

## Five stages of marketisation in English higher education policymaking

MCCAIG, Colin <<http://orcid.org/0000-0003-4364-5119>>

Available from Sheffield Hallam University Research Archive (SHURA) at:

<http://shura.shu.ac.uk/24351/>

---

This document is the author deposited version. You are advised to consult the publisher's version if you wish to cite from it.

### Published version

MCCAIG, Colin (2019). Five stages of marketisation in English higher education policymaking. The Society for Research into Higher Education (SRHE).

---

### Copyright and re-use policy

See <http://shura.shu.ac.uk/information.html>

<https://srheblog.com/2019/03/29/five-stages-of-marketisation-in-english-higher-education-policymaking/>

## Five stages of marketisation in English higher education policymaking by *Colin McCaig*



The use of the term 'neoliberal' to describe the marketisation of HE systems implies a 'grand design' that takes a public service like HE and creates a market; however it seemed to me that this differed from a 'free capitalist market', nor did my understanding of the historical development of HE in England seem to reflect such a simple linearity of design. Therefore I decided a couple of years ago to really nail down what neoliberal marketisation means in the context of the English HE system.

The result was *The marketisation of English higher education: a policy analysis of a risk-based system*, my 2018 book summarised in a paper to the SRHE Research Conference in December 2018. Employing a political discourse analysis (PDA) approach to a close reading of 16 HE policy documents over the last thirty years I identified five distinct stages of marketisation policy, reflected in arguments used to justify reform:

### **Stage 1: efficiency, accountability and human capital (1986-1992)**

This stage was exemplified by reforms highlighted in: the [Jarratt \(1985\)](#) Report on university management and the [Croham Report \(1986\)](#) on the future of the University Grants Committee; the [1987 White Paper](#); the [1988 Education Reform Act](#); and the [1992 Further and Higher Education Act](#). Arguments deployed included the need for 'New Public Management' thinking: ideas that promoted **entrepreneurialism** among university and polytechnic leaders. University and polytechnic boards, and the new Universities Funding Council, would henceforth include business representatives; individual academics were also encouraged to be more entrepreneurial, selling their expertise as consultants. At the same time the binary system would be unified and expanded in the hope that institutional competition would ensue, the better to meet the changing basis of demand for **human capital** in the knowledge economy of the future.

### **Stage 2: diversity as a good (1992-2000)**

Policy documents during the 1990s largely celebrated and encouraged **diversity** and the prospects for widening participation. The new landscape of different types of institutions and modes of HE were seen as essential for expansion and lifelong learning needs. While the discourse shifted radically in some ways from stage 1, human capital needs were still to the fore - as important as social justice arguments when it came to arguing for a widening of participation. [The Dearing Report \(1997\)](#) encapsulated most of the debates around the future size and shape of the sector and how to fund expansion, recommending the introduction of partial fees. Commissioned by the Conservatives, it reported to an incoming Labour government wedded to social justice objectives and lifelong learning.

### **Stage 3: diversity becomes differentiation (2003-2010)**

The major policy statements covered in this stage - the [2003 White Paper](#), [2004 HE Act](#), and the [2009 White Paper](#) - introduced radically new arguments for a new purpose. No longer would system diversity be celebrated for its own sake, HEIs were now exhorted to **differentiate** their offer in the marketplace to attract applicant-consumers. Responding to institutional pressures for more funding, government introduced a variable tuition fee, on the assumption that only the most highly-demanded universities would justify the higher fee of £3,000 per annum. The policy arguments used in this stage were unusually reactive; the Russell Group and 1994 Group of universities had long lobbied for 'top-up fees', partly on the basis of actual costs but also because they believed they needed to be **differentiated in the market** from 'other' universities and types of HEIs. Greater centralisation paved the way for the regulatory framing for the market we see in 2019.

#### **Stage 4: competitive differentiation (2010-15)**

This stage can be seen mainly as the continuation of the implications of the previous stage - the arguments deployed in the [Browne Review](#) of HE funding and student finance (2010) and the [2011 White Paper Students at the heart of the system](#) dominated policy discourse. The need to have an efficient, responsive *differential system reflecting a competitive fee distribution*, to (roughly) match the UCAS points distribution between highly-demanded and less demanded institutions, became more critical in the era of £9,000 a year tuition fees. This decision can be seen as the key driver of virtually all policy since 2010.

#### **Stage 5: risk and exit: the completion of the market?**

The [2015 Green Paper](#) and [2016 White Paper](#) introduced proposals and legislative measures finally to actuate the variable tuition-fee market as envisaged as long ago as 2003. The [Higher Education and Research Act](#) introduced a single regulator for all and any HE providers - the omnipotent Office for Students (OfS) which manages, via quality oversight and funding incentives, the system of risk-based monitoring that is designed to *encourage 'exit' for failing providers*, to be replaced, if necessary, by new alternative providers encouraged in turn by lower Degree Awarding Powers and University Title barriers to market entry.

#### **Marketisation 1986-2019: a tortured path or linear progression?**

At the time of writing no providers have been allowed to fail/exit and many in the sector are in denial that government would ever allow it to happen: but that is the iron logic of the market thus constructed. Successive OfS and government statements (from OfS Chair Michael Barber, and successive Universities Ministers Sam Gyimah and Chris Skidmore) have been at pains to reassure us that they will not prop up a failing institution, defined as one that fails to attract enough applicant-consumers willing to pay a given tuition fee. New providers, coming to market with a cheaper offer, will finally create downward pressure on (stubbornly un-differentiated) fees: 'failing' providers either lower their fees or risk losing students to the competition. Needless to say, none of this harms the established research-intensive 'elite' providers that had been lobbying for differential fees since the late 1990s.

Was all this part of a grand neoliberal design, a blueprint for marketisation? Or a collection of reactive decisions designed to ameliorate the effects of the unintended consequences of previous reforms, or indeed externalities such as the 2008 crash? Diversity and (largely unplanned) expansion certainly begat defensive differentiation among the existing (pre-1992) universities, which immediately called for the right to charge 'top-up' fees in the name of differentiation. Government, meanwhile, trying to widen participation for human capital as well as social justice purposes, also needing to satisfy the pre-1992s, hit upon choice for the applicant consumer in the run up to the 2003 White Paper as the mechanism that would allow applicants to see where the most highly valued HE was to be found. The *Times Higher Education* duly obliged with the first wave of its 'price-list' domestic league tables from 2005. While commercial league tables never featured in any policy statement, officially endorsed indicators of 'quality' such as the National Student Survey, the Destination of Leavers from HE survey and a UNISTATS website containing consumer information were all conceived at this dawning of the competitive market, all in the name of differentiating the system so that applicants could differentiate the pre-1992 'wheat' from the post-1992 'chaff'.

The 'end-stage' of the market (HERA 2017) attempts to open up the system to cheap incomers that maybe, just maybe, will provide the much needed downward pressure on average tuition costs. Poorer students are exhorted to think hard about increasing their own (and public) future debt by choosing the wrong kind of HE providers: the 2016 White Paper celebrates the good access record of many 'new providers' and the virtues of alternatives such as apprenticeships. After twenty years of

promoting the 'graduate premium' (first noted in the Dearing Report 1997), the White Paper points out how differentiated that benefit can be, and promises us more sophisticated evidence from tax returns (LEO data) to dissuade those with the least chance of enhancing their life through HE.

*Colin McCaig is Professor of Higher Education Policy at the Sheffield Institute of Education, Sheffield Hallam University. He has published extensively on widening participation and system differentiation and is a political scientist by background. His book [The marketisation of English Higher Education: a policy analysis of a risk-based system](#), was published by Emerald Publishing (ISBN: 9781787438576) in 2018.*