



Privatising Halls of Residence

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Summary

Many universities are privatising their halls of residence, to avoid borrowing capital to improve or build halls themselves. But students and staff pick up the bill - jobs have gone and rents have risen sharply. Students may have to pay more each week and for more weeks in a year.

Rents are the largest single item of expenditure for students. One impact of privatisation and PFI of halls of residence is that fewer people from poorer families can afford to go to university in direct conflict with the Government's objective of improving access to higher education.

Quality of accommodation has improved - so that the new owners can provide rooms for delegates attending conference at the universities. Building standards in some new halls have been poor. The social role of halls has been undermined, with fewer facilities in-house.

1. What is happening?

Many universities - and other institutions of higher education - are privatising halls of residence. A small group of companies has won many contracts to own and manage halls, on behalf of universities.

In many cases, contractors are building new facilities under Private Finance Initiative (PFI) deals. There are other examples where universities have contracted with companies for the replacement of decaying existing halls with new-build accommodation, for these to be managed externally. In a few instances, contractors have bought existing halls of residence for letting to students. Elsewhere, universities have arranged for private contractors to manage halls on their behalf.

2. Why is it happening?

Universities are being pressured into privatisation or PFI. Many of their halls of residence were either purpose built in the 1960s and showing their age, or else are adaptations of Victorian buildings which no longer fit modern needs.

Higher Education Funding Council rules require institutions to seek permission if borrowing more than 4 per cent of total income. This is perceived as a discouragement to financing improvements or new building of halls of residence through borrowing.

Where universities and other institutions need to improve accommodation, or increase capacity, they are often funding the capital work through the use of the PFI or by privatisation.

3. What are the effects of privatisation?

Higher rents

Rents at Southampton Institute's halls of residence rose by 22% after privatisation, to the highest rent levels in the country. Under the pressure of public embarrassment rents were cut, but remain some of the highest outside London. Rooms in its halls now cost £78 per week. Accommodation provided locally privately typically costs £55 a week and some cost as little as £45.

At York, rents are now £60 or £72 - according to which hall students are in - compared with £48 prior to privatisation and an average of £57 for other accommodation in the area. Moreover, the university's student union says that while rents are 20% higher than those in campus housing are, the quality of accommodation is no better.

Before privatisation, York students were never required to pay a deposit and those in campus housing are still not. Those in privatised accommodation must now find a deposit of £150.

Rents at Manchester Metropolitan University rose sharply after privatisation. Students in privatised accommodation are paying as much as £76 a week. But rooms in halls not subject to privatisation - supplied privately under traditional contract arrangements - are rented out for as little as £38.55.

Student nurses at Luton University who had been housed by the Luton & Dunstable NHS Trust were given one month's notice that they were to move to new PFI contracted accommodation. Rents increased from £177 to £244 a month. These new rents are so high that many student nurses are reporting extreme hardship, with at least one forced to sleep in a car.

The provider in both Luton and Southampton is the Servite Housing Association, which points out that the rents are set not by itself but by the bodies it is contracted to (the Luton & Dunstable NHS Trust and the Southampton Institute).

It is easy for private contractors to increase rents and there are no guarantees that existing high rents will not increase further in future years.

Higher rents are not necessarily a reflection of unfair pricing - the quality of accommodation is often very high. Rooms usually have en suite toilet and bathrooms, whereas the facilities they replace do not. But the improvements have less to do with what students want - which typically is low rents - and more to do with the needs of the provider in being able to use the rooms for conference delegates outside of terms.

Rachel Cashman, the National Union of Student's former vice-president for welfare, said: "Housing for students continues to take up a huge proportion of their income. Accommodation costs are rising in some areas at almost three times the rate of inflation. "It's like top-up fees through the back door. Universities are trying to privatise large chunks of their student accommodation. The priority for a lot of these private companies is building accommodation for conferences in the vacations rather than building a home for students during term-time." In reality, some of the companies moving into the sector have found it difficult to implement business plans that assumed large conference income. The conference market has become more competitive, leaving universities winning less trade and the halls of residence have failed to let accommodation to the business sector. Some have moved to cover this deficit by requiring students to rent rooms for more weeks in the year.

Longer tenancies

Research conducted by the National Union of Students found that the required student tenancy in halls has increased from 37 weeks in a year to an average of 39.5 weeks. The average in private halls is 45.5 weeks. This increases the guaranteed income for the provider. At York, students in privatised halls are now required to enter into 52 week lets.

Moreover, the legal agreements imposed on students in York's privatised halls are more onerous than those in campus housing, giving the landlord greater power and control. Tenants are legally required to continue paying their rents, even if they leave their course mid-year. Because the halls are new and there

is little practical experience, some contractual matters will take some time to clarify.

Legal advice sought by the students' union in York established that some requirements in the licence were in conflict with the university's rules. This problem was overcome by specifying that the licence had legal precedence over the university's rules.

Access to higher education

Student funding is as much about expenditure as income. Rents are the single largest element of a student's costs. Increasing by such a large amount the costs of student life directly conflicts with the Government's objective of widening access to higher education. The Government should be aware that the impact of PFI and privatisation of halls of residence is that fewer people from poorer families will be able to afford to go to higher education.

Restricted choice

Students should be given the choice of whether to opt for better and more expensive halls of residence, or cheaper accommodation. But because the contractors are attempting to service the conference market, all rooms are being provided to a set minimum standard which is likely to be unaffordable for poorer students.

Lost jobs

UNISON is particularly concerned at the loss of jobs. This not only leads to our members being made redundant, it also means that students lose protection and support. Privatisation of halls is likely to lead to reduced provision of personal security and pastoral care. Where universities often employ 24 hour porters, the fear is that privatised providers will not.

Privatisation of the facilities management of two office buildings and their staff at Kings College in London has led to the loss of 200 jobs, as well as many services that were traditionally provided to students. Job losses can similarly be expected where halls are privatised.

Lost control

Universities continue to have responsibility for the welfare of students and are still expected to resolve any problems associated

with the halls of residence - but no longer have the powers to do this. At London's School of Oriental and African Studies (SOAS), the university received complaints about halls that are now being run by Shaftesbury Housing Association.

Moreover, the university became associated with decisions taken by Shaftesbury. One job advertisement by the association stressed its Christian values - which generated concern among many non-Christian students who were tenants.

Similarly, SOAS was unable to reinstate phones in the halls which were cut-off after the provider ceased trading. Students were left without working phones for months after the beginning of term.

Many students from poorer families will be forced by economic circumstances to move straight from the family home into the bed-sit, unable because of cost to access the halfway house traditionally represented by halls of residence.

Construction problems

In several cases, there have been severe problems with the construction of new facilities being built by private developers under PFI and PFI-type deals.

Jarvis had to pay compensation to students at York University because of delays in opening halls of residence. Students ended up staying in hotels at the beginning of term. Legal opinion obtained by the students' union suggests that although the development is provided by Jarvis, it is the University that retains the legal duty to students and which has the liability to put problems and right and compensate students for problems. Months after moving into the accommodation, students were still complaining of problems associated with their new rooms. The most severe of these was that even in winter some students had no working heating.

At Falmouth College of Arts, students were promised sound proof rooms. Instead they report hearing even whispered conversations in neighbouring rooms.

New halls at Oxford Brookes being built by Jarvis are without wheelchair access, despite the policy of Brookes being to ensure wheelchair access in all new buildings it controls.

Marginalisation

Construction companies building new halls of residence have focused very heavily on getting costs down. This has meant in

some instances that accommodation is inconvenient for university campuses.

The Lucy Foster hall at Southampton Institute, owned by Servite, has been nicknamed 'Sarajevo' because it is situated in an unpleasant area of town, on the fringe of a red light district. Both students' unions' officials and UNISON members in several universities report that halls privatisation has led to the loss of integration of campus and accommodation.

Loss of social facilities

Traditionally, halls of residence have shared dining rooms and easy access to sporting facilities. New privately financed halls may not. At Reading, there were no in-building facilities at the new halls, leading to excessive demand at local sports centres and conflict with residents.

Risk

An underlying principle of PFI is that the provider takes over risk from the public sector. Reality is often different. At Southampton, the Institute is providing a financial guarantee to the provider Servite that it will receive rent on rooms even if not occupied. Such arrangements are common under PFI deals, says the National Union of Students.

4. Who are the contractors?

Just four contractors dominate the market:

Jarvis is both a leading provider of privatised halls of residence and for other privatised buildings and facilities. It builds and manages schools and was a long-term partner of Railtrack.

It has halls of residence contracts at York, Oxford Brookes, Royal Northern College of Music, Nottingham Trent, Aberdeen, Greenwich, University College London, Plymouth and Reading.

Unite specialises in providing and managing student accommodation.

It has contracts at Loughborough, Aberystwyth, Northumbria, Bath, Plymouth, Portsmouth and Sheffield Hallam.

Opal operate across a variety of PFI activities. It works with NHS trusts, housing associations and has eight university leases, mostly in Manchester.

Other providers with a smaller proportion of the market are:

Servite Houses Housing Association is providing the accommodation used by the Southampton Institute and Luton University, which both stand out for high rent increases.

Leo Developments owns and manages a hall of residence for Bournemouth University.

Sanctuary Housing Association has designed, built, financed and is managing a hall for Falmouth College of Arts.

Shaftesbury Housing Association, run on strong Christian principles, provides halls of residence for the School of Oriental and African Studies.

Springboard Housing Association provides a hall of residence for special needs students at North Hertfordshire College. The association is a specialist provider of accommodation for special needs tenants.

▲ Glasgow University is negotiating what it terms 'the stock transfer' of its newer halls of residence to raise a sum of £30m to £40m. This would enable it to clear debts relating to the original building of the halls and provide it with the costs for redeveloping one of the older halls. The halls would be sold to a housing association, which would retain the rent in return for managing the properties. Pastoral care would remain the responsibility of the university. The identity of the housing association has not yet been disclosed. The student representative council at the university has opposed the plans.

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