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The Great University Gamble

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# THE GREAT UNIVERSITY GAMBLE

Money, Markets and the Future of Higher Education

Andrew McGettigan



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## Preface

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In 2010 a series of events brought me to the realisation that I knew hardly anything about what was happening in English universities, despite having been around them as a student, lecturer and employee for the best part of 20 years.

The main catalyst was the decision by Middlesex University to close its highest rated research department, the Centre for Research in Modern European Philosophy, where I had pursued my own doctorate a few years before. Eventually, during that summer's vacation, the centre was transferred across London to Kingston University, leaving behind the undergraduate courses and the academics who taught them.\* Philosophy finally disappeared from Middlesex in the summer of 2012.

Decisions such as this are motivated by markets and the manner in which money moves around the higher education system. Middlesex was expanding overseas and philosophy had a limited role in its future vision. At the same time, Middlesex has been able to keep the annual research income awarded for the performance of Philosophy, roughly £175,000 in 2009/10, although no such research is now undertaken there. The relevant funding body 'does not monitor staffing changes'. The money will continue to come in until 2015 and can be directed to other ends. Middlesex, in effect, was able to strip its own assets.

The 2010 general election took place as events were unfolding at Middlesex ushering in a Coalition which, on receipt of the Browne review into university financing, took the decision to raise the maximum tuition fee at publicly funded universities from £3,375 to £9,000 per year. The complexity of the scheme, which underpins these fees with unfamiliar 'income contingent repayment loans', is

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\* Anonymous accounts of this movement from staff and students with its extensive online and press coverage (including the twelve-day student occupation of Middlesex's Mansion House building) can be found in *Radical Philosophy*, 162, Dossier: Universities, July/August 2010, pp. 40–7, and, in more detail, on the website for the Save Middlesex Philosophy group ([www.savemdxphil.com](http://www.savemdxphil.com)), the student-led focus for the protests. My own account can be found at [www.afterall.org/online/the-matter-at-middlesex](http://www.afterall.org/online/the-matter-at-middlesex): Andrew McGettigan, 'The Matter at Middlesex' *Afterall online*, 8 September 2010.

notorious: many politicians and commentators do not understand the system, nor do academics, students and parents.

But beyond the headline prices, a more profound transformation of money and markets is being pushed through without democratic oversight or parliamentary scrutiny. The contention of this book is that the government is taking a gamble with English higher education but without presenting its plans or reasoning to the public. It intends to shift resources to the most selective universities, while exposing the majority of higher education institutions to new commercial pressures. Direct funding is slashed and formerly ‘private’ providers will be nurtured into the sector so as to undercut established provision.

The gamble would be won if this new form of competition were to drive up standards overall. To quote a much-loved phrase of Andrew Lansley and David Willetts, ‘it is the rising tide that lifts all the boats’. In this way, the quiet, piecemeal reforms to higher education funding are consistent with the second wave of public sector reform seen in health and in primary and secondary education. Unlike in these areas, however, where a decade of transformation culminated in set-piece primary legislation (the 2011 Education Act and the 2012 Health and Social Care Act), the changes in higher education have yet to stabilise and the promised Bill has been delayed. This means there are still opportunities to resist the worst of the plans.

This book is therefore a primer in two senses. Politically, it attempts to set out the measures afoot and as such illustrate what is at stake in otherwise obscure developments. Chiefly, it anticipates that any HE Bill which does materialise will be technical and presented as an attempt to rationalise arcane legislation. It will, however, be about new forms of privatisation, in particular, facilitating the entry of private equity into a sector that appears ripe for value extraction.

From below, the book is written for those who, as I did in 2010, find themselves confused by what is happening in the institutions with which they are associated, whether as students, academics, staff or potential applicants. It attempts to provide a one-stop resource for interpreting management and governor decisions. If you do not understand the context in which corporate strategic decisions are made, then you cannot subject those decisions to questioning. This is dangerous – the occupant of the vice-chancellor’s office does not know best.

To that end, it is the book I wish I had to hand back then. It pulls together two years of immersion in the technical side (the mechanics and vocabulary) of the issues of funding, recruitment



markets, bond issues, joint ventures and other possibilities, such as the potential buyout of established universities by private finance. I had to become a freelance ‘policy wonk’ in order to work out what was going on – this book aims to spare you that chore.

As universities and colleges are forced to operate in commercial terrain, it is basic business imperatives that come to the fore. Our habits of thought about higher education are no longer appropriate for this new terrain. This book sets out to be a guide.

To conclude these opening remarks with a few caveats:

First, this book is pitched for a general readership. As a primer and an overview I have had to restrict full discussion of some aspects. For some there will be insufficient detail in parts.

Second, I regret that there is almost no discussion of education or the lived transformative experience of study and teaching in this book. In the world of education policy and financing, there is little of this dimension. Hopefully, the material in this book is haunted by this absence and will spur readers to think about how we ended up on our current path.

Third, this terrain is live, with new almost weekly developments requiring continual revision of the manuscript. To the best of my knowledge, this book describes the state of play at the end of November 2012.

Finally, as a football fan, I consider higher education to be on a cusp of a transformation akin to that which befell the sport 20 years ago, when the breakaway Premier League and Sky TV money combined with the regulatory arbitrage of corporate restructuring to reroute the financial circuits of the game. We are about to witness something similar in higher education: a new elite will cement its position by monopolising resources in new ways, while the majority of institutions will be left to scrap in a new market swamped with cheap degree providers. We have a chance to avert the worst excesses and even avoid this fate, but it depends on what we do before the 2015 election.

## Acknowledgements

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In the early days of my researches Christian Kerslake, Andy Goffey, Alfie Meadows, Matthew Charles and Marina Vishmidt encouraged me to persist with my investigations.

*Afterall* and *Radical Philosophy* provided me with the first opportunities to write about universities. In that regard, I will thank in particular Pablo Lafuente, Melissa Gronlund, Peter Osborne, Stella Sandford, Peter Hallward and David Cunningham.

The summer of 2011 saw the formation of the 'Alternative White Paper' working group in response to the government's plans for higher education. Over the course of a few months, I had the opportunity to develop the ideas that frame *The Great University Gamble* through concerted online exchanges with the group's members: especially, Simon Szreter, Gill Evans, Howard Hotson, Kate Tunstall and James Ladyman.

At that time, I also had the great fortune to meet Gurminder Bhambra and John Holmwood. Both have been consistently supportive of this book and the broader activism it intends to inform.

For periods of my research, especially into the darker side of student loans and university financing, I was lucky to have been supported by *Research Fortnight* and the Intergenerational Foundation. I would like to thank William Cullerne Bown, Ehsan Masood, Liz Emerson, Antony Mason and Angus Hanton. They allowed me to pursue a line of research which otherwise would have stalled.

Des Freedman asked me to speak at the launch for *The Assault on Universities* (also from Pluto Press) in October 2011. That invitation led directly to this book. My especial thanks to him and all involved in the production of the book. David Castle has been a supportive editor, particularly in so far as the government's shifting legislative plans upset our original publication deadlines.

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I'd like to single out for thanks: Marian Hobson, who examined my doctorate in contemporary French philosophy, and has proved a persistent champion of my work in this new area; and Chris Newfield, whose excellent *Unmaking the Public University* about the threats against state-funded higher education in the USA provided both stimulation and a potential model for writing about UK higher education, despite the crucial differences.

More personally, friends and family have had to put up with me while churning out material: the McGettigans are owed 'a social soirée'!

Special thanks to Katherine Ibbett, Richard Mc Kenny and James McKay for moral support and clear-eyed observations. A pep talk from Andrew Morris during a trip round Liverpool's pubs provided a boost at a key time. Over the last 20 years, Jonathan White and I have debated pretty much everything there is to debate; since he is also an expert on higher education and privatisation, his presence in this book extends way beyond the direct citations of his work.

Clunie Reid probably saw the worst of me. My thanks and love to her: 'without whom not'.

The book though is dedicated to Pete Mellows. Together Pete and I attended the demonstrations against the tripling of the tuition fee cap and the abolition of EMA back in the Autumn and Winter of 2010. Unfortunately he did not live to see those measures undone.

'A tender man who loved justice'. In memoriam.

## Abbreviations

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AoC – Association of Colleges

BIS – Department of Business, Innovation and Skills

BTEC – *Formerly* Business and Education Technology Council

CAT – College of Advanced Technology

CNAA – Council for National Academic Awards

CPI – Consumer Price Index

CSR – Comprehensive Spending Review

DAP – Degree Awarding Powers

DWP – Department of Work and Pensions

EMA – Education Maintenance Allowance

ERA – Education Reform Act 1988

FE – Further Education

FEC – Further Education Corporation

FHEA – Further and Higher Education Act 1992

GDP – Gross Domestic Product; a measure of the nation's annual economic output

Hefce – Higher Education Funding Council for England

HEI – Higher Education Institution

HE in FE – Higher Education in Further Education

Hepi – Higher Education Policy Institute

HESA – Higher Education Statistics Agency

HNC – Higher National Certificate

HND – Higher National Diploma

HTS – Highly Trusted Sponsor

ICR Loans – Income Contingent Repayment Loans

ILEA – Inner London Education Authority

KIS – Key Information Sets

LEA – Local Education Authority

NPV – Net Present Value

NSP – National Scholarship Programme

NSS – National Student Satisfaction Survey

OBR – Office for Budgetary Responsibility

Offa – Office for Fair Access

OFT – Office for Fair Trading

OIA – Office of the Independent Adjudicator

PSND – Public Sector Net Debt

QAA – Quality Assurance Agency

QR funding – Quality-related Research funding

RAB – Resource Accounting and Budgeting

RAE – Research Assessment Exercise

REF – Research Excellence Framework

RPI – Retail Price Index

SLC – Student Loan Company

SNC – Student Numbers Controls

SSI – Small and Specialist Institutions

STEM – Science, Technology, Engineering, Mathematics

UCAS – Universities and Colleges Admissions Service

UGC – University Grants Committee

UKBA – UK Border Agency

UUK – Universities UK

VAT – Value Added Tax

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