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Dear David

Scoping Exercise for a Study of the Efficiency of the Qualifications System

Thank you for the opportunity to feed back on the Europe Economics Report.

In general terms, we endorse Europe Economics' report. We have felt right from the start of our discussions about awarding body fees that QCA needed to develop a high-level understanding of the drivers of cost in the qualifications system, starting with government and QCA policy-making, in order to target any intervention effectively and to avoid the risk of unintended consequences.

We therefore fully support the main conclusions of the Scoping Exercise, namely:

- i. That the definition of "efficiency" which most readily applies in the qualifications market is one which considers to what extent the qualifications system effectively delivers the greatest good to society (and, conversely, recognises that any approach dealing only with the efficient conversion of "inputs" into "outputs" might fail to grasp the principles of universal access and broad choice which characterise education);
- ii. That any efficiency study should consider the whole "supply chain" of qualifications and recognise the highly influential roles played for some qualifications by ministers, civil servants and QCA (Executive Summary, para 6), even if the conclusions might be uncomfortable for those concerned;
- iii. That such a study should first consider the high-level drivers of efficiency, and only then, if appropriate, attempt a micro-economic analysis (Executive Summary, para 9).

We would also support two other important conclusions within the report:

- i. That Diplomas offer a valuable and current case study through which to explore the issues surrounding the development of new qualifications driven directly by public policy (5.73);
- ii. That it is at least questionable whether reducing choice for schools and colleges (by standardising qualifications) leads to increased efficiency and that there should be an objective assessment of whether awarding bodies, given greater freedom to innovate, might produce lower-cost qualifications (Executive Summary, paras 16-17).

We are therefore happy to give our support to Europe Economics' main recommendations and commit to contributing actively to any further study which is undertaken along the lines proposed.

We do, however, have some concerns about the report which we feel we should put on record, so that they can be addressed in designing and carrying out any future study. We have grouped our feedback into three sections covering methodology, factual and analytical content, and future actions.

Methodology

We comment here both on the methodology of the Scoping Exercise and the proposed methodology for any future study:

- i. We are surprised that the analysis offered only appears to deal with the present set-up of the qualifications system, and makes no attempt to track historical changes as a way of understanding what gains and losses change may have brought; nor does it anticipate future market changes, such as globalisation or greater learner and employer involvement in qualifications choice, and how that might influence the market in future. In a market characterised by perpetual and de-stabilising public policy reform, we believe any study must be wary of taking an unrepresentative “snapshot”.
- ii. We are disappointed that the views of schools and colleges were only solicited via trade unions and other representative bodies. AoC has already published what we regard as a highly partial analysis of examination fees and was allowed by Europe Economics to air its findings unchallenged. For any future study, we would support Europe Economics’ proposal (Executive Summary, para 11, fourth bullet) that a properly representative sample of schools and colleges should provide input.

Factual and Analytical Content

We include in this section a series of comments on points of factual and analytical detail:

- i. The report appears to draw a conclusion (2.32g) that the market for general qualifications is an oligopoly, which flows in part from another conclusion that general and vocational qualifications are discrete markets (2.33 and 4.12) or, at most, slightly overlapping (4.23). We do not agree (nor do we think a scoping study should properly form conclusions of this kind, even tentative ones, when it has had insufficient data on which to draw and insufficient time to test alternative hypotheses). It is at least worthy of further examination whether, in fact, there is a single market for 14-19 qualifications, given that vocational and hybrid academic-vocational learning is growing in schools and is being treated as an alternative to traditional academic studies.
- ii. The report makes a false assertion about the current form of competition. It is simply untrue (5.26) to say that prices do not diverge significantly, as the briefest study of A level or GCSE prices over the last three years would have shown. OCR did not say (2.32g and 7.27) that price is not a basis for competition; it said firstly that price is not the primary basis of competition, and secondly that its attempts to offer price-based preferred supplier arrangements to schools and colleges had been unsuccessful because senior management in schools and colleges is generally unwilling to allow price to prevail over the educational and professional preferences of heads of department.

- iii. We would caution against any conclusions being drawn from statements about the financial benefits of technology (5.76). OCR's experience to date is that, while technology has benefited both assessment and administrative processes in terms of quality and timeliness, it has proved difficult to achieve a direct financial payback. We would also point out, as QCA itself knows, that it has proved impossible thus far to demonstrate a direct financial payback to justify investing in complex IT systems to support converged administrative interfaces across awarding bodies.

Future Actions

As we have said in our introduction, we would welcome a further study along the lines proposed by Europe Economics, beginning with a high-level end-to-end study of the supply chain. However, before commissioning such a study, we would ask QCA to review the Scoping Study in the light of our comments, to ensure that the next phase of work proceeds on a sound basis and does not carry forward the methodological weaknesses and factual and analytical errors which we have highlighted.

We would also suggest that study itself, if it proceeds, should be commissioned by the Cabinet Office, rather than QCA or even DCSF/DIUS, because - as Europe Economics' recommendations make clear - public policy-making and regulation themselves, notably QCA's evaluation of its regulatory impact, are likely to be major themes of the study.

Finally, I hope QCA will handle publication of this report with great care, and ensure that it makes clear to all stakeholders that this is only a scoping study, not a study in itself, and that it has not drawn conclusions, only hypotheses. Not to point that out would be to risk re-igniting expectations in some quarters of dramatic short-term falls in examination costs when the major drivers of costs are long-term, structural and political.

Many thanks again for the opportunity to feed back on an important piece of work and one which we look forward to supporting as it continues.

Yours sincerely

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Chief Executive

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