

Sussex Research

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The Sussex Occupation and the Privatisation of University Education

Luke Martell

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The Sussex Uni occupation against outsourcing is in its [seventh week](#). It hosts a [national demo](#) against education privatisation today.

You can [quibble](#) whether what's happening [at Sussex](#) is privatisation. But services run by a not-for-profit charity are to be [outsourced](#) to private companies. 235 workers will have their employment transferred to providers oriented to making a profit.

British universities are increasingly taking on the [characteristics of private companies](#), at the expense of academic values. Support services are being outsourced and private provision expanding into education itself, delivered by companies like [Pearson](#). This means that institutions run on a collegial basis, with academic input and consultation, operate more like businesses, with top-down managerial control. Academic say in governance and union consultation are being deliberately marginalised. What's marketable gets priority over what's socially useful. Courses have to make a surplus and cross-subsidy isn't allowed. So commercially successful programmes expand and [socially valuable ones](#) that are less profitable [contract or close](#).

This is facilitated by government changes [to regulations](#), which make it easier for companies to be universities. The playing field has been leveled for privateers by removing the subsidy for fees at public institutions. There's a [national plan](#) for 'efficiency and effectiveness' in UK higher education.

The shift to for-profit isn't just about support services but also the academic aspect of university. One example in the UK is [private degree provider, BPP](#). It's been reprimanded by the Quality Assurance Agency for misleading marketing. It has no protections for academic freedom, as public universities do. Summary dismissal for a disrepute charge is allowed. There's no role for scholarship by teachers, no pay progression and no academic control of the curriculum.

BPP was bought by Apollo who also own the [University of Phoenix](#), the biggest for-profit university in the USA, with 400,000 students on 90 campuses. [For-profits in the USA](#) face whistleblowing claims and lawsuits over bullying and misleading recruitment. In the UK spend on marketing by universities [rose by 22%](#) in the run-up to £9k fees being introduced. This is money diverted from teaching and student support. Markets are supposed to lead to more rational and efficient behaviour. But they seem to have the opposite effect. It's what happens when education becomes about profit.

[Social Enterprise UK](#) have looked at contracting out to private providers. They conclude that outsourcing leads to oligopolies, from Sodexo to Balfour Beatty, controlling large shares of the market, so gaining a greater grip over what prices and contracts they can secure. They're opaque about the provision of information. They're able to win more business even when they don't deliver on their contracts, a kind of market failure. Think of G4S. Money goes to owners and shareholders rather than reinvestment in the service. This is what happened in the UK privatisations of the 1980s. To keep prices down wages have to be reduced, which increases costs to the taxpayer in in-work benefits.

[TUPE](#) legislation doesn't protect employees in a transfer. After it happens the new employer can dismiss staff if it gives an economic, organisational or technical reason. New staff are employed on poorer pay and conditions so there's a divided workforce. At universities pensions aren't covered by TUPE and moving staff on to poorer schemes is likely.

[Sheffield Uni](#) set up a subsidiary company to employ new staff on worse pay and conditions and increase profits. At [London University](#) outsourced workers have shorter holidays and worse pensions than those employed by the university.

Universities are communities of students, managers, academic staff and support staff. But the latter are losers in processes like this, despite being in the first place those in the poorest and most unequal position as far as pay and conditions go.

The [US experience](#) of running universities for profit has been subjected to searing criticism by Senate investigation. [For-profits in the USA](#) divert money from teaching and student support to activities driven by their commercial orientation. They spend 24% of their revenue on marketing. They've been accused of bullying, lying and illegal practices in recruitment, so focused are they on getting bums on seats above all else. Income gets diverted to CEO salaries that average \$7.3m a year. The boss of the top for-profit earns 14 times the income of the President of Harvard University. Their students get state loans, 23% of them despite making up 10% of the national student body. One fifth of those loans are defaulted on, at the expense of the taxpayer.

[Not-for-profit options](#) aren't being properly explored, such as reforms to in-house provision or employee-ownership, not unknown in the public sector. For-profit has become a default 'common sense' decision, rather than chosen after open discussion of alternatives. Systematic research on experiences of outsourcing and for-profit in HE internationally would help. There's much to be learned from the USA, Chile and what's happened in the UK.

Consultation is needed before decisions about new models, rather than after it's a *fait accompli*, as [at Sussex](#). Universities should be communities where all [groups have an input](#) into the direction of the institution, especially [employees](#) and [students](#) with day-to-day experience on the ground. Universities should be collegial. We're losing that.

The outsourcing of campus services is part of a wider process where UK universities are becoming more like businesses. Private companies are moving into the sector, facilitated by government. This is to the detriment of employees, campus community and collective dialogue. Privatisation is spreading to academia, and learning is becoming less about social benefit and the value of education, and more about what's commercially profitable. This will change the shape and content of the curriculum. That's fine if you manufacture mobile phones or cars. But not if you're educating the young who will take care of our future. Or if you're doing what Sussex students are doing: thinking about what's good for society.