

# Report shows private sector profiteering in British education

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The Blair government is to hand the running of one of the largest Local Education Authorities (LEA) in England over to a joint venture company. The decision to privatise Leeds LEA was taken following the publication of a report earlier this year by the Office for Standards in Education (OFSTED), the schools inspection body, which was severely critical of education provisions in this northern city.

Traditionally, LEAs are comprised of locally elected councillors, but Leeds is now to be administered by a joint public-private company whose representatives will be appointed by the Secretary of State for Education, David Blunkett. Estelle Morris, the Schools Standards Minister, made it clear that no locally elected councillors will have representation on the board of the new body.

The Labour government extended OFSTED's powers to include the inspection of LEAs and not just individual schools. Under new measures, poor reports can lead to school being taken out of local authority control. Under the new regime in Leeds all LEA staff will transfer to a new employment company.

OFSTED are now acting as judge and jury in a whole number of LEAs. Of the 75 local authorities inspected so far, OFSTED has intervened into 15. Leeds is the third to have been privatised and neighbouring Bradford is expected to follow. OFSTED and Blunkett want to restrict schools services provided by LEAs to functions such as admissions, school transport, special needs and helping to turn round “failing” schools. They are also accelerating the principle of Local Management of Schools first introduced by the previous Conservative government, enabling schools to contract even more services out to the private sector.

Such interventions are to be extended. In a draft consultation paper, OFSTED states that LEAs must

“submit themselves to market disciplines”, retaining only a core of highly paid professionals, and offering only those services that schools want to buy.

This process is being driven forward by the private “Edu businesses” that have sprung up in the last period. A recent report, “Business of Education” by independent corporate financiers Capital Strategies, makes clear that huge profits can be made when Britain's schools are privatised.

The report states, “The [education] sector continues to grow revenues at impressive rates of around 30 percent per annum.... The private sector has continued to eat into the LEAs share of the £300 million market.”

The most significant deals cited are those involving supply (substitute) teachers. The private group Capita has a huge profile in schools due to its management software, used in 22,000 of the UK's 26,000 schools. It has now acquired Capstan, the largest privately owned teacher recruitment service.

The Capital Strategies report gloats at the severe teacher shortages and problems in increasing the number of trainee teachers, caused by low pay and increasing workloads, seeing market opportunities for business. Currently private agencies have around £210 million of the £300 million temporary teacher placement market. The remainder comes from in-house provision by the LEAs and schools themselves. The report forecasts that new business opportunities could open up, such as teacher training, facilities management, accountancy and other educational services.

The Internet will be another growth area for teacher recruitment, the report continues. The “clicks and mortar” model will be successful because it will be able to act as a “shop window for the education industry”—providing academic employment résumés,

agencies, schools and billing enquiries on line. As the temporary teacher market is finite, education companies must go into the permanent recruitment market, it warns.

The report welcomes the current programme of OFSTED inspections, especially those where the LEA services have been outsourced, such as the London boroughs Hackney and Islington.

Cambridge Education Associates (CEA) are among the largest private providers. In the last 12 months CEA has won the contracts to run schools in the London borough of Islington and to deploy 3,000 regional assessors needed to monitor the new performance-related-pay (PRP) scheme for teachers. These are both multimillion pound operations. At £25 million over five years, the costs of implementing PRP almost match the pay award itself. CEA are also the leading provider of school inspections to OFSTED.

Capital Strategies also point out that some LEAs are not only handing over those schools deemed to be “failing” by OFSTED, but successful ones, as in the case of Surrey County Council. It lauds the fact that the Blair government is committed to private sector intervention despite opposition from teachers.

The report profiles the fortunes of two Edu businesses, RM Group PLC and BPP Holdings. RM is the leading supplier of software and Information Technology (IT) systems to the education market. Its current order book is worth more than £100 million. It functions as a one-stop service to schools covering hardware, software and service support. It is anticipated that as schools increase their expenditure on computer systems, IT spending will rise from 0.8 percent of the education budget to 5 percent by 2004. RM has also won the contract to train over 450,000 teachers in IT across Britain.

RM's products can be found in many schools, such as Integrated Learning Systems (ILS), which manage the delivery of curriculum materials as individual programmes of work to pupils. RM is also the largest Internet Service Provider to British schools and supplies the Living Library product to 35 percent of primary schools.

BPP is the UK's largest quoted professional education group, with a market capitalisation of more than £200 million. The company provides accountancy, business and language training, as well as education provision to

several prestigious fee-paying fifth and sixth form colleges, for 15-18 year olds.

Edu business has been given an even greater boost by the all-party House of Commons Education Select Committee, which advocates private-public sector collaboration in education.

Kevin McNeany, the millionaire who runs Nord Anglia Education, has welcomed Labour's education initiatives, boasting, “The private sector has helped to shape government policy.” Right-wing educationalist James Tooley said, “David Blunkett is continuing to support everything I have been talking about.” OFSTED's accelerating inspection programme means that the education of millions of children is now beholden to the market as never before.



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