

Private companies poised for takeover of UK state education

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Education Secretary Michael Gove has given the go-ahead for Breckland Middle School in Suffolk to be renamed IES Breckland, run under a £21 million, ten-year contract by Swedish for-profit firm Internationella Engelska Skolan.

Despite decades of encroachment by the private sector into state schools by successive Labour and Tory-led governments, the involvement of explicitly profit-making companies heralds a watershed in the drive to privatise state education.

The *Guardian* said of the development at Breckland, “The introduction of a profit-seeking company into the management of the school is allowed because of a technicality: the founder of the school is a charitable trust that has decided to outsource the entirety of the management to a fee-charging company—whose global business has a turnover of £60m a year, earning profits of £5m, according to analysis by the Adam Smith Institute. The development is set to open the floodgates.”

The *Observer* said that for-profit firms, encouraged by what is happening at Breckland, now plan to run more schools “in what promises to be a watershed in British education.”

IES—founded and solely owned by Barbara Bergström—now runs 19 schools with 11,200 pupils. The company has a turnover of approximately £60 million.

Another Swedish company, Kunskapsskolan, which already runs three UK academies, plans to manage chains of between five and ten free schools on a fee-earning basis.

Wey Education, run by Zenna Atkins, the former chair of the government inspection body Ofsted, told the London Stock Exchange in December that a “market opportunity” brought about by “the

deconstruction of the education function within local authorities” offered a chance to “make a substantial return to investors and improve education in the UK.”

Wey Education’s broker forecasts a turnover of £17.5 million by 2014 and a £9.9 million “bottom line”, through providing services in the UK and abroad. A shares prospectus spells out that “current teaching methods, allocation of resources, wastage and inefficiencies create [an] opportunity” to deliver education at a lower cost and provide a financial return.

Corporate involvement for profit in state schools represents yet another abandonment of its key note pledges by the Liberal Democrats. Giving a key speech last September at a community college in south London on the future of Free Schools, Liberal Democrat leader Nick Clegg said, “Let me reassure you: yes to greater diversity; yes to more choice for parents. But no to running schools for profit, not in our state-funded education sector.”

As recently as December, when the Breckland contract was first announced, a spokesman from the Department of Education claimed, “Free schools founders do not and cannot make a profit.”

The last Labour government played a key role in opening education up to the private sector, particularly through its Academies programme that allowed schools to opt out of Local Authority control and take charge of their own budgets. With 45 percent of all state maintained secondary schools either already having become academies or about to convert, the way has been cleared for wholesale privatisation by the Tories.

Strongly influenced by US-style charter schools, the previous Labour administrations of Tony Blair and Gordon Brown passed the *Learning and Skills Act* in 2000 and created 200 publicly-funded, privately-controlled academies by the time Labour lost office in

May 2010. Soon after assuming power, the coalition passed the *Academies Act 2010* and has to date expanded the number of academies across the country to 1,529—with many more in the pipeline.

In the face of this drive to dismantle and privatise state education, the ideological proponents of corporate control are growing more vocal.

James Grew from Policy Exchange, the think-tank at which Gove was formerly chairman, has announced that he intends to publish research this month that challenges the opposition to profit-making in the schools sector, citing “efficiencies and results” recorded internationally.

Grew is currently UK Schools, Academy and Local Authority Director at Serco Learning.

In March last year the *Daily Mail* published a partial exposure of the operations of Serco under the headline “Revealed: The new public service Fat Cats and why they’re immune from the cuts”.

The *Mail* described the company’s chief executive Chris Hyman as “an evangelical Christian with a penchant for racing Ferraris, [who] received a pay package of more than £5 million.”

Serco’s profits grew by a fifth the previous year, and the company estimated its order book at £16.5 billion.

Questioning the slogan used by the government to feign shared austerity across the social spectrum, the *Mail* reported that Cabinet Office Minister Francis Maude had demanded the government’s largest suppliers cut their prices, to shave at least £800 million shaved off its bills.

“In the weeks that followed, several companies signed a ‘memorandum of understanding’ with the Government. Yet ominously, Serco’s Chris Hyman said at the time that the effect of the deal was ‘not material’ to profits,” the newspaper reported.

The Cabinet Office has refused to disclose the “memorandum of understanding” on the grounds of “commercial confidentiality”.

Serco, which has extensive operations in the UK and overseas, took over the schools of the city of Bradford—population almost 300,000—in 2000 after the district’s educational services were criticised by Ofsted.

The company promised to hit ambitious performance targets and missed them. Bradford council subsequently lowered the targets, which meant that Serco was still

awarded £5 million in “performance bonuses”.

After more than ten years of Serco’s schools contract, Bradford’s schools are still placed low down on the Ofsted league table of official standards. Serco’s contract will not be renewed, amid criticism that the deal was a failure amid growing demands for it to give up its claim on a final performance-related payment.



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