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Privatisation in Education: the early years, 1990-2005

CLIVE GRIGGS

> The company bottom line is 'we have to make a profit'.
> They won't like us saying that. (W.S. Atkins, 2003)

Private Companies Enter the Education System

From the 1990s onwards there have been moves to privatise areas of the education system which were once the preserve of locally elected councils. At times the reasons given were economic; one of the motives for Public–Private Partnership (PPP) and Private Finance Initiative (PFI) schemes.[1] At other times it was claimed that the public sector lacked the enterprise which it was suggested prevailed throughout the private sector. Practices introduced by Conservative governments of the 1990s were carried on under New Labour when they achieved office in 1997, driven to a considerable extent by Prime Minister Tony Blair. Few would doubt that there were areas in which the private sector performed very well but it was just as true that the public sector was also efficient when it came to delivering the kind of services which the post-war political consensus had agreed should be available to all citizens in a civilised society, including access to good schooling.

Companies from large multinationals offering diverse services from engineering to management consultancy were encouraged to consider offering education and related services, including W.S. Atkins, Capita and Jarvis, the latter associated with disastrous experiences concerning the maintenance of the privatised railway system! Other organisations designed to deal specifically with education services included Cambridge Education Services, the Centre for British Teachers, Edison and Nord Anglia. According to its website W.S. Atkins had 'a portfolio of skills embracing engineering consultancy, design, management consultancy, information technology, asset management, environmental services, project finance and servicing, outsourcing and property'. They were employed in both the public and private sector 'in a range of markets, including rail, roads, telecommunications, water power, health, education and defence'. They employed 14,000 staff and worked in the UK, USA, Middle and Far East.

Capita Education Services was originally established in 1985 under the name of Sims and became part of the Capita Group in 1994. Based in Bradford, employing about 400 employees, it took over the Schools Pensions Agency and became a major supplier of information systems to the education sector. The parent company established a wide range of services; insurance, customer services, software systems and property. They described themselves as follows: 'We interact with 33 million people in the UK on behalf of our clients … engage with their customers who are often unaware we play a role at all … paying council tax, contacting BBC for information, receiving pension statements, household insurance'. Public sector contracts have been instrumental in their financial success, including the BBC licence collection contract and one for £125 million to administer personal injury claims for British miners.

Serco Group are involved in organisational design and change, 'helping national and local governments around the world to improve services across all aspects of their activities', according to their own advertisement. They have run two local education authorities (LEAs) in the UK, Bradford and Walsall, and are major contractors to the Office for Standards in Education (Ofsted), covering over 300 inspections per year. Their remit reached to Australia, Hong Kong and South Africa. They moved into the UK in 2002, based in Colchester and headed by Paul Lincoln, former Essex Director of Education, who would later lose his seat on the Edison Board. The company provided 'experts in the field' to advise schools on development and improvement. Chief executive Berno Schmidt 'told MPs in 1998 he would invest £500,000 to £1 million in each school, but expected a return through efficiency savings and a performance-related management fee'. The Centre for British Education based in Reading started up in the 1960s supplying English teachers to schools in Germany, employing 900 staff of whom about 300 were classroom teachers. A 'not for profit' company, it claimed to use 'commercial disciplines to ensure we work efficiently … aiming for developments which are inclusive and sustainable'. Providing a range of educational services, it has been the biggest producer of Ofsted inspection teams.

Nord Anglia is the brainchild of Kevin McNeany who taught English and economics at Manchester College of Further Education in the 1970s. He started teaching English to Swedish students in Scarborough and realising the potential financial rewards for this area of education if it were expanded to include foreign students coming to England and to those overseas. His commercial success was illustrated in 1997 when he floated his company on the stock exchange; it was valued at £18 million, making him Britain's leading education entrepreneur. In the late 1990s the company had a turnover of £35 million and had expanded its operations to include private schools and nurseries, school cleaning and catering, and employed school inspectors covering 150 schools annually. All of these organisations pronounce their virtues in the by now familiar hype provided so rapidly and expensively by public relations departments in return for large sums of money.

Individual Learning Accounts

Individual Learning Accounts (ILAs) were a well-intentioned idea. Their aim was to offer large numbers of people subsidised learning and training for a wide range of skills. Unfortunately there was an inbuilt weakness from the start. There were two assumptions made: that all those offering the training would be both capable of teaching and honest. However, there are always those eager to exploit any situation for financial gain. Thousands applied for ILAs and dozens of organisations from well-established colleges to small shops selling computers came forward to become accepted as able to provide the required training.

Capita was selected as the private partner in a PPP scheme responsible for administering ILAs by what was supposed to be a competitive tendering process.

> In the event it was far from competitive. The other bidders dropped out. When the plug was pulled on ILAs in November 2001 there were reports of millions of pounds having been siphoned off from public funds to fraudsters and unscrupulous providers who offered poor quality training … only one person) went to prison for a fraud of £10,000 … prosecutions for £100,000 had reached the courts by 2003. But the real figure remains unknown. Fraud was estimated at about £100 million from what had been a genuinely innovative idea.[2]

The large and disparate number of providers made monitoring and administering the scheme chaotic and difficult. If the funds had been channelled through established colleges, public libraries and established companies with well-respected training programmes where teachers and instructors did not handle payments directly there would have been little chance of fraud. Once payments were made directly to so many of those providing the training in numerous small outlets the task of checking the validity of the payments became overwhelming, leading to a collapse of the system. The real tragedy is that thousands of people did benefit from many of the well-organised courses, especially those associated with information technology, a large number of which were taken up by people who had left school before the widespread use of computers. The idea of ILAs was a noble one which helped thousands of people in the community but it was sabotaged by a significant number who used what they may have regarded as their ‘business acumen’ to enrich themselves at the expense of the community. It is a good example where at times regulation is needed to ensure that public expenditure is carefully monitored. For the sake of balance Capita achieved considerable success in their work introducing congestion charges pioneered by Ken Livingston in London, a formidable task for which they provided the necessary technology. Car use did decline and passenger numbers on public transport increased.[3]

Privatising Schools

Surrey

In 1998 Surrey had the distinction of being the first local authority to turn over a comprehensive school, King's Manor in Guildford, which had failed an Ofsted in September, to a private company. The school was in the middle of a local authority housing estate and was forced to compete with a grant-maintained school in the centre of the town and George Abbott School. Significant numbers of pupils excluded from other schools were sent to King's Manor because it had spare capacity due to falling rolls.[4] It suffered the problem of having gained a poor reputation in one of the most affluent areas of the country in which parental choice, whatever its declared intentions, led to the clientele in the schools being separated by a combination of academic achievement and social background. Once such a pattern is established it becomes a vicious circle in which a disproportionate number of children from disadvantaged backgrounds are placed into one school thereby compounding the difficulties faced by teachers trying to maintain standards.

The Conservative-run Council invited bids for a contract to run the school. Nord Anglia and the Centre for British Teachers showed an interest, the latter already being involved with a failing primary school in Hackney. The controversial decision by the Council brought critical reaction from a number of educationists. Graham Lane, Education spokesman for the Local Government Association, 'accused the county council of abdicating responsibilities' whilst Doug McAvoy of the NUT said, 'King's Manor School deserves support' and Peter Smith of the ATL said, 'This is a Tory local authority playing politics with the Labour Government. There are alternatives and the county council knows what they are'. Nigel DeGruchy of the NASUWT commented, 'If Surrey decides to put out management of the school to private enterprise it will be conveying a Pontius Pilate message that it is either unwilling or unable to deal with a difficult situation'.[5] In the end, 3Es Ltd, the commercial section of Kingshurst City Technology College in Solihull, became the preferred bidder. The company took over the school in a deal in which they nominated 12 of the 21 governors so that they could always outvote those elected by the parents, staff and nominated by the County. They were able to select 10–15% of the pupils by aptitude, received an extra £1 million from the council to improve facilities and equipment and a further £700,000 from the DfES. They also wanted the freedom to choose which teachers they wished to retain but the Transfer of Undertakings (Protection of Employment) regulations restricted their intentions in this area. One cannot help but wonder whether if Greg Gardner and his staff had been given similar support they might have been able to turn the school around, but they were not given the chance.

In April 2001 Surrey announced that Nord Anglia would take over Abbeyland comprehensive school in a deal worth £500,000 over seven years.[6] David Hart of the NAHT noted that when Nord Anglia won the contract for Waltham Forrest its share price rose. 'Whenever I talk to the heads in privatised local authorities, the one thing they tend to say is, if Nord Anglia or W.S. Atkins is going to make a bomb out of this exercise its done because the heads and staff have dragged results up. Most of the targets are about academic standards'.

One result of this decision was that the rest of the education service began to be seen in similar terms and values. By the end of November 2002 Surrey decided 'to privatise the greater part of its education department; curriculum support, special needs, governor services and personal information technology with plans to sell services across the country'.[7] The services would link up with a private partner to bring investment and entrepreneurial 'know how'. An assumption that those in the public sector lack this quality makes it difficult to understand why some private firms fail every year.

A new company called Four S (Surrey Schools Support Services) was formed in a partnership between the county and Vosper Thorneycroft (CVT), an engineering company which built warships for Oman, Qatar and the British Navy. The seven-year £100 million contract included 'technology support and management of catering, grounds maintenance and cleaning. The former Tory whip Lord Wakenham was the chairman of VT in the 1990s but Tory councillor Andrew Povey said, 'the group's bygone Conservative connections did not sway the tendering process'.[8] It was intended that they would sell 'expertise' to other LEAs, although most of these were likely to be better off in educational terms providing their own services as they possessed greater knowledge of the circumstances in which their schools operated.

Leeds

Following a poor Ofsted report in 2001 Education Leeds took over the schools in the city. The schools disapproved, wishing to remain under local authority control. The new company, owned by the city council and managed by Capita, entered into a three-year contract worth £3.7 million. One year on inspectors found Education Leeds was still 'not satisfactory and failing to provide consistent services'.[9] Chris Edwards, chief executive of Educ Leeds, remarked, 'We have always said this is a five year project'. The company missed five targets on exam passes and pupil attendance and had to pay the city council £87,500 for this failure. These were not fines but rather bonus payments they would have earned if they had been successful in these areas. This is an example of the money-driven approach to education encouraged by a privatised system of schooling. By autumn 2002, with results for five GCSE grades A-C for 15-year-olds below the national average, council leader Brian Walker observed that Educ Leeds 'was making average progress'.

Bradford

Bradford was one of two LEAs in 2000 which received a damning report from Ofsted. Chris Woodhead, Chief Inspector of Education, claimed that they suffered from an 'ingrained culture of failure and hopelessness'. The council set up the Education Policy Partnership, a stakeholder body chaired by David Mullen. The following year a 10-year contract for £360 million was entered into with Education Bradford, part of the Serco company. Its managing director, Mark Pattison, like many of those working in the private sector, had gained administrative experience working previously in several LEAs. Two years on another Ofsted inspection concluded 'that Bradford still had many unsatisfactory services although progress had been made in some areas'.[10]

A further nine months later, Serco amended its contract 'to lower over-ambitious exam targets, so preserving its capacity to gain bonuses'.[11] Accordingly, a further £3 million of government money was handed over. The request from Serco for more cash brought criticism from Bradford West Labour MP, Marsha Singh, and the NUT. They saw it as evidence that Serco had not managed to transform the city's failing schools. In a BBC Radio Four programme it was disclosed that since Serco took over, the number of education psychologists had fallen from 20 in 2001 to 10 full-time posts in 2003 and the situation for 45 schools was worse than it had been before the system was privatised. The company, having promised to provide a cheaper service than the LEA, had then asked for more money; an increasingly familiar story with private contractors. It was claimed that 'they had a commercial approach providing a contract with financial considerations, [and the] whole ethos was to do a deal as best as they can to make money. The company had totally misunderstood the public sector ethos of those working in education'.[12]

Hackney

Hackney was an early target for privatisation. It received a critical Ofsted report in 1997 and whilst it was accepted that progress had been made, especially since the appointment in 1999 of Elizabeth Reed, the new Director of education, doubts were still expressed about the pace of improvement. In that year the Government announced plans to contract out key services in education. David Blunkett, the Labour Minister for Education and Employment, appointed consultants to organise bids for those services from companies, including those seeking profits. Areas for consideration were the school improvement service, language training in schools where nearly half the pupils did not have English as their mother tongue, financial, personnel and information technology. The Ofsted inspectors recognised that 'Hackney was one of the most disadvantaged boroughs in the country; about 60% of its nearly 25,000 pupils were entitled to free meals, approximately three times the national average. Around 75% were from ethnic minorities, many of whom were in families which were socially disadvantaged. One in three pupils taking national tests at eleven had not been in the same school four years earlier'.[13]

It emerged the borough had overspent by up to £20 million but even allowing for disputes between political parties and inefficiencies at times, government ministers and outside inspectors seemed incapable of grasping the scale of deprivation in the area in which most people lived their everyday lives. The council claimed that the crisis resulted from 'the failure of the council's revenue and benefits service, which had been contracted out to a private company'.[14] Blunkett's decision was carried out under powers granted under new legislation introduced the previous year and it is possible that uncertainty over the legality of his intervention may have persuaded him not to undertake complete privatisation of the education service at the time. There was criticism of the council by Brian Sedgemore, Labour MP for Hackney South and Shoreditch. David Hart, NAHT, expressed approval of the Minister's action but Mark Lushington of the Hackney Teachers' Association affirmed that teachers were 'totally opposed to privatisation, creeping or galloping, in all its forms'.

In April KPMG were selected as consultants to discuss with Hackney councillors future plans in order to prepare a report for the Minister, for which the council had to pay. Well-known private companies expressed an interest in the contract for Hackney's education services, including Capita, and Nord Anglia, in association with the accounting firm Pannell Kerr Foster and the Cambridge Education Associates consortium set up by Robert Balchin, former head of the Grant Maintained Schools Trust. Pressure on the local authority continued with Stephen Byers, Minister of State, set to 'invoke emergency powers to take control of Hackney to protect essential services such as child protection, education and transport.[15] Nord Anglia was awarded the education contract but no remarkable transformation of the education service followed. In fact, three years later Ofsted produced a scathing criticism of their performance and the borough was required to find another group to manage its education services'.[16] Yet the company continued to prosper. Profits were up by 4.7% to £5.1 million.[17]

A new 'not for profit' education trust took over, explained by Stephen Timms as 'the first of its kind in the country, [which] would maintain local accountability and work to improve standards'.[18] Improvements did follow but by January 2004 Ofsted reported that 'education is still unsatisfactory in the east London borough … seven of its 56 schools are in special measures or have serious weaknesses'.[19] Teachers were not particularly impressed. Mark Lushington of the NUT said, 'The learning trust has not exhibited any level of care towards its teachers. It is a question of morale. The trust is losing the show. If they really want to lift themselves above the present measure they have to meet with other people, teachers and parents – and listen to us'.[20]

Haringey

Capita was given a two-year contract in April 2001 'as a strategic partner' to run schools in Haringey, with a possible extension to 2004. An Ofsted report in 2002 reported that 'conditions for improvement are being created' but also declared, 'performance is still unsatisfactory, with no improvement in strategies for 14 to 19 year olds and special needs'. A further inspection promised to check that improvements would be sustained. A year later a *Times Educational Supplement* survey of inspectors' reports found that recently privatised Haringey was still rated as unsatisfactory but Capita announced record profits that summer: 'shareholders saw dividends increase by 36%, almost ten times the pay award for teachers that year'.[21]

Liverpool

It was reported that in June 1999 Ministers demonstrated determination to get tough with Liverpool by insisting it consider privatising major parts of its services to schools.[22] An Ofsted report claimed that the council was 'not adequately supporting failing schools or dealing sufficiently with truancy'. Estelle Morris, Labour's Education Minister, explained she would be discussing with the local authority the selection of consultants to begin work on problems facing the authority. Once more there was common background to the problems confronting schools which were outside their control. It was admitted that, 'Liverpool is a city with the highest concentration of deprivation in the country – more than a third of households live in poverty and children face problems of poor nutrition, indifferent health and limited job prospects'.[23] It emerged that in four out of the last five years the council had spent less on education than the government estimates required. Ofsted accepted that whilst standards were below the national average there was no significant difference to those in 'similar areas'. School attendance was lower than average; exclusion in secondary schools above average.

Reports frequently list the basic facts of schooling in such areas but rarely seem to grasp the full significance of the social background of which they are largely a product. This is not a reason to justify a mood of resignation but to at least admit and recognise that teaching in these areas is extremely demanding and the results achieved, whilst below those in more affluent areas, are only gained in general by dedicated staff, frequently working in inadequate buildings and lacking the extra equipment provided by parents in more prosperous areas. At least the improvement in literacy achieved in the city's primary schools was recognised.

Islington

To consider the treatment suggested for education is to wonder seriously about the manner in which funding is allocated to schools. Once more a London borough with a high percentage of families from socially disadvantaged backgrounds was visited by Ofsted, which produced a highly critical report on many of the schools. They were bottom of the league tables for GCSE A-C grades in London; third from the bottom in the country. Given that reading skills are the central key to learning, Islington schools had a reading recovery programme which was making very good progress. However, such schemes are labour intensive, requiring one-to-one teaching for six-year-olds by qualified teachers for part of each day. This means it is comparatively expensive initially. It was abandoned in 1997 for lack of funding!

It was all the more ironic, therefore, to find that following the harsh Ofsted assessment an extra £250,000 was allocated to the borough, not towards the kind of practical help offered by the reading scheme but to PricewaterhouseCoopers to act as consultants on 'how to hand its education functions over to a private company'. Worse still, the council was required to spend thousands of pounds more – no one knows exactly how much – in staff time to help the consultancy do its work. When a series of education experts were questioned as to how such a sum might be better spent in the pursuit of improving schooling in the borough, Professor Kathryn Riley, director of the Centre for Educational Management at Roehampton Institute, pointed out that £250,000 would fund a full reading recovery service for all the borough's 40 primary schools for two years. Of all the experts asked to consider how such a sum of money might contribute positively to the education service within the borough no one mentioned bringing in management consultancy.

The Labour-controlled Council at the time were aware that the Government was determined to privatise the system and had the power to do so through the 1988 Education Act. Indeed, when the Liberal Democrats gained control of the council through a by-election they did not make any fundamental changes. The only decision they could make realistically was whether they would defy Estelle Morris and have privatisation thrust upon them, or carry it out themselves. Whilst in theory the decision rested with the borough's education committee, in practice no development would take place without the approval of the Minister. The views of head teachers and their staff seemed to be of little consequence.

Four bidders came forward to compete for the contract: Nord Anglia, Essex County Council in partnership with the charity CfBT, Tim Brighouse, Chief Education Officer for Birmingham, in partnership with the accountants firm Arthur Anderson, and Cambridge Education Associates (CEA). Each had to respond to the 400 targets designed by PricewaterhouseCoopers which inevitably resulted in the submission of volumes of material, which would become increasingly a feature of all aspects of the education system, where documentation covering every conceivable element of schooling must be described, analysed and supported in written form. The scale of these productions does not necessarily correspond to the practical functioning of a school but it seems standard practice in what has become an inquisitorial approach to the education service and other areas of the public services as well.

Kevin McNeary was frank in his presentation; if his company could create greater efficiency and economies within the service they would be entitled to any profit they could make. It transpired that their bid was millions of pounds higher than their rivals. Tim Brighouse and Arthur Anderson pulled out, believing the risks were too great. Essex in partnership with CfBT provided evidence of how tough they could be with teachers in Islington by pointing out they got rid of 500 members of staff in Essex. In theory the elected councillors would choose the winning bidder; in reality the education committee would meet to approve the verdict of the officials from the DfES and consultants. The 1988 Education Act had given the Minister power to force LEAs to contract out their services and this was now being put into practice in a diplomatic way by holding meetings with local councillors. Jonathan Slater, Deputy Chief Executive of the Council, made it clear in reviewing the contenders for the contract that 'none of the holders were fantastic' which prompted Chrys Price of the Liberal Democrats to say that, accepting the recent LEA might have its faults, 'they don't seem any worse and this system will cost a lot more. Why are we doing this?'

In the end CEA was awarded the seven-year contract. They appointed Vincent McDonnell as the new director of education. He came from Richmond, which had achieved good examination results, news of which prompted one Islington teacher at a public meeting of the borough's teaching staff to ask, 'what would you have to do to get bad results in Richmond?' An understandable mood of resigned scepticism could be detected among many of the borough's teaching staff concerning the nature of the changes being forced upon the education service. Whilst the standards set were high, the CEA never met the key 11 targets and forfeited £3 million, and its willingness to renew the contract led Roy Hattersley to conclude, 'There is money to be made from the management of schools'.[24] Islington would pay the company £86 million and they would be expected to meet 411 targets! If successful they would make profits of £4.5 million. If not, money would be deducted from their annual management fee of £600,000. The first move the new private company undertook would prove to be the easiest; they replaced notice boards outside all the schools with fresh boards displaying their name and logo. More challenging was the question raised by Mike Rittendeigh, head of St Aloisyns boys' school, the nearest Roman Catholic School to Tony Blair when he lived in Islington and to which he could have sent his son. He asked Mr Donnell when his company would replace the twice-condemned building without lighting or heating in which the boys were expected to shower after games lessons. He had tried a lottery bid earlier only to find the school would first need to raise £600,000, a sum of money well beyond the means of parents in the borough yet by coincidence precisely the annual management fee which would go from public funds to the private company now in charge. The new director of schooling replied that it was not within his power to allocate funds for capital projects. An early indication that any expectations that the private company would provide more benevolently for schools than the LEA was doomed to disappointment.

By August 2002 CEA had made some improvements but provisional GCSE results showed the company had failed to hit the target of 35% pupils getting five or more GCSEs at grades A to C. It missed another target for national test results for 11-year-olds. A penalty of £379,000 was deducted from their management fee accordingly.[25] The following year CEA expressed a view that they would like 'to extend PFI contracts to cover teachers and learning containing clear performance indicators that schools and companies could be judged by results. Staff would be employed by the firm'.[26] This would bring one more change moving teachers and learning another step nearer to a factory production line where workers are on piecework and bonus rates. In November 2003 CEA were fined for the third year running for failing to meet targets agreed in their contract.[27] They responded by saying targets had always been unrealistic and the expected loss of management fee 'was factored into the contract price', admitting that they went along with performance targets knowing they could not be met so built into the price a safety margin to ensure they still made a profit. An honest declaration which for some reason they had failed to mention in the original bidding process.

Southwark

A poor Ofsted report in 1999 led to the Government ordering the London borough to hand over the management of its education services in April 2001 to W.S. Atkins, who were awarded a £100 million five-year contract. After two years budget negotiations broke down and the company wished to pull out, stating 'it could not make enough money'.[28] Liberal Democrat leader of the council, Nick Stanton, said, 'We are paying everything under the contract and more on top. This year Atkins was told to pay more to schools'.[29] For those who had looked to W.S. Atkins to bring rapid improvements to the education services it gradually began to dawn on them that the company was more focused upon making profit than providing a public service. After a promising beginning one head teacher declared, 'We were very keen on some of the people they brought into the education department but education services are a long term commitment and within eighteen months six senior managers left'. In 2002 the borough had the worst results in national tests for 11-year-olds in the country and at one stage it was twenty-eight welfare officers short. Heads lobbied for a meeting with the parent company in Epsom but it never took place. Firms were complaining … about unpaid bills. The DfES seemed determined to make the contract work at all costs, recalled Ms Morris, head of the primary school of St Saviours and St Marie Overy, which had become a beacon school.[30]

The share price of W.S. Atkins had plummeted. 'Contracts were falling in the USA and UK, and Robin Southwell, its chief executive, resigned. The company lost 90% of its value in six months'.[31] The large market the company had assumed would come from running education departments had not materialised. Schools did not take on more services on offer from private companies. There was considerable embarrassment at the 'Education Partnership' conference in March 2003 when the events sponsor, W.S. Atkins, at short notice, withdrew its speaker, David Manger, the company's director. He had been due to speak on 'Learning from Experience'. The explanation for his withdrawal followed a few days later when the company announced it was pulling out of the contract to run Southwark's education services. The title of the cancelled speech was apt enough; the company had itself 'learned from experience' that they could not fulfil their contractual obligations and make a profit.

The company and Government issued a joint statement explaining that W.S. Atkins had found 'the contractual arrangements financially challenging'. The DfES came forward to give Southwark £2 million to cover the cost of ending the contract. Atkins's response was honest and frank: 'The company bottom line is "we have to make a profit". They won't like us for saying that'. Atkins shares rose again. Teachers in the borough had been forced to go through one more series of changes to fit in with the idea that had become 'fashionable' among key advisers with little evidence of any practical teaching experience in inner-city London schools; a belief that the private sector can manage education services in a socially disadvantaged neighbourhood better than those with years of experience in such difficult and challenging circumstances. This failure was not the end of the affair. Once more another group of private bidders were wheeled out to submit tenders for running the borough's education services. CEA decided they could take on the task.

There was no direct relationship between their optimism and ability to form good working relationships with head teachers and their staff. Some head teachers complained about the company consultants', 'rude and aggressive behaviour and about its target driven approach'.[32] Five head teachers made their case to the council's executive but it was decided to extend the company's contract until 2005. A report from the Office of Public Management (OPM) had recommended returning the education service to the local authority. Many head teachers expressed concern that the CEA had been given a further year and David Hart, from NAHT, complained to the council that the views of the heads who had 'no confidence in the CEA had been totally disregarded … the level of anger expressed by heads is even worse than it was with W.S. Atkins – That takes some doing'.[33] By now it was not a matter of what was best in terms of providing education services or even the costs but of defending government ministers' insistence against all the evidence that private companies could run public services better than local authorities. Following a review in 2005 Southwark Council decided to take back control of its schools in August.[34]

Essex

Essex considered a partnership with CfBT to contract out nearly all its education services in the autumn of 2002. According to Jerry Glazier, an NUT representative from the county addressing the TUC in that year, 'the partnership would transfer most education services – and 1300 staff – to a private firm … it did not feel much like a partnership to the teaching and non-teaching staff, the vast majority of whom are being transferred against their wishes'.[35] Instead these plans were abandoned and the American company, Edison, which ran some schools in the USA, was called in by the county, not to take over schools but to enable head teachers to buy in services they might want which would be provided by the private company's 'more entrepreneurial approach'. The LEA wanted about 15 primary and secondary schools to test out Edison's services, although at the time no prices had been set.[36] The main spokesperson for the company's ideas was Professor James Tooley, a committed privatiser, who in 1999 doubted whether Britain was sufficiently radical to move to a privatised system of education. He stated that 'if they take over a school they must make a profit and have real control. He created the Education Partnership, bankrolled by a Midlands millionaire, and believes 'Only the children of the very poorest should have education provided by the state'.[37]

Waltham Forest

EducAction, a partnership between Amey and Nord Anglia, took over the education services of Waltham Forest in September 2001. They were granted a £15 million contract. Fifty members of staff were transferred to the private company after being made to re-apply for their jobs, some stating they had been treated worse than external candidates. There were those who claimed they had suffered pay reductions of up to £4000.[38] Steve Woodhouse, a local UNISON official, said the company had broken promises to maintain pay and conditions. EducAction denied cost-cutting, suggesting 'changes had to be made to improve the services'. Well-above-average salaries of around £70,000 were offered for headships in two primary schools in the belief they would attract candidates who could raise standards within the schools. Like several private companies before them, they were to find they had no magic means of achieving good results just because they were a private company. An Ofsted report in 2003 considered them to be unsatisfactory, for whilst recognising their 'energy and enthusiasm', they 'needed to work urgently on improving services for educational needs pupils and establishing trust with head teachers'.[39]

Privatised Schooling: state of play, 2005

There is unlikely to be an organisation, from a school to a large company, which cannot think of changes, sometimes small, sometimes fundamental, which might prove beneficial. It has to be faced that they may also prove to be more expensive, at least in the short term. However, the idea that a company or several people working in a variety of industries and commercial organisations are likely to be able to take over a school staffed with experienced teachers, and introduce fundamental reforms at no extra cost, indeed at even less cost, is highly unlikely. In fact it smacks of arrogance. There is no sound evidence that privatised schools or LEAs have been a great success. Schemes favoured by governments usually receive favoured treatment in terms of funding. It is no less than a form of financial bribery. Privatised education services are no exception. The Government has consistently picked up the extra bills that the various ill-advised schemes have cost the taxpayer; £2 million to buy out W.S. Atkins's contract after two years of their five-year contract with Southwark had run and an extra £1 million to CEA, who claimed they needed more money to run the schools in Islington than had been given to the local authority before that date. This was a policy move which had been commented upon by Nigel deGruchy of the NASUWT in 2002, when he said that 'Privatised LEAs are being pumped with additional resources not previously available to "failing councils"'. Like most private agencies brought into the public sector they do not train the staff required but poach those qualified and trained through the public sector, such as Bob Clark, education director of Wigan, who was drafted in to save Liverpool's failing education service. 'The private companies hoover up the best people from the local authorities … their involvement does not increase the pool of talent, it merely redistributes it.'[40]

The track record of privatised education services is not impressive. A summary [41] covering the period up to December 2002 stated, 'Of the nine authorities which had outsourced services, five were rated poor, three unsatisfactory and just one satisfactory'. Setting dozens of targets is too crude a means of assessing education in a meaningful way yet it is one of the key considerations driven by commercial companies who seem to believe every aspect of schooling can be measured accurately and if it cannot it is not worthy of attention. Ability to pass tests in mathematics can be measured quite accurately but developing cooperation between pupils or the value gained from participating in a drama class cannot. The *Times Educational Supplement* report gave the following picture: EducBradford met less than half of its targets and received a bonus of £880,054 'after persuading the City to lower its targets'. Hackney, a not for profit company 'exceeded its five GCSE targets by 1.2% … Capita has no financial penalties or bonuses in its contract with Haringey, CEA in Islington met 25 out of 40 targets in 2003 but has been fined every year since it took over in 2000 and amassed penalties of £1.6 million. EducAction in Waltham Forest met 141 out of 159 targets in 2003. It was fined £186,000 as it did not exceed any target'.[42]

The new panacea of commercial entries into the education services did not achieve a positive record and 'supporters of privatisation including the DfES as well as Downing Street advisers have waited in vain for privatised LEAs to vindicate them. One has to ask where is the evidence from this information that the policy pursued by both Conservative and Labour Governments of contracting out education services from LEAs to the private sector has led to improvements on the scale they envisaged? Did the 1.2% improvement in education measured somehow in Hackney justify the privatisation of that local authority's education service? Is it possible – let alone wise – to contruct schooling for children on the same principles as a private company producing a product on commercial terms? High profile failures have hogged the headlines'.[43] Philip Collins, director of the Social Market Foundation, which pushed for private sector involvement, admitted that 'there is not a single unequivocal success story of LEA privatisation. Barry Sherman, Labour MP and chairman of the House of Commons Education Select Committee admits the policy has not produced hoped-for spectacular results'.[44] In spite of the evidence, Tony Blair insisted that 'The private sector will be granted a greater role in education'.[45]

Teachers' Scepticism of Private Sector Superiority

Most teachers and support staff are not interested in the profit motive which drives private companies and find the market-led approach anathema to the task they undertake – the education of the next generation. Privatisation is seen at best as an irrelevance; at worst as having no place within the ethos of the welfare state. To put the contribution of the private sector into perspective, Nigel deGruchy has pointed out that 'seven hundred so-called failed schools have been turned around by teachers and local authorities working together'. The SHA confirmed this approach, pointing out that 'there was little need to look outside successful comprehensives and town halls for teams of trouble shooters as they were better at school improvement than expensive commercial firms'.[46]

If those working in local education authority schools have been sceptical, irritated and annoyed at the contracting out of education services it is partly because of the incredible decisions made at times concerning education over which they have had no control or say. In 2003 Jarvis, less than a fortnight away from the anniversary of the Potters Bar train crash in which seven people died, were awarded a three-year government contract, 'to help rescue failing schools'. The engineering company had no direct experience of work in education but Jarvis Educational Services, set up in November 2002, was awarded the £1.3 million contract. The DfES 'forgot' to announce the decision so when it came out in April the fury was all the more intense. The decision was considered 'absurd … only one decision could have been more absurd: the appointment of the NUT as maintenance engineers for Railtrack', declared the Leader in *The Guardian*.[47] The view was supported by Eamonn O'Kane, general secretary of the NASUWT; I hope they don't bring the same measure of success to this enterprise they brought to Railtrack!'.

Abbreviations

ATL Association of Teachers & Lecturers
DfES Department for Education & Skills
NAHT National Association of Head Teachers
NASUWT National Association of Schoolmasters & Women Teachers
NUT National Union of Teachers
SHA Secondary Heads Association

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