottish Enterprise, and in 2005 had a turnover of c£14 million.[74]

In February 2006 VT bought the work-based learning provider Touchstone Learning and Skills, for £12m.[75] The company's press release about the acquisition was illuminating about VT's ambitions in FE. It said: 'Touchstone is a work-based learning provider specialising in the retail sector. It has annual profits of over £1 million, operates primarily through government-funded contracts with the Learning and Skills Council (LSC) and has offices in several locations across England. The vocational training market is worth in the region of £1 billion. VT already works in the hospitality, leisure, engineering and care sectors and this acquisition provides an entry into the new sector of retail for the group. It follows on from the acquisition of HCTC in January 2006 which substantially increased VT's geographic coverage and gave the group a leading position in hospitality training. VT Group Chief Executive Paul Lester commented: 'This latest acquisition, which builds on our recent purchase of HCTC Limited, is in line with our strategy to expand our Education and Skills Business. Our annual revenues run rate in this business is now over £100 million. Vocational training represents nearly 50% of this revenue and this latest acquisition further consolidates our position as one of the clear market leaders.'[76]

A number of VT companies are on the government-backed UK Register of Learning Providers, with-courses provided by the company in a number of locations.

HIGHER EDUCATION PROVIDERS

BPP College of Professional Studies

In 2007 the Privy Council approved the grant of degree awarding powers to BPP College of Professional Studies, which comprises BPP Law School and BPP Business School. BPP College is owned by BPP Holdings plc, a publicly quoted company on the London Stock Exchange. The grant of degree-awarding powers makes BPP College the first for-profit private sector company to be a degree-awarding entity in the United Kingdom. BPP college provides three-year law degrees and postgraduate courses; in January 2008 it announced a two-year law degree, starting 2009-10. The BPP College law schools are in London, Leeds and Manchester; its business school is in London.[77] Carl Ligo, principal of BPP College of Professional Studies, said: 'We don't have the baggage of traditional research, so we're more focused on customer service.'[78]

The College of Law

Until recently, Buckingham University – offering two-year degrees with annual fees of around £13,000 – was the sole private higher education institution in the UK. Then in 2006 the College of Law, a non-profit making organisation providing postgraduate legal training, was given the right by the Privy Council to award its own degrees. The College of Law has seven centres, in Birmingham, Chester, Guildford, London, Manchester and York.[79]

Griffith College

A private Dublin-based HE college, offering ' … both academic and professional programmes, full- and part-time, short-term and long-term and from classroom to distance based. All our programmes enjoy external recognition and approval and are taught by highly respected lecturers to give students an inspiring and rewarding education. Programmes are offered in business, law, journalism and media, computing science, and design, including postgraduate programmes in international business management, professional law and professional accountancy.' Also has campuses in Cork, Limerick, Karachi and Moscow. Reported to be interested in setting up an operation in Belfast.

Griffith College courses are validated by the Irish Higher Education and Training Awards Council and relevant professional bodies, as well as Nottingham Trent University.[80]

Cambridge Education Group

The Cambridge Education Group (CEG) provides language courses and has several language schools. In 2008, through its Foundation Campus setup, it is starting a university-entry study programme at the University of Central Lancashire. It offers guaranteed entry to undergraduate and master's programmes at UCL.[81] In March 2008 CEG was reported to be in talks with London South Bank University. CEG will market LSBU in China and will recruit Chinese students with a view to them coming to London to study. Once they have arrived they will be provided with an access course (English language) before they embark on their degree studies. CEG will undertake the access course teaching and will directly employ their own teaching staff. The teaching will take place on LSBU premises with CEG renting space from LSBU.

IBT Education

The Australia-based IBT Education[82] company runs centres for international students at the University of

Hertfordshire[83] and Brunel University, where its diploma programmes include teaching the first year of undergraduate courses, before its students transfer to Brunel University for the rest of their degree.[84] In August 2007 IBT Education advertised for 'educators, marketers and managers to lead the establishment of new IBT Education UK Colleges'.[85]

INSEARCH

INSEARCH is an Australian-based company which runs a joint venture for international students at the University of Essex. The first cohort of Essex INSEARCH students graduated in 2007. Like Kaplan (see below) INSEARCH guarantees entry onto a degree course.

INSEARCH says it 'has pioneered in Australia the development of academic and English language pathway courses for international students for entry into universities. Since 1987, INSEARCH has partnered with the University of Technology Sydney (UTS), one of Australia's largest and most respected universities, in providing pathway courses into its undergraduate and postgraduate courses. Today, INSEARCH provides educational programmes across the world.

'As a partner of the University of Essex, one of the UK's leading academic institutions, INSEARCH Essex offers impressive academic credentials. It provides accredited pathway courses at the Certificate of Higher Education level guarantee direct entry into the second year of study at University of Essex [sic]. Pathways are available into the areas of accounting, business, economics, entrepreneurship, finance, management, computing and electronic systems at the University of Essex. INSEARCH Essex also offers English language programmes that prepare you for entry to the INSEARCH Essex Higher Education Certificate courses.'[86] (website @ 23.4.08)

INTO

INTO[87], a London-based business that is part of the Espalier property development company (both of which have Andrew Colin as chairman), set up a £35m joint venture in 2006 with 50-50 ownership with the University of East Anglia to provide teaching, accommodation and facilities for up to 700 international students.

This was a significant deal, not least because the current chief executive of the Higher Education Funding Council for England, Professor David Eastwood, was vice-chancellor of UEA at the time. UEA transferred its English language provision for international students to INTO in 2006.

INTO says its operation at UEA 'offers a range of courses for international students, enabling them to enter university at a variety of levels'.[88] On quality, UEA says: 'We put [INTO's] courses through a proper validation process and we would absolutely not compromise on the standard of student intake.'[89]

A second INTO partnership has been established at the University of Exeter, running the English language courses, and building new facilities for international students on English language and foundation courses. [90] English language teaching staff at Exeter expressed concern at what they said was INTO's 'lack of educational experience and expertise, unrealistic claims about recruitment and over-reliance on foundation students with inadequate educational background'; they also claimed that at UEA, salaries for new staff were 30% lower than for existing staff. Andrew Colin, chairman of INTO and Espalier, said on 29.1.07 that as the centre at UEA grew, INTO was employing staff 'on market rates'.

INTO has a third partnership, with the University of Newcastle. Newcastle University UCU has said of the scheme: 'This plan will damage the integrity and reputation of Newcastle University, and is bound to mean a reduction in the quality of education provided to overseas students.' The University Students' Union also expressed alarm at the privatisation. Staff and students at the Language Centre say that privatisation would mean replacing existing expert staff with lower-paid less experienced teachers, and may increase class sizes, reduce entry qualifications, or increase tuition fees.

INTO's attempt to set up a language centre at Oxford Brookes University was rejected by the university in March 2007, following vigorous campaigning by UCU. INTO had sought to take over the running of the International Centre for English Language Studies at Oxford Brookes, and acquire land belonging to the university as part of the deal.

INTO says it has been in touch with 20-30 HEIs, and is in active discussions with about six institutions.[91]

It is reported to want to set up partnerships with 11 institutions[92]; it says it has finance of around £300m for these partnerships.

In January 2008 the Times Higher Education reported that INTO was in talks with the University of Essex about setting up a joint venture. Colin Riordan, the vice-chancellor, said: ‘Should the venture proceed, staff would remain employed by the university. The university would also retain complete control over quality and academic management issues. Potential advantages of a partnership, apart from the integration of provision, would be to open up access to INTO's worldwide marketing operation, giving us representation in countries and areas it is difficult for us to reach. INTO would also make significant capital investment in teaching and residential accommodation.’[93]

In April 2008 UC magazine reported that in February UCU members at Essex University had overwhelmingly rejected the university’s proposals for a joint venture with INTO, to take over the university’s International Academy, and passed a motion calling on the vice-chancellor to cease negotiations with INTO.[94]

In March 2008 Essex University said: ‘The University is in discussion with INTO University Partnerships about the possibility of establishing a new partnership to integrate and expand its pathway provision, which prepares overseas students for admission to Essex degree schemes. This would potentially provide worldwide marketing opportunities and new teaching and residential accommodation. If the University enters into a joint venture with INTO, all staff would be employed by the University on University terms and conditions, and the University would retain control of academic standards.’[95]

In April 2008 UCU said INTO were currently in negotiations to set up a joint venture at Glasgow Caledonian University. The proposal did not involve transfer of staff. At Glasgow Caledonian, there was no current provision and international students are taught at local FE colleges, though clearly any joint venture with INTO would threaten the jobs of local EIS members.[96]

Kaplan

Kaplan[97], which is owned by the Washington Post Company, is preparing to apply for degree-awarding status for what would be the UK’s first for-profit university.[98] In 2005 Kaplan bought Holborn College, a private higher education institution in London specialising in business studies and law, whose degrees are validated by the University of Wales, the University of Huddersfield and Liverpool John Moores University.[99]

Kaplan has established ‘international colleges’ on the campuses of Nottingham Trent University and the University of Sheffield.[100] A further college at the University of Glasgow opened in September 2007, and other ventures are in the pipeline. Liverpool International College, in partnership with the University of Liverpool, also opened in September 2007.[101] The colleges offer English language teaching, plus foundation courses in a range of academic subjects to prepare students for undergraduate and master’s degrees.

Kaplan provides a powerful marketing back-up to the venture, and includes on the Nottingham Trent International College (NTIC) website homepage a promise of getting onto a degree, which may potentially mislead. NTIC says: ‘Nottingham Trent International College is your fast track to Nottingham Trent University, one of the UK's leading universities. By studying at NTIC, you can gain guaranteed admission into sought-after degrees at NTU: http://bit.ly/b5Oz4S

NTIC’s diploma course in effect provides the first year of undergraduate teaching. NTIC says: ‘On successful completion of the Diploma programme you will gain guaranteed admission into the second year’ of a range of BA (Hons) business courses at Nottingham Trent.[102]

In May 2007 Kaplan announced the establishment of online degrees offered jointly with Essex University, through an affiliated college of the university, named ‘Kaplan Open Learning’. Kaplan Open Learning delivers the courses with degree awards being made by the University. It will be offering 2- or 3-year degree courses in four areas of business studies.[103] The first intake was in July 2007. The university says Kaplan Open Learning ‘is an affiliate college of the University of Essex offering part-time, online Foundation degrees in Business Studies. These innovative courses are designed to meet the needs of working adults and employers nationally. Academic study is combined with workplace learning, and flexible on-line support allows students to study anywhere.' [104] (website @ 23.4.08)

Laureate Education

The University of Liverpool is a pioneer of online master's degree courses with the US company, Laureate Education[105], which describes itself as 'the most profitable, rapidly growing provider of post-secondary education on an international scale'. The university says Laureate Online Education, 'the University of Liverpool's exclusive worldwide e-learning partner, has developed a 100% online learning environment which enables you to fit a Masters degree into your life and acquire relevant, up to date knowledge to boost your career. We have thousands of students spanning over 175 countries.'[106] (website 23.4.08)

Laureate has been working with Liverpool since 1999. In 2007 Liverpool said there were around 2,000 students currently engaged in the joint Masters programmes. The joint venture currently (website @ 23.4.08) offers six masters courses, in business administration, operations and supply chain management, IT, information systems management, public health and clinical research administration. Laureate & Liverpool are also involved in running a new university in Suzhou, China, in partnership with Xi'an Jiaotong University.[107]

Study Group International

A Brighton-based company, Study Group International[108] (founded in 1994 but later sold by Andrew Colin, who runs INTO and Espalier (see above)), provides joint venture on-campus 'international study centres' at the Heriot-Watt, Huddersfield, Lancaster, Liverpool John Moores, Stirling, Surrey, Sussex and University of Wales, Newport.[109]

It also operates stand-alone colleges in London, Brighton, Oxford and Cambridge – all under the name Bellerbys College – offering foundation courses leading to a place at UK universities, higher national diploma courses, including a business degree through the University of London External System BSc (Hons) Business Degree 'developed by academics at the London School of Economics (LSE)'. (website @ 23.4.08)[110] The Bellerbys Foundation programme guarantees a UK university place for all students who successfully complete the course.

SGI says: 'From September 2008 our Foundation students will now have the unrivalled choice of over 890 degree course options at 50 of the top UK universities.'[111]

Tribal

Tribal says it is 'a leading UK provider of consulting and professional support services, with a number one position in several of our markets. We help a wide range of clients – over 2,500 in the public sector alone – improve the quality of their services to customers. Our clients include central government departments, local authorities, housing associations, schools, colleges and universities, the NHS and primary care trusts, as well as the private, not-for-profit and third sectors.'[112]

In HE Tribal 'is providing a range of support and consultancy services to the HE sector. Our current work around benchmarking of cost and teaching structures is providing help to over 35 per cent of all HE institutions (HEIs). These institutions are finding significant benefits as they seek to maximise the use of scarce resources. The average institution is typically identifying 20 per cent of its turnover as areas of cost over-run when compared to other HEIs in their benchmark family.

'We are a leading provider of software systems to the HE sector, providing the SITS:Vision student software system to more than half of HEIs. Our specialist HE property development team provides an holistic strategic asset management solution, and our approach focuses on curriculum and/or research-driven accommodation strategies for the HE sector. We have a range of consultants with HE experience and expertise, and offer services in property advice and project management support, strategic and general consulting, business process reviews, and student surveys and focus groups.'[113] (website at 23.04.08)

DISCUSSION POINTS

- Is there a place for developing a strategy that establishes 'preferred providers' as part of campaigning against privatisation?
- Should UCU recruit and organise among private sector providers?

5 Campaigning for the future

The fight against the growth of the private sector in tertiary education is a national campaign priority for UCU. A report commissioned by UCU that examined what members want from the union identified campaigning against privatisation as in the top three priorities, with pay and equal treatment in the workplace.

In this report, we've focused on surveying the growth of the private sector in tertiary education. We examined:

- the government's encouragement of the use of PFI schemes in support services
- the emergence of PFI and PPP-style 'joint ventures' between colleges, universities and private education providers
- the public policy concern with creating 'demand-led' provision. We looked at this through initiatives like Train2Gain, which is making funding in adult education 'contestable' for the private sector, stimulating the expansion of private providers in a newly competitive environment and through similar initiatives to turn universities into providers of courses designed and funded by the private sector.

UCU is committed to campaigning against the growth of the private sector in tertiary education. We oppose this because:

- It is creating a two-tier workforce in our sector
- it is distorting the teaching and research agenda and threatening quality
- it is creating financial instability and dependence on the fluctuations and uncertainty of the private sector.

A NATIONAL PRIORITY FOR UCU

The fight against the growth of the private sector in tertiary education is a national priority for UCU.

The issue is popular with members. An electronic petition protesting about the privatisation of higher education recently attracted over 4000 signatures in just under two weeks, the highest number in the shortest time of any comparable UCU petition. A report commissioned by UCU that examined what members want from the union identified campaigning against privatisation as in the top three priorities, with pay and equal treatment in the workplace.[114]

UCU is mobilising and supporting branches wherever the threat of privatisation becomes apparent. So far, this has mostly involved campaigning against joint ventures between colleges and universities and private education providers. Where members are mobilised early in the process, we can derail privatisation entirely, as in the cases of West Nottinghamshire College and Oxford Brookes University. Again, with energetic campaigning, the union has also been able to defend members in the cases where transfers have gone ahead as in the cases of Newcastle University and prison educators transferred to A4E. The union is currently supporting branches fighting against INTO ventures at Essex University, Glasgow Caledonian University and Queen's University Belfast.

However, as we've seen, privatisation is an issue that affects the members of every union in the public sector and the tens of thousands of learners, their families and their communities who enter our education system. For that reason, UCU has sought to widen our alliances across the labour movement and to join up our campaigning activity.

In 2007, UCU won the support of the TUC for its fight. TUC policy now says: 'Congress notes that under the guise of ideas of "contestability", linking skills provision to 'employerdemand', and "widening the provider base" in post-compulsory education, core education functions are being passed into the control of the private sector.

'Congress further notes that these developments threaten to create a two-tier system in staff pay and terms and conditions; increase workloads; damage the quality of provision and the reputation of UK further and higher education; and increase financial instability across both sectors.

'Congress calls on the General Council to:

- continue to campaign to ensure that further and higher education remain public services that are built around adding public value to post-compulsory learning
- facilitate greater campaigning and research links between public sector unions to develop a research base on private providers and build up best practice of combating privatisation, to enable unions to pool knowledge and resources; and to report back within the year on progress
- lobby the government to extend the end of the two-tier workforce in local government to FHE, including all staff who currently work for private contractors
- instigate TUC research into the record of both contestability and PFI in FHE and to assess its record in providing value for money
- lobby for a moratorium on further initiatives to subject the education system to the short-term imperatives of 'employer-demand', contestability, private control and public-private partnerships until the impact of such initiatives both in the UK and abroad are full evaluated.'

In March 2008, we launched a broad campaign in defence of education and we were delighted that the NUT agreed to join us. *Our School, Our College, Our Community* reflects the reality that issues of pay restraint, workloads, privatisation and casualisation in FE are related to the processes of marketisation. We hope that other unions will join us.

WHAT NEXT?

UCU will continue to support branches and members everywhere against marketisation. But we need to develop the campaign further. It may be helpful to think about three ways in which we can do this:

1. **Beginning the debate – what do we want and how do we get it?**
2. **Understanding marketisation**
3. **Building alliances**

1 Beginning the debate

As we emphasised in the introduction, privatisation is only the most immediately visible, sharpest manifestation of the broader marketisation of tertiary education.

In this report, we have focussed on the growth of the private sector.

The conference *Challenging the Market in Education* represents an opportunity for us to start a critical dialogue about the broader processes of marketisation. We need to start to ask ourselves key questions about how we respond and where we go from here.

What do we want?

We know in broad terms what we want. We believe in publicly funded, democratically accountable education open to all. But partly because the question of unions' political influence is so vexed, it is vital that we are able to present a feasible and attractive vision and alternative policies and strategies. To do this, we need to ask ourselves some searching questions about the tertiary education sector we want:

- *What is education and what's it for?* We agree with the government that skills are vital to the economic and social health of UK citizens. But we also believe the only way this can be delivered is through long-term strategic planning and a stable policy environment that encourages and rewards universities and colleges who plan and build capacity around democratically agreed priorities. We also believe that the ability to think and criticise must not be marginalised as nonuseful. It is instead a vital part of a broader notion of education, vital for creating a healthy civil society. This raises the crucial question of the relationship between skills and education and what the proper role of tertiary education institutions should be. How do we defend independent scholarship and the right to learn without being answerable to business, and at the same time avoid retreating into an ivory tower that was never real in the first place?

- *Who is education for and who should pay?* We would probably all agree that education should be free to all, that there should be a right to lifelong learning from the cradle to the grave. But how do we move forward the debate on access to adult, further and higher education with a broad, cross-party consensus in favour of the current fee regime and with tertiary education institutions increasingly dependent on these income streams? How do we argue against employer-led education while arguing for employers to contribute to the cost of training?
- *How should education be organised?* We may agree that the private sector has a role to play in the process of setting educational objectives, but we think that private sector control of curricula and private delivery of education is wrong and inefficient and that ultimately, the pursuit of profit will make it impossible to fulfil the government's objectives. Instead, we want to see colleges and universities planning provision over the long term in line with a public interest that goes wider than the needs of the business community, embracing the wider interests of society. This means institutions developing partnerships with a range of 'stakeholding' civil and community organisations, a range in which business is not the dominant partner. In what form can we find healthy and productive relationships between colleges, universities, businesses and communities? How should funding be used to promote national and democratic strategies, but also enable collaboration and partnership at local and regional level?

How do we get it?

There are some immediate and some very profound questions for us in thinking about how we might go about challenging the market and winning the changes we want.

How do we most effectively resist the privatisation of FHE?

The private sector is a reality and we have to have tactics for dealing with it that recognise this reality and look to build our power as unions in the private sector, without compromising our strategic commitment to returning all provision to the public sector. Evidence suggests that where unions have been involved in tendering and negotiation processes, more stable and less harmful partnerships have been established, with better conditions for staff.[115] How do we combine this insight with an understanding that all such partnerships serve to embed the private sector more into public education and threaten the public ethos?

How do we challenge the marketisation of universities' and colleges' funding base?

It's fine for us to challenge private companies, but unless we begin to challenge the funding environment that promotes internal competition and opens education up to the private sector, we will be fighting with one arm tied behind our backs. How do we pose an alternative that entails greater public control but which recognises the need for greater professional autonomy for education practitioners?

How do we win change in such a hostile policy environment?

We face a serious political issue in deciding how we exercise the best leverage in Westminster and the devolved assemblies and whether it is even possible for unions to lobby in the European Union. Unions have had limited success in convincing a Labour government to change course. How will we fare under a possible Conservative government, far more committed to a frontal attack on public services?

2 Understanding the impact of marketisation

We also need to better understand how exactly marketisation is reshaping our sector and to begin to quantify the scale and impact of these changes.

Following on from and building on the conference, UCU will be commissioning new research on marketisation in our sector. Some questions will arise from the conference but preliminary questions might include:

- How has marketisation of access to learning affected social access to education? Has it reinforced inequalities, as the earliest research suggests?

- What has been the impact of marketisation on the provision of subjects, the nature of the curriculum and the content of the courses being taught?
- How has the marketisation and increasing employer domination of research funding and direction affected the research agenda in the UK?
- What has been the impact of marketisation on employment conditions in our sectors and what impact is this having on recruitment and retention and the experience of work in tertiary education?
- What can we learn from the experience of marketisation and of alternative policies in other countries?

3 Building alliances

The marketisation of education sweeps across tertiary, secondary and primary learning, but it also sweeps across the public sector. As Dexter Whitfield has argued, its processes are complex, interlinked and mutually reinforcing and they do not respect the boundaries used by trade unions: 'thus a community and trade union opposition which adopts a silo mentality, treating the proposals for education, health, social care, housing, criminal justice and other services separately is doomed to have a marginal and/or temporary impact'.[116]

Trade unions need to begin to reach out and build practical alliances across and between our spheres of influence and our sectors. And we need to start to build campaigning alliances at community level. We can see impressive examples of this in the local campaigns against academy schools, where unions link up with community groups, parents and local politicians to build broad alliances of opposition. UCU and NUT's *Our School, our College, Our Community* campaign is another such platform with which we can solidify national and local alliances in defence of education for the wider community and against the interests of the private sector.

We will need to be imaginative and flexible in the way we develop these alliances and that will mean honest and open dialogue between unions and community organisations. We hope that this report will help this discussion and that the conference *Challenging the Market in Education* will be an opportunity to begin the dialogue.

■

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