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## The “New” Private Higher Education Sector in the United Kingdom

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Developing a private higher education sector in England—euphemistically called “alternative providers”—is central to the UK government’s policies. The government already allows students enrolled on approved courses at private providers to claim government-subsidized financial aid. Since 2010, it has made it easier for private colleges to enter the higher education undergraduate market through liberalization. It plans to do much more. The government’s 2015 higher education Green Paper, shortly to be turned into legislation, wants to remove barriers to entry and growth. In return for more regulation and potentially much more money, it proposes speeding up the processes whereby new entrants can gain degree awarding powers and access a university title, while simultaneously lowering the entry bar. Why is the government pushing this policy agenda? Does England need a private higher education sector?

To date, there is absolutely no evidence that UK private providers are really challenger institutions or disruptive innovators who will reshape the higher education undergraduate market, improve quality, widen participation, and drive down prices. Rather they are costly to the public purse, divert resources away from existing public provision, absorb an inordinate amount of public officials’ time, en-

ergy, and focus, are of questionable quality, and are likely to perpetuate, rather than eradicate, existing inequalities in higher education participation and outcomes. Ultimately, they are a reputational risk to the United Kingdom's higher education system.

#### THE DRIVERS OF PRIVATE HIGHER EDUCATION EXPANSION

Looking across the globe, the key drivers for the recent development and expansion of private higher education have been: to meet rising unmet demand, especially among young people; to help widen participation; and to fill niche provision. Do these apply to England? In 2015, the government lifted the cap on undergraduate student numbers in the public sector specifically to meet pent up demand. Applications and acceptances to English universities increased and reached the highest ever entry rates (which take account of demographic changes) recorded for 18 and 19 year olds. Now 42 percent of English young people enter full-time higher education by age 19, and are over a quarter more likely to do so than in 2006. So enrollments among young people are largely holding up, despite the threefold increase in full-time undergraduate tuition in 2012/2013 (unlike enrollments for mature and part-time undergraduates). But the growth has been unequal, with public higher education institutions at the bottom of England's hierarchical and stratified system seeing the smallest enrollment increases. Some institutions are struggling to fill their places, bringing into question the extent of unmet demand.

What about entry rates in England for students from poorer and disadvantaged backgrounds? Is the public sector widening participation? In 2015, entry rates for disadvantaged 18 year olds also were the highest ever recorded at 18.5 percent, but the rate of growth has slowed down recently. Even so, disadvantaged young people in England are 30 percent more likely to enter university in 2015 than five years ago, and 65 percent more likely than in 2006. Yet, there has been limited progress in these young people's access to the most prestigious universities, those demanding high entry grades. In 2015, only 3.3 percent of the most disadvantaged entered such universities compared with 20.7 percent of the most advantaged. Disadvantaged students and students of color remain concentrated in the least prestigious universities. Significantly, however, this expansion has been achieved without any apparent deleterious effects on drop-out. Noncompletion rates are falling in England. In 2013/2014, only 7 percent of all full-time degree students and 8 percent of similar disadvantaged young students dropped out of higher education after their first year of study.

Finally, niche and innovative provision is well serviced by government-funded further education colleges. These colleges have seen some increase in their undergraduate

student numbers following earlier reforms. They are particularly well attuned to the needs of local students and local employers, and their tuition fees are lower than universities. Yet colleges have been the target of government funding cuts.

Public sector higher education seems to be doing pretty well in terms of meeting demand, widening participation, and fulfilling niche provision. It could certainly do better. To understand the government's love affair with private higher education, we have to look elsewhere—to its ideology. Neo-liberalism with its idealized notion of the market is a hallmark of this, and the previous, governments' public service policies, including higher education. The government's vision is of a higher education sector whose purpose, role, and operation are driven and defined by the market. Provider competition and consumer choice supposedly leading to increases in efficiency and innovation are driving higher education reforms. To this end, in 2012/2013, the government withdrew most of the money it gave England's public universities for teaching, and raised the cap on tuition to £9,000 per annum (making it the most expensive higher education system among OECD countries), which

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students repay via subsidized loans. It sought to put students "at the heart of the system." Consequently, the culture of many public higher education institutions is changing. Many have become far more managerial and "customer" orientated. Increasingly, we are seeing privatization in education with the involvement of the private sector through a variety of arrangements that fall short of outright privatized provision, such as public-private partnerships, contracting services, and financing. Currently there are proposals to privatize quality assurance.

Now, the government wants the privatization of education to stimulate yet more competition and innovation, more choice for students, and better value for money, purely for ideological reasons.

But is this privatization really necessary, given the reach of marketization within the public sector and its record on meeting unmet demand, widening participation, and niche provision? From the limited data on the emerging private higher education sector in England, it is not. What we know

about private providers from research and official reports is not flattering, leaving civil servants and other government agencies preoccupied with unravelling the mess that characterizes this inadequately regulated evolving sector and the risks it poses, and taking a series of rearguard actions, often behind closed doors.

#### **PRIVATE PROVIDERS IN THE UNITED KINGDOM**

Of the estimated 670 private providers in the United Kingdom today, the majority operate as for-profits and are newly established. Just seven have degree awarding powers and four have university status. Compared with the public sector, most are cheaper, small, concentrated in London, highly specialized, offering a limited range of courses and a limited number of qualifications—mostly at sub-degree level, and have lower entry requirements. Government research estimates that there are now between 245,000 and 295,000 students in the private sector. Most study full-time and about half are international.

The number of private sector students claiming government-subsidized financial support has increased tenfold since 2010/2011, to around 60,000. The taxpayer costs of this aid has soared from £30 million in 2010 to £723.6 million in 2013–2014, before falling to £533.6 million in 2014/2015 after the government introduced a cap on student numbers at private colleges because of concerns about quality and rocketing public funding. A damning report on financial support for students attending private colleges by the National Audit Office, which scrutinizes public spending for Parliament and helps Parliament hold government to account, showed: students claiming support for which they were ineligible; providers recruiting students who do not have the capacity or motivation to complete their course; drop-out rates five times higher than the public sector; providers enrolling students accessing support onto unapproved courses; and providers supplying inaccurate information about student attendance.

All are clear examples of the waste and abuse of public money for the private gain of providers. They, together with the public costs, bring into question the supposed attractiveness of private providers as cheap alternatives to public universities, as well as what their students and taxpayers are getting in return. Why not invest and concentrate on public higher education instead of expanding private provision? ■

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