

Education Not for Sale

A TUC campaign report



TUC 



The case for state education

State education is one of the UK's success stories. For every excellent academy mentioned by ministers, there is an equally excellent state school which has stayed in the local 'family'. Tower Hamlets, one of the poorest boroughs in the country, has schools working together, achieving results significantly above the national average. The borough has just two academies.

The UK continues to punch above its weight in further and higher education, with universities and colleges generating billions for the economy every year despite being asked to do more with less funding.

Our public education system is not broken. With sensible government oversight, enabling professionals to get on with their jobs, it can continue to thrive.

Instead, the government is dismantling the state education system as we know it. Public money which should be used to educate our children is being diverted into the hands of shareholders and highly paid chief executives.

Education should not be a commodity. Pupils and students have a right to a high-quality education.

Profit in England's schools?

Market-based reforms have been introduced in the education sector over the past twenty years. They are based on the idea that schools and colleges compete against each other for the business of attracting pupils. Successful institutions will expand while those that fail will be forced to close. Now some ideologues are arguing that competition would improve if schools were run for profit. Michael Gove has made contradictory statements about this, but companies are already making a profit out of our universities, colleges and some state schools.

The evidence from the UK and abroad shows that marketisation has a poor history of boosting learner achievement. It increases the risk of social segregation and institution closures.

Who is taking over our education system?

Schools

Although academy chains are legally categorised as charities, many behave like businesses, paying their 'chief executives' extortionate salaries. In 2012-13 the largest chain, AET, paid its then boss, David Triggs, over £225,000.*

The current rules forbid academy sponsors from profiting directly from running schools. However, companies have found ways to make profits indirectly.

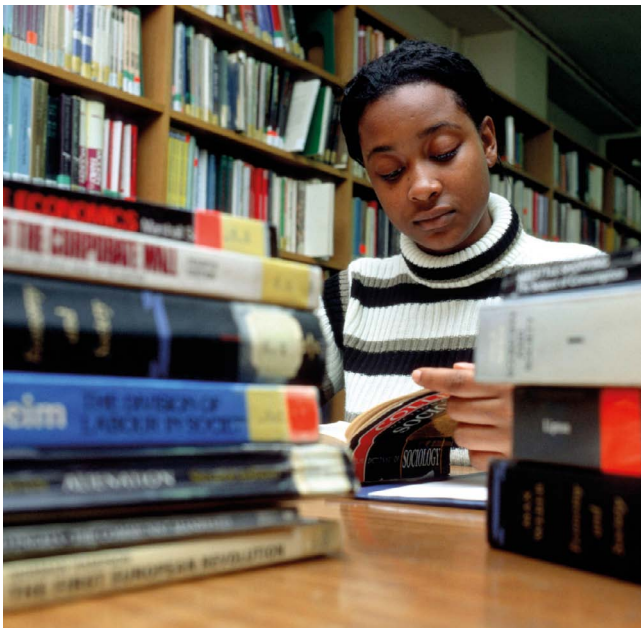
Mosaica, an American company, has established a British subsidiary that set up a charity, Aurora, which runs four academies. The Aurora schools use a curriculum owned by Mosaica, and pay £100 per pupil per year for the privilege. Aurora has paid £213,000 to Mosaica for curriculum services, although to keep within the rules they claim this is "at cost".

Edison Learning UK is another British subsidiary of a controversial American firm. Its Collaborative Academies Trust runs seven academies. They have also sold management, curriculum and other services to over 400 schools. These services have traditionally been provided by local and church authorities and by informal collaboration between heads and teachers.

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*The facts and figures in this report are fully sourced in a longer version online at www.tuc.org.uk/educationnotforsale/report



What impact are the government's reforms having on learners, parents and communities?

Institution closures

Closing schools can be traumatic for children, while good schools often don't want to expand. Pupils, parents and their local communities lose out. When market forces lead to a school closure, children's education and social development are disrupted, with learning delayed and friendships destroyed, with a significant practical impact on parents. Well-established schools are part of their community; they often support parents and are social community centres.

Colleges and universities

For-profit companies, many owned by private equity funds, are well entrenched in the adult learning market and now seek partnership with, or takeover of, further education colleges.

In further education, the real dangers posed by for-profit companies are shown by organisations like Elmfield Training. Elmfield was 100 per cent dependent on public funding from the Skills Funding Agency and was criticised in 2012 by MPs for its 36 per cent profit rate and for paying its director and major shareholder £900,000 in pay and dividends. Elmfield was then accused of malpractice by the Newsnight TV programme and criticised by Ofsted when only 33 per cent of its learners completed their apprenticeships.

In higher education, the Universities Minister David Willetts has worked hard to open up the sector for profit-making enterprise, with Coventry University and other institutions establishing private subsidiaries, and other universities trying to outsource much of the back-office work. The government has also awarded university status to the private equity-owned College of Law and to BPP University College, which is owned by US company Apollo, whose huge virtual University of Phoenix was placed 'on probation' by the US government in 2013. These UK companies have been given access to public subsidies without rigorous regulation or monitoring of standards, and aggressive recruitment by private institutions in 2013 led to a substantial government overspend.

What happens to the children when a for-profit school fails?

For-profit schools operate in Sweden and a few of the states in the US. In May 2013, JB Education, whose schools educate over 10,000 pupils in Sweden, announced they were selling 19 of their high schools and closing down the remaining four because they weren't making enough money from them. If other companies had not stepped in to take over, tens of thousands of children across the country would have been without an education.

Free schools have already been set up with insufficient quality control, in some cases, forcing the government to intervene heavy-handedly when things go wrong. On 13th December 2013, the government ordered the closure of Discovery New School in Crawley. Sixty-eight pupils had to find another school to attend; Discovery's chair of governors has said there was just one vacancy for a Year Two pupil in the area and insufficient places to avoid splitting siblings.

Ownership

The government has presented its education reforms as a way of handing control back to parents and local communities.

However, the government's own figures show that since 2011 applications for free schools from teacher-led groups have plummeted from 24 per cent to six per cent and applications from parent and community groups have fallen by a third.

Over the same period the number of private companies applying to run free schools has tripled.

Half of secondary schools and a tenth of primaries have transferred to the quasi-private academy status.

The National Audit Office has reported that the academies programme added £1bn of extra costs to the education budget between 2010 and 2012. Schools run or managed by for-profit companies are diverting funds away from pupils.

Taxpayer-funded academy chains have paid millions of pounds into the private businesses of directors, trustees and their relatives, documents obtained under freedom of information requests in January revealed.

Grace Academy, which runs three schools in the Midlands and was set up by the Tory donor Lord Edmiston, has paid more than £1m either directly to or through companies owned or controlled by Edmiston, trustees' relatives and to members of the board of trustees.



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Democracy and accountability

Ministers have been given sweeping powers to hand local schools to any particular organisation they choose – including 'forced academisation'. Academies are established by private contract between the academy trust and the Secretary of State. A chain or sponsor's control of their academies is private; they appoint the governors (except two parents). Chains' accounts may not provide important financial information about individual schools. In some cases, schools have been transferred on ministerial instructions in the face of huge community opposition.

England's schools system, prior to the last 10 years, did give local communities a reasonable say in the running of their schools through governors and councillors. All publicly funded schools and colleges should be accountable to their local communities rather than shareholders. Highly paid brokers and business people from the DfE seem to be calling the shots.

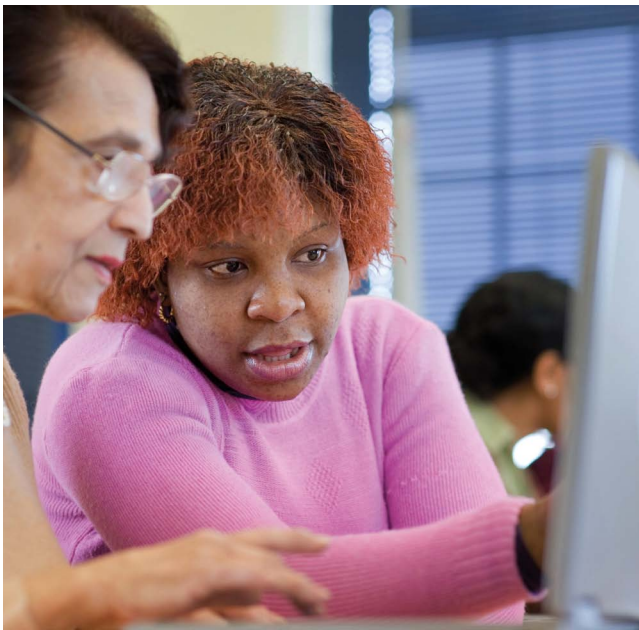
Cronyism

Conservative party donors, particularly from private equity, are wielding large influence behind the scenes at the Department for Education. Given any further privatisation of our system, these individuals might be well-placed to profit. John Nash, founder of private equity company Sovereign, which owns the biggest private social care and NHS services companies, who with his wife has donated over £300,000 to the Conservative Party, was appointed a non-executive director of the DfE Board before becoming a minister in January 2013. Being unelected, he was made a Lord to enable this. Nash also established a charity, Future, which sponsors academies, and is the chair of governors of two of them – including one that was forced to convert in 2013.

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Equality of educational opportunities

Research shows that schools that stand alone or are part of chains are too often unaware of regulations about the treatment of staff and pupils. Fewer than a quarter of free schools seem to know about the 2010 Equalities Act, and their duty to promote equality for women, black, LGBT and disabled pupils and staff. One of the DfE's favourite chains faced legal action for attempting to reject a disabled pupil. In 2013 Acas noted an increase in the number of disputes in schools that came to their attention – with academies not as aware of employment law.



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Sacking vital support staff

In early 2014 AET, the largest chain, announced a move to privatise an unprecedented range of services in its schools. School business managers and librarians are among the roles that could be outsourced to a joint venture company with a commercial provider, according to documents published by AET. Cleaning, finance, administration, secretaries, HR and IT staff, along with a range of other essential pupil support roles, could also be outsourced.

The seven-year contract, estimated to be worth between £200m and £400m, is likely to affect at least 500 staff across 80 schools. However, the real number of workers under threat could be much higher.

Privatised schools will be subject to demands for increased profits and getting rid of support staff could look like an easy option despite the vital roles they play in supporting learning.

What lessons can we learn from abroad?

In continuing with the expansion of for-profit education, the government is in danger of repeating the policy errors of the US government, which led to higher education companies making obscene profits at the taxpayer's expense while selling poor quality courses to a generation of students.

Apollo Group, an American 'edubusiness', spent \$892 per student on instruction in 2009, compared to \$2,225 per student on marketing and \$2,535 per student on profit. The marketing budget and profit outstripped expenditure on students by 534 per cent.

School companies in the US and Sweden have looked to cut costs. One way is to establish 'virtual schools'. These are growing fast in the US, and ARK is planning to establish a part-virtual free school in London. Pupils are supposed to work on-line from home – a distortion of education, which is primarily a social experience for children and students.

Free schools are a recent import from Sweden, where groups can establish a school with little regulation; if they attract pupils, they get state funding. Free schools in Sweden were used as the precursor for profit-making companies to operate schools directly. Since it has made these changes, Sweden has plummeted down the so-called international education league tables.

How can our education system be protected?

Systems for managing schools, including academies and free schools, should follow the Nolan principles: selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

The TUC calls for the following:

- There should be a commitment by all political parties that no school should be allowed to be run for profit directly or indirectly and this should be enshrined in legislation to prevent politicians easily deviating from this policy commitment in the future.
- All publicly funded educational institutions must be fully accountable to all key stakeholders, especially parents and local communities, which is best done by being part of a local democratic accountability framework that includes a key strategic role for local authorities.
- All state-funded schools should adhere to national 'education entitlements', including the right of all pupils to be taught by fully qualified teachers and for all schools to be governed by the same requirements and flexibilities with regard to the National Curriculum.
- The funding and governance of all state-funded schools should be fully transparent to enable local communities to determine how state funding is being used, and potentially misused, in all local schools. This should include requiring all schools to establish a 'register of interests' to prevent indirect profit-making by private companies.
- In further and higher education, the government should introduce a new requirement that public support must only go to educational and training organisations that are not-for-profit, and should put in place a tougher regulatory framework for those organisations owned by for-profit companies.

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