

State of play

The government has made much of increasing UK education company exports. But the activities of state-backed organisations such as the British Council and the BBC back have riled the sector, finds **Julian Hall**

There is continual discourse about what role business can play in state education, as evidenced by the apprenticeships programme and the rise of academies.

But how often do we stop and think about the impact that the government and state bodies make on education businesses themselves?

Shifts in government policy in areas like skills, nurseries, the curriculum and examinations require the education industry – publishers, suppliers and other providers – to re-gear and adapt to new conditions swiftly. This is only to be expected and it would be wrong to suggest

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that the needs of companies come above learners.

However, some firms complain that their needs are sometimes overlooked; moreover, while it’s hard to argue against the government rolling out such ventures as a new free teaching jobs board, for example, there is a growing perception that the state is fostering serious conflicts of interest that affect large swathes of the education industry.

There are two particular ongoing, unresolved, examples of this. One is the government-backed independent charity, the British Council, which bids for English language teaching (ELT) contracts against

companies it is supposed to represent and promote abroad. The other is the BBC Bitesize learning resource which critics say is “killing British companies” in the ed tech sector.

Predatory and damaging

Founded in 1934, the British Council has the mission statement of exporting British talent and expertise across the globe. This was made harder between 2010 and 2014 when government funding, via the Foreign & Commonwealth Office (FCO), was cut by 25%.

In response the British Council ramped up its commercial activities, and by 2014 had achieved an increase of over £100 million in self-generated income since 2010. Furthermore, in its annual report of 2014/15 it stated that it had increased turnover by nearly £109 million compared to the previous year, meaning that its “earned income as a percentage of turnover rose from 81% to 84%.”

Learners in regions as far and wide as Asia, Africa and Latin America may have much praise for the organisation, but some ELT companies at home have come to see its activities as a predatory, actively unhelpful and ultimately damaging.

In 2014, the FCO’s Triennial Review into transparency and conflicts of interest indeed concluded that the British Council “acts as an advocate and advisor for other UK providers in fields that are also important sources of its own self-generated income”, and that this may pose a conflict of interest.

Global audit firm Ernst & Young was subsequently hired to carry out an investigation, with an FCO brief to separate out the British Council’s “income-

generating activities and those for purely public benefit”. However, a spate of complaints made recently to the British Educational Suppliers Association (Besa) suggest there has been little improvement, despite clear concerns and promises of remedial action.

Caroline Wright, director general designate of Besa, says that prior to the the British Council’s budget cut and subsequent extension of commercial operations it “would partner or promote British companies to offer ELT, [but] now it is in competition”. She adds that “in some areas, they do not appear to be competing on a fair footing as they seem to be using their ‘favourable’ links with UK and international governments to exploit market opportunities directly, rather than sharing them with the wider UK market as their mission and values requires them to do.”

Emma Rogers, co-founder and chief executive of Little Bridge, an English language learning ed tech company, remembers attending the launch of the Triennial Review in London, hosted by UKTI Education, a government department tasked with promoting British education businesses overseas. At the event a language school owner spoke out, claiming that his £10 million turnover had been hit hard by the British Council operating in areas where he was recruiting and luring students to London with the offer of free travelcards.

Rogers herself later made a complaint to the Council after she found that neither Little Bridge, nor its local partner, had been invited to a key conference in one of the countries the company operates in. She says the complaint went around the houses of the British Council, the FCO and even the Cabinet Office but Rogers is not



► aware of any further action being taken.

Both Rogers and Wright say they find Council officials receptive to complaints, but see no evidence of a change in approach and have heard from numerous companies keen to keep their distance from the British Council and reluctant to share information.

Rogers tells *EducationInvestor* that she recently received an email from an associate in Mexico, who said the Council had taken business away from them and used “its diplomatic status not only to open doors but also to ‘twist the arms of Mexican officials’.”

Similar complaints have reached Besa from Colombia, Chile and Vietnam, while in Mexico a local business expert working with UK companies noted: “In recent months we have seen an increase in the efforts of the British Council to promote services and products which directly compete with those offered by our British principals... They commission a Mexican developer to produce material so they can offer it to the market as a jointly developed product.”

In addition, disgruntled ELT providers claim that while the British Council does a good job of training teachers, it is not always great at teaching languages, and a more contested market would be good for learners and rival UK providers alike.

The Council’s response is one of predictable reassurance. They say they operate on “an open and transparent basis” and compete fairly, with a rigorous process determining “when to bid and when to partner”. Moreover they stress that they “work collaboratively with UK government and education providers to position UK expertise, and aim to work in partnership where it adds value to the client or benefits the UK without reducing value for the client”.

A Bitesize share?

‘Move along, nothing to see here’ is also the response from the BBC executive, regarding claims by ed tech businesses that their Bitesize revision app is seriously damaging the sector.

The Bitesize initiative came about at the BBC’s last charter review, from an understandable desire to add a new education string to the broadcasters’ bow. Bitesize provides learning resources for adults, children, parents and teachers,

including videos and audio clips by level, subject and topic.

For David Jaffa of online revision company SAM Learning, however, the attitude of the BBC was “as if there is no possibility of anyone else providing that. It’s like saying if the BBC is not producing kids’ programmes then Disney and Nickelodeon couldn’t possibly fill that gap. Why spend taxpayer money multiplying what other providers offer?”

One of the specific issues arising is that the launch of a Bitesize app has ditched links to external providers (although they do appear on the Bitesize website). The



BBC has asserted that the app is a way of making the experience of using their content more satisfying rather than to generate more users.

But George Burgess, chief executive and founder of study app Gojimo, does not agree. “The high recognition and positive experiences associated with the BBC brand give their app an immediate foothold in the app store, meaning they do not need to advertise in order to attract new users. Despite this the BBC have been running an aggressive advertising campaign that includes TV ads at prime time [on their

channels], and ads on Radio 1. Additionally they are running promotions on Facebook aimed at teens.”

Burgess believes that the adverts are an unfair advantage and adds that they are deliberately app-focused. “If it continues on its current trajectory, BBC Bitesize will kill British companies. People will lose their jobs.”

Jaffa describes the effects of Bitesize as driving down prices and scaring off investors, but he is not sanguine about finding redress. “The BBC have been playing the game for a long time, they know how to play and they don’t play fair.”

He recognises the broadcaster’s public service remit, but says that things could be improved if it had a proper list of vendors and could show a product road map so that the industry could go away and differentiate. The BBC says that it regularly shares and consults, but the view outside is that it does not go far enough.

A way forward

In the cases of both the British Council and BBC Bitesize, it’s hard to say exactly where the line should be drawn between their public duty and commercial ambitions. Some believe a more level playing field would only be achievable if both institutions began to collaborate and partner with their private sector critics.

Matt Robb from educational consultancy Parthenon-EY, which was acquired by Ernst & Young before the review of the British Council’s activities, has little comfort to offer the disaffected parties. He points out that these issues pale in comparison to, for example, for-profit schools being kept from flourishing in the state sector and the effect of the government’s tightened immigration policy on higher education. He also feels it will be very difficult to prevent the BBC and the British Council from offering at least some form of competition.

“The BBC needs to produce things that are useful, otherwise we would be paying the licence fee for nothing. Meanwhile, the British Council is an independent charity and though the government could (for example) kick it out of embassies, it’s not clear it is in Britain’s interests to do that. It could be more transparent and, in some cases, it does some sharp-elbowed things, but no one is arguing the British Council does no good.” ■