

First complete privatisation of a Local Education Authority in Britain

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An educational consultancy firm won the £105 million seven-year contract to take charge of all schools currently run by Islington Local Education Authority last Friday. It is the first complete privatisation of local school services in Britain's history.

Cambridge Education Associates (CEA) was selected from a number of competitive bids following the Labour government's instruction to the north London Local Education Authority (LEA) that it must contract out its services. Under legislation passed last year, Secretary of State for Education David Blunkett has the right to send private contractors in to a local authority deemed to be "failing", to take over the management of education services.

The government claims that its intervention was necessary to "safeguard" educational provision. Its real objective is to slash public spending and hand over large areas of potentially lucrative public services to private corporations and the stock markets.

Not only is educational provision in the London borough to be directly determined by corporate profitability, but the moves have created a nation-wide precedent. In the last two years the Blair government has adopted a programme of "creeping privatisation" in education. Earlier this year, Hackney LEA, also in London, was told to tender out its school improvement services and ethnic minority achievement service.

Labour has cynically utilised the underfunding of state education under the Conservatives over the last two decades to justify these measures. Education underfunding, the introduction of "league tables" for exam results and a significant increase in poverty and deprivation in many cities have all contributed to undermining educational provision and school standards.

The government claims to be leading a drive to "raise

standards", but this has not been accompanied by any significant increase in funding. Instead, there has been a vast increase in teaching workloads, establishing "parental responsibility" for each child's education and punishing schools who fail to keep up.

Under the same pretext of raising standards, the government ordered special inspections of schools by the Office of Standards in Education (Ofsted). Although Schools Inspectors date back to 1839, Ofsted is the creature of the Conservative government's privatisation programme. Created in September 1992, Ofsted is responsible for inspecting England's 24,000 state-funded schools. It awards contracts on a "value-for-money" basis to inspection teams, who must bid for school allocations. Led by an Ofsted-accredited Registered Inspector, the successful team—which can vary in size and background—draws up a final report on each school or local authority.

Particularly since Labour introduced the concept of a "failing" school, the Ofsted report has enormous power over a school's fate. Each school has 40 working days to respond to the Ofsted report with an Action Plan. If the Education Minister accepts this, it has two years to make improvements or face government action. The government has intervened in four out of 50 LEAs inspected so far; its action can include closure and privatisation. September's revised "Framework for the Inspection of LEAs" sets out the core functions and criteria by which Ofsted will judge them. It streamlines the inspection process and stresses "getting best value for money" and meeting local labour market needs. Hackney and Islington were the first areas to be inspected under the new arrangements. The government has stated that by spring 2000, 67 local authorities are to have been inspected, and all authorities by September 2001. Where LEAs are found not to be

delivering, the government would intervene, Education Standards Minister Estelle Morris said.

Most schools deemed to be failing are located in the poorest areas and have a larger than average number of pupils with behavioural or learning difficulties. There is no genuine examination of the particular problems facing "failed" schools, nor the allocation of extra finance and resources to meet such special needs. Blair has rejected such an approach, denouncing those who draw attention to the link between poverty and school standards as simply making "excuses" for bad teaching. Education comes down to the "right leadership and committed teachers", according to Blair.

Publication of a poor Ofsted report ensures a decline in pupil numbers and a corresponding drop in income for the school. This can then lead to a fall in teacher numbers in order to balance budgets.

At the same time as it has strengthened Ofsted's power, Labour has also awarded six consultancy firms "framework contracts". Where Ofsted produces a particularly harsh report, one of these firms—Price Waterhouse Coopers (PWC) in Islington's case—is empowered by the government to make a feasibility study of the local authority in question. Hackney, Islington, Leicester and Liverpool brought in external consultants.

The use of such consultancy firms was pioneered by the Tory government to justify the dismantling of public services. Such consultancies would invariably find a series of failures in the services they inspected and recommend contracting out as a means for improvement.

That is why, alongside the awarding of framework contracts, the government has compiled another list — currently comprising 10 organisations—that can bid for contracts to take over education services. These include CEA and Nord Anglia (Hackney).

In Islington's case, Ofsted inspectors found seven of the borough's 70 schools—covering 25,000 pupils—to be "failing" and a further seven as having "serious weaknesses". Only 23.3 percent gained five good GCSE grades against a national average of 44.4 percent.

The Ofsted inspection team—supported by the audit commission—found that educational provision in Islington took place in a "difficult context" and the LEA had experienced some success. However it

questioned whether the LEA has "the capacity to support school improvement efficiently and effectively". PWC was then asked by Blunkett to step in and give advice on the "radical measures" necessary.

On PWC's web site, education features under a new Services Industry group that "includes a number of sectors (education, health and government) that, in the UK have been categorised as the public sector". Outlining the "challenges in the 21st century", the PWC site states that this includes "A huge population of new learners who are rapidly expanding the market for education—and prompting new competitors to enter this potentially lucrative 'new' marketplace". The company was fined a record £3.3 million in February this year by Britain's accounting watchdog and agreed to pay out more than £37 million for shortcomings in auditing the accounts of the late media magnate Robert Maxwell's group of companies. Pension funds intended for former staff had been invested in other Maxwell companies to keep up share prices. After his death the Maxwell empire collapsed, leaving pension funds £400 million in deficit.

PWC drew up draft contracts for tender by the various consultancies. The list includes all LEA services bought in by schools, such as personnel, finance and payroll. From April, CEA will take over all central services from Islington LEA, from advising on curriculum to running their payrolls. Nord Anglia had taken over several of Hackney's services, following recommendations by consultants KPMG. Run by former teacher Kevin McNeany, Nord Anglia was the first UK education company to be floated on the stock exchange.

In a veiled threat to other LEAs that they should "voluntarily" contract out their services, the government has warned that a further 15 LEAs could face intervention. The Education Standards Minister said that local authorities should not wait for a poor report before considering whether another body—a larger LEA or the private sector—might be a more effective provider.



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