

School and College Purchasing Behaviours



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Introduction

Qualifications are provided in a market. Schools and colleges can choose which awarding organisation's qualifications they teach. In view of intermittently expressed concerns from stakeholders about the fees paid for qualifications, and the overall rise in expenditure on qualifications in schools and colleges, we commissioned Opinion Leader to carry out a survey to add to the evidence base on qualification purchasing behaviours in schools and colleges. We wanted to know how proactive schools and colleges are as purchasers in controlling examination expenditure and whether they act in a way to incentivise efficient delivery of qualifications by awarding organisations.

This report brings together the findings from the Opinion Leader survey with additional evidence.

At the time we commissioned the Opinion Leader survey, the latest figures available from the Department for Education showed that expenditure on examinations in England state schools had increased from £154 million in 2002/03 to £328 million in 2010/11 (over 100 per cent). Inflation over the same period (measured by retail price index) stood at around 30 per cent.

In other sub-sectors of the education sector, concerns had been raised about the increasing cost of buying qualifications. For example, the Association of Colleges' publication *College Examination Fees Expenditure 2010* found that:

Exam fees are a large and growing item in College budgets and in the management of the education system, totalling some £196m in 2009/10.

There is widespread concern in Colleges about exam fee costs. This is nothing new but the issue has become more significant as a result of the need to cut public spending and to improve the efficiency of further education.

In particular, the Opinion Leader survey sought to establish:

- the drivers and components of examination expenditure in schools and colleges;
- how schools/colleges record, monitor and control expenditure on examinations including expenditure on late fees;
- the invoicing procedures used by awarding organisations and any impact these may have on school/college efficiency, including monitoring of examination spend; and

- whether schools/colleges consider that there are unnecessary burdens imposed on them by awarding organisations specifically (and only) in relation to the procurement of qualifications.

Opinion Leader carried out the survey in summer 2013. The qualifications taken in schools and colleges are being reformed and the additional research undertaken by Frontier Economics¹ and published alongside this survey provides additional insight into how both purchasing behaviours and other characteristics of the market could change in the future. The Frontier Economics report took account of Opinion Leader's work.

Drawing on this research, we set out three areas in our conclusions² where we intend to undertake further work to support the delivery of good educational outcomes during a period of significant uncertainty for both the suppliers and purchasers of qualifications.

Research design

The research methodology for this report consisted of two stages:

1. Summary of findings of the quantitative telephone survey – Opinion Leader surveyed a representative number of schools and colleges in England and Northern Ireland between 7th May and 23rd July 2013. Participants were asked one of two questionnaires depending on whether they were academic³ or finance staff.⁴ An advisory group⁵ oversaw questionnaire content, who to direct the questionnaires to, and how to approach college and school staff. Opinion Leader carried out 268 interviews with academic staff and 266 interviews with finance staff.
2. Review of existing evidence on purchasing behaviours – to assist with the analysis and understanding of the quantitative findings.

¹ www.gov.uk/government/publications/gcse-and-a-level-reform-market-and-pricing-risks

² www.gov.uk/government/publications/gcse-and-a-level-reform-market-and-pricing-risks

³ Covering head teachers, deputy heads, heads of department and curriculum managers.

⁴ Covering bursars, exams officers, business and finance managers.

⁵ National Association of School Business Management, the Colleges' Finance Directors' Group, the Association of Colleges and the Examination Officers' Association.

School and college purchasing behaviours

The survey asked schools and colleges how they made decisions about which awarding organisations' specification to teach. Specifically the questions asked:

- who made the purchasing decisions in schools/colleges and what influences made them take those decisions;
- the extent to which considerations of qualification price levels and value for money were important in purchasing decisions; and
- the reasons why schools/colleges might switch from one qualification provider to another.

The survey confirmed anecdotal evidence that academic staff were the lead decision makers on which qualifications to purchase (in colleges, the curriculum manager; in other institutions, the head of department). The primary reasons for their specification choices included the content or structure of the specification. Figure 1 shows that for academic staff, the content and structure of qualifications and the extent to which the qualification matched with student needs are fairly comparable, with 47 per cent and 46 per cent respectively regarding them as important factors. For finance staff, the ability of the qualification to match with student needs was the most important factor, with 36 per cent of respondents indicating that they considered it to be important; this was followed by the content and structure of the qualification. This is in line with previous research that found qualification specification and content,⁶ appropriateness for the learner,⁷ and reputation of the awarding organisation and qualification⁸ (AOC, 2010) to be the important factors when purchasing a qualification. Fees were found to be less important.⁹

⁶ Independent research carried out by Grant Thornton for Ofqual in 2009.

<http://webarchive.nationalarchives.gov.uk/20110223151226/http://www.ofqual.gov.uk/public-download/category/62-economic-regulation?download=95%3Athe-reasonableness-of-fees-for-other-widely-used-qualifications>

⁷ Independent research carried out by Reckon for Ofqual in 2010.

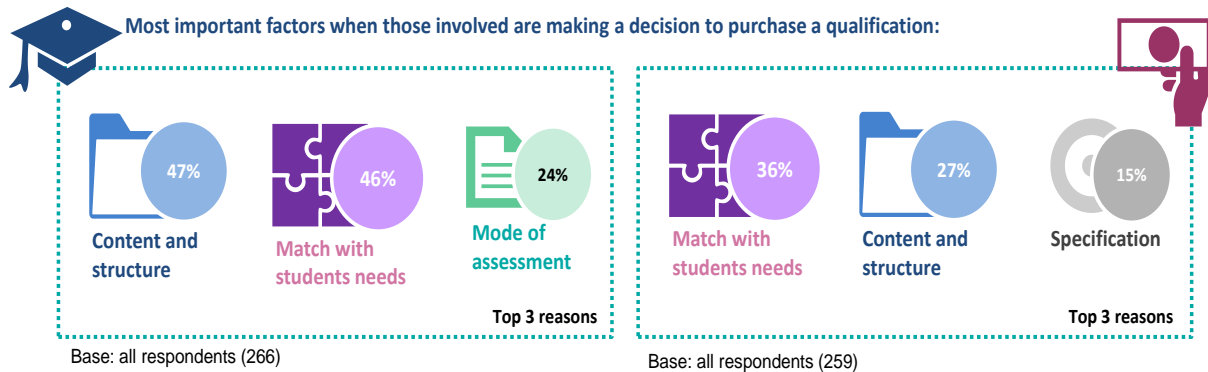
<http://webarchive.nationalarchives.gov.uk/20141031163546/http://www.ofqual.gov.uk/files/2010-11-25-increasing-the-transparency-of-qualification-fees.pdf>

⁸ Association of Colleges, (2010) College examination fees expenditure 2010

⁹ <http://webarchive.nationalarchives.gov.uk/20110223151226/http://www.ofqual.gov.uk/public-download/category/62-economic-regulation?download=95%3Athe-reasonableness-of-fees-for-other-widely-used-qualifications>
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Association of Colleges, (2010) College examination fees expenditure 2010.

Figure 1: Most important factors in determining which qualification to choose



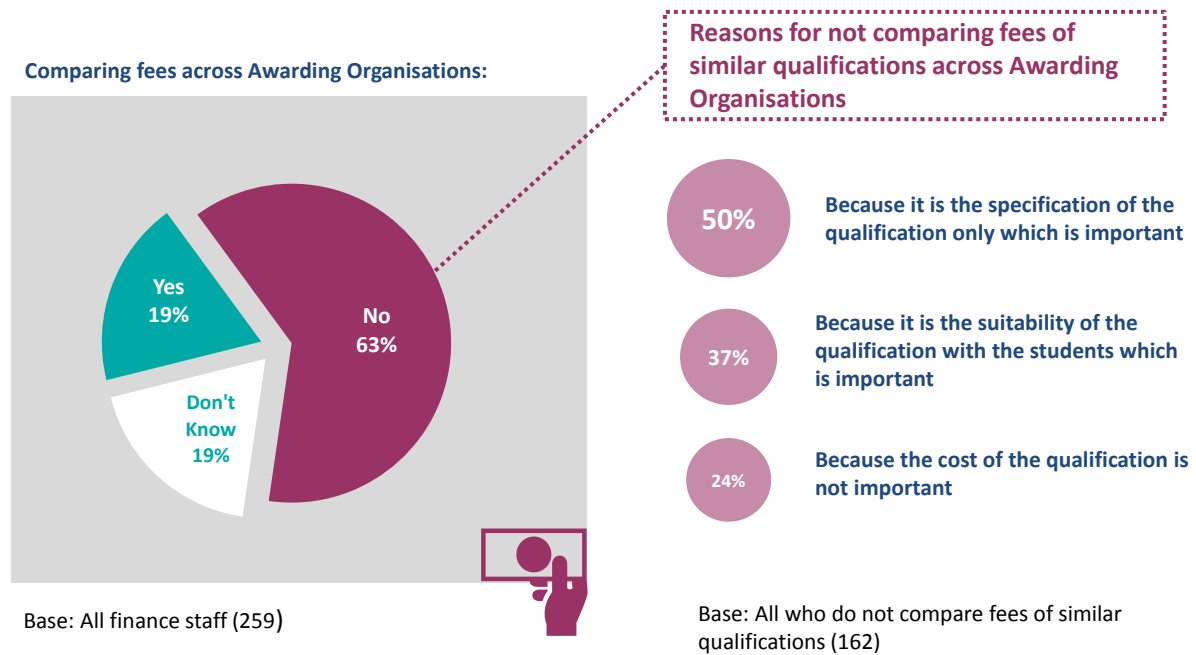
Source: Opinion Leader - Demand-Side Efficiency in Schools and Colleges: Report on research findings 2013

In the survey, both the academic and finance staff indicated that both the fees that awarding organisations charge for qualifications and their marketing materials were less important factors in the schools' and colleges' decision-making process.

However, we know that there are peak times when schools and colleges will change provider, including when new qualifications are introduced for first teaching. During these periods, we can expect marketing to be much more influential. We present the evidence on switching behaviours later in this report and our conclusions explain what we plan to do on marketing.

With regard to fees, Figure 2 shows that nearly two-thirds of finance staff did not compare the fees of one qualification with an equivalent qualification from an alternative awarding organisation. However, the survey found that finance staff in colleges compared fees to a greater degree than their secondary and independent school counterparts. Once again the reasons given by staff for not comparing qualification fees were that considerations of specification and suitability for students were fundamental, with fees not considered important.

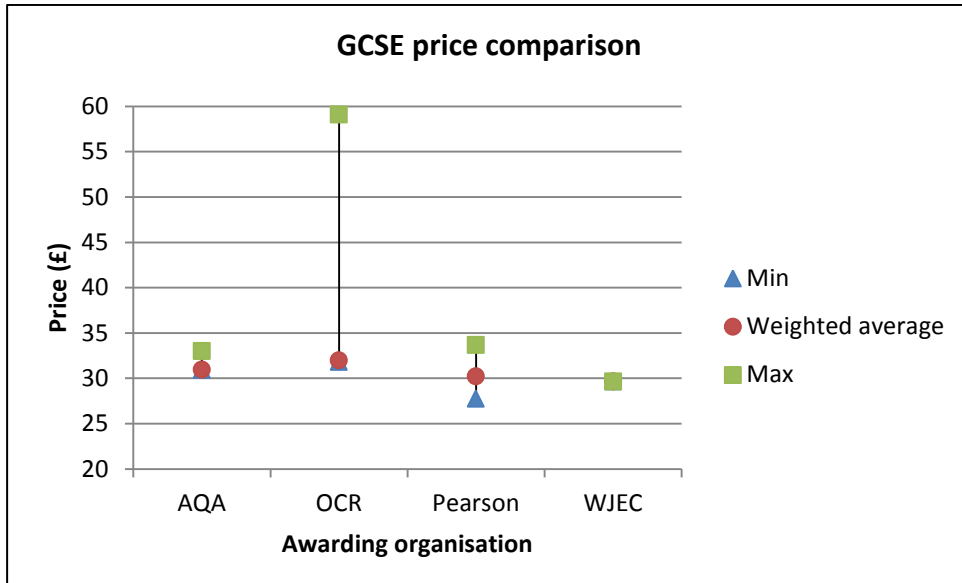
Figure 2: Comparison of fees between awarding organisations



Source: Opinion Leader - Demand-Side Efficiency in Schools and Colleges: Report on research findings 2013

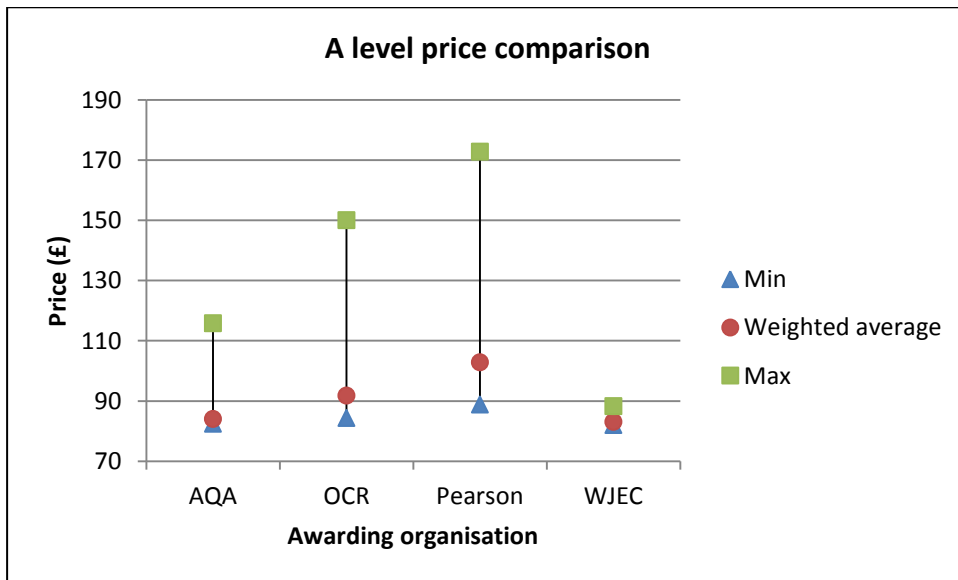
In looking at qualification fees, it is apparent that there is relatively little differentiation both within awarding organisations across the subjects they provide and between organisations in individual GCSE subjects. Figure 3 shows that the difference in the weighted average GCSE fee across the four awarding organisations is around £2 (this equates to 8 per cent variance). This relative lack of differentiation may contribute to respondents generally not considering price when choosing a GCSE qualification. The picture for A level is different, however, with more differentiation and a greater spread (over £20 and nearly 25 per cent variation between the high and low weighted averages) (see Figure 4), but there is limited evidence that this significantly influences which A levels are taught.

Figure 3: Comparison of 2014/15 weighted average GCSE fees between awarding organisations



Source (certifications): JCQ data
 Source (fees): Awarding organisations' published fee lists

Figure 4: Comparison of 2014/15 weighted average A level fees between awarding organisations

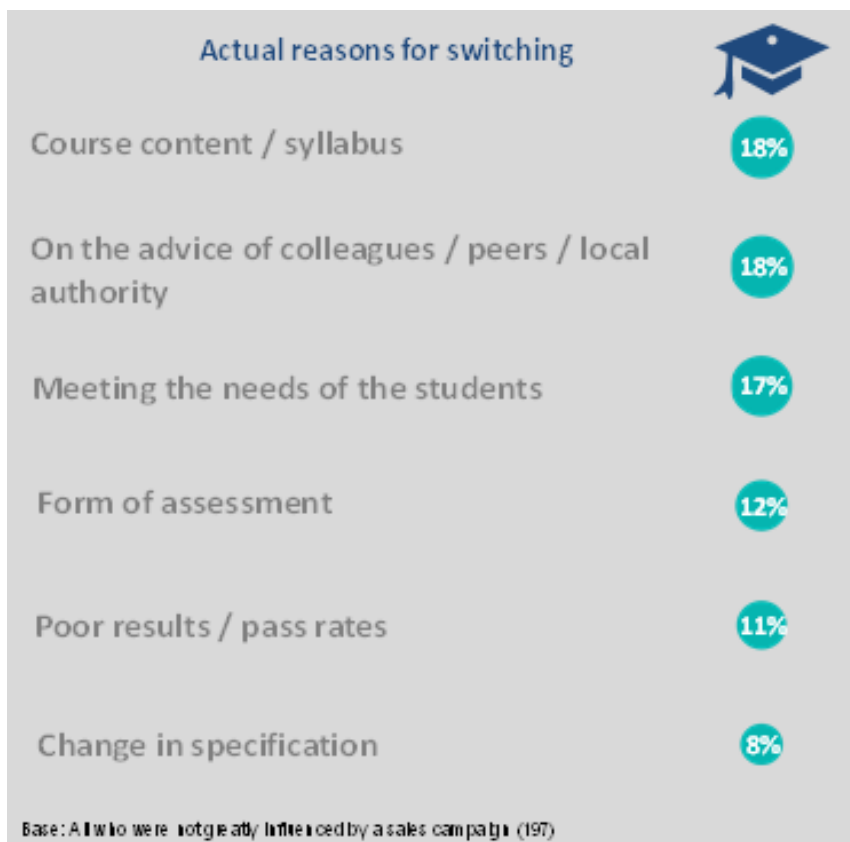


Source (certifications): JCQ data
 Source (fees): Awarding organisations' published fee lists

Note: The certifications used in the calculation of the weighted average in Figures 3 and 4 are for qualifications for which there are both 2012/13 certifications and 2014/15 published fees. Discontinued qualifications and double award qualifications are excluded.

Three-quarters of academic staff interviewed had switched awarding organisation in the last three years in at least one subject. Respondents were asked to give their views of why they might switch awarding organisation. Figure 5 shows actual reasons that academic staff (who had not been greatly influenced by a sales campaign) gave for switching. The top three reasons given were course content/syllabus, a recommendation by others, and meeting the needs of the students. This is despite the costs of switching that have been documented in previous reports,¹⁰ such as the need to change teaching materials and to build up experience in teaching a different specification.

Figure 5: Actual reasons given for switching awarding organisation



Source: Opinion Leader - Demand-Side Efficiency in Schools and Colleges: Report on research findings 2013

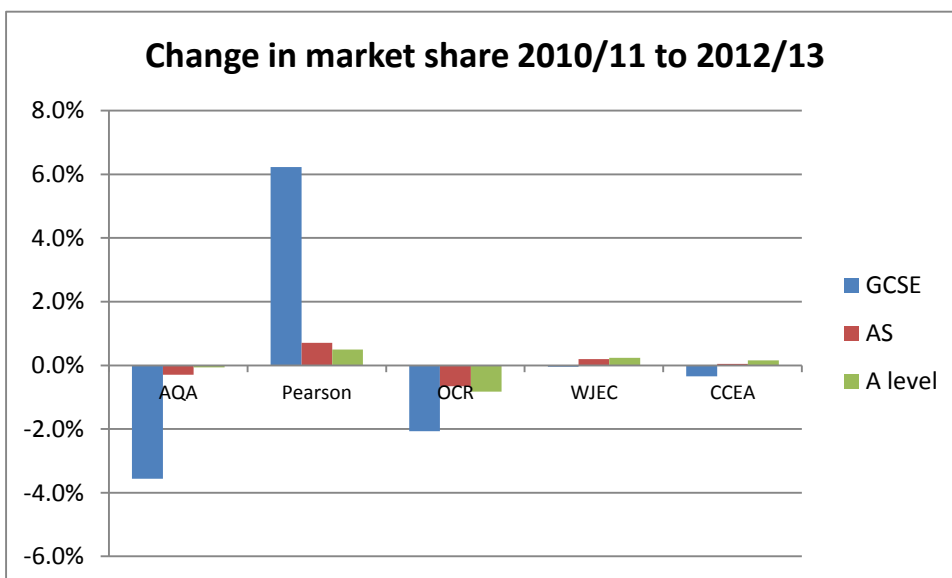
The research found that price plays a limited role in purchasing. While the survey suggests that fees were not regarded as important in purchasing decisions, 8 per cent of academic staff suggested that concerns over awarding organisation fees could theoretically prompt switching between awarding organisations. The survey

¹⁰ Association of Colleges, (2010) College examination fees expenditure 2010.

results align with the Centre for Education Research and Practice’s (2011) conclusions that the qualification purchasing market is price-insensitive and decision makers are primarily subject heads of department who are uninformed about fees. Our own analysis confirms the survey finding that switching is highest for schools and colleges when new qualifications are introduced and the barriers to switching are at their lowest.

We report changes in market shares in the *Annual Qualifications Market Report*.¹¹ In the three years between 2010/11 and 2012/13, Pearson gained GCSE, AS and A level market shares principally from AQA and OCR (see Figures 6 and 7). This is consistent with the findings in the Opinion Leader survey.

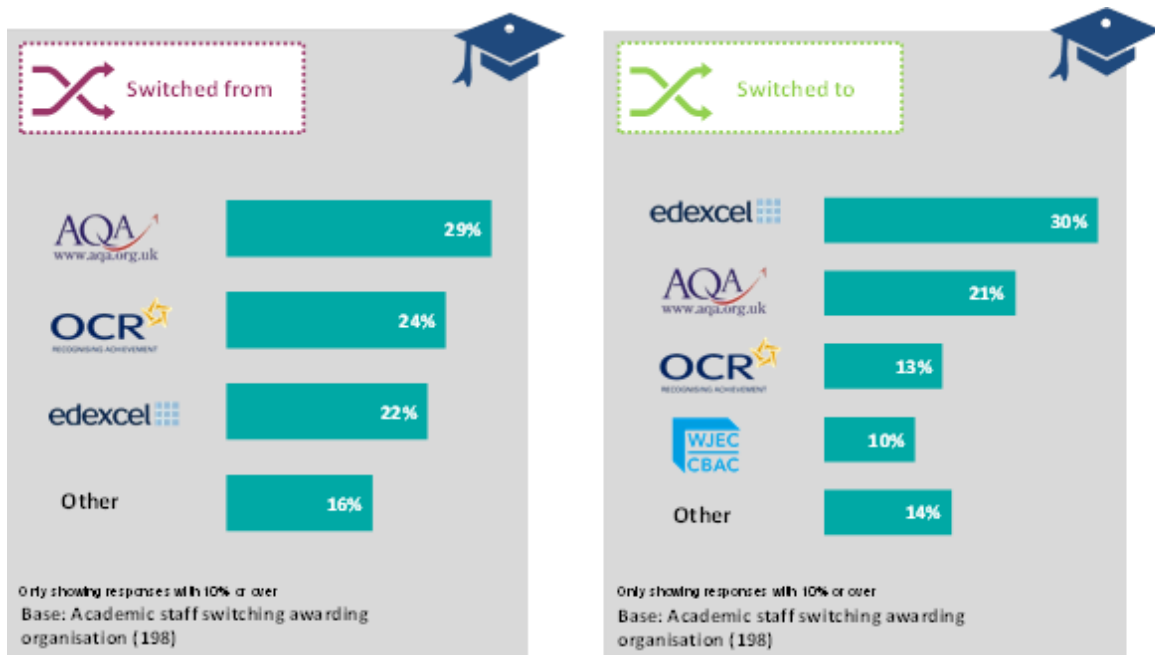
Figure 6: Change in market share in 2010/11 to 2012/13 (based on number of certifications)



Source: JCQ data

¹¹ www.gov.uk/government/statistics/annual-qualifications-market-report-england-wales-and-northern-ireland-academic-year-2012-to-2013

Figure 7: Switching behaviour



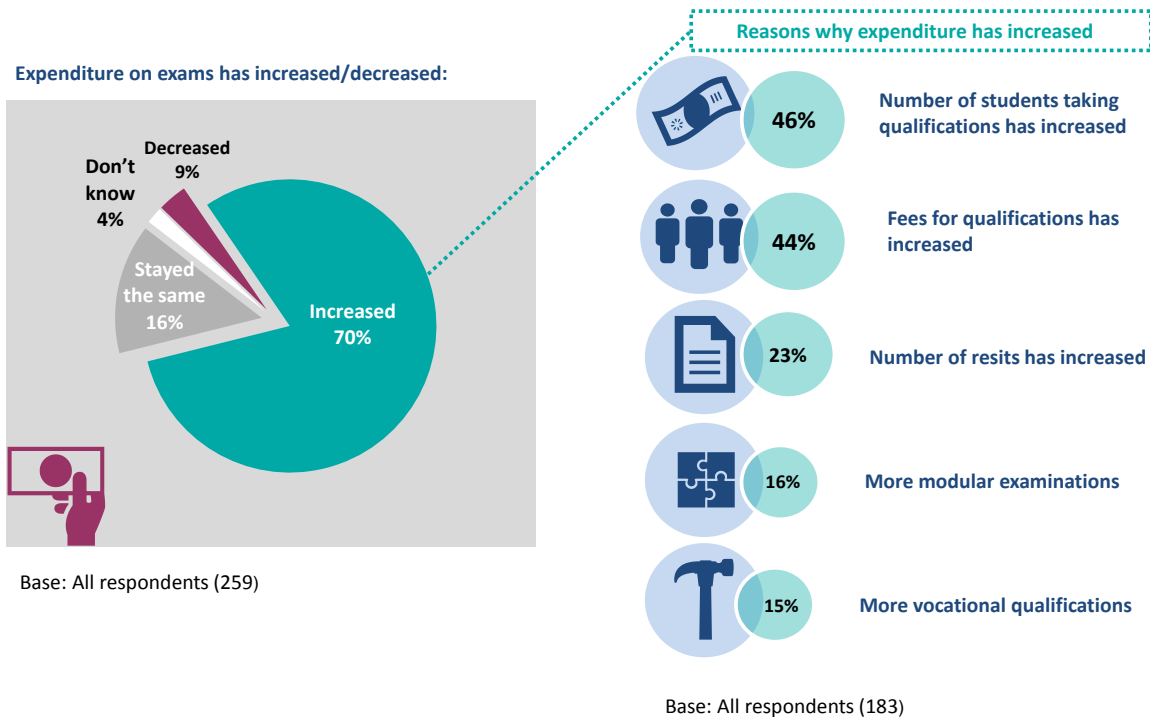
Source: Opinion Leader - Demand-Side Efficiency in Schools and Colleges: Report on research findings 2013

Expenditure on examinations

This section focuses on the examination expenditure practices in schools/colleges. The majority of finance staff responding to the survey felt that their overall examination expenditure had increased in recent years. Reasons given included a higher number of examination entries, awarding organisation fee increases, and an increase in the number of examination resits (see Figure 8).

We estimate that expenditure on GCSE, AS and A levels in 2013/14 was around £300 million. While unit fees have increased, broadly in line with inflation, expenditure on examinations has risen faster than inflation.

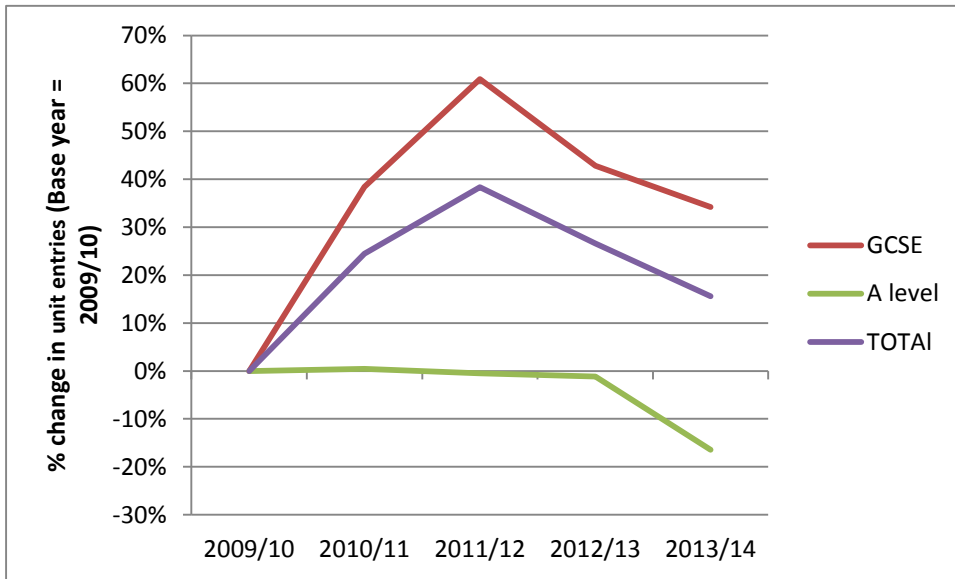
Figure 8: Changes in the overall level of examinations expenditure



Source: Opinion Leader – Demand-Side Efficiency in Schools and Colleges: Report on research findings 2013

Our analysis in Figure 9 shows that unit entries in GCSEs rose significantly until 2011/12. This is consistent with the views of those surveyed who felt that the increasing number of entries, including resits and double entry, is a major factor behind increasing expenditure. Entry data published since Opinion Leader carried out the survey in summer 2013 show that both GCSE and A level entries have since decreased.

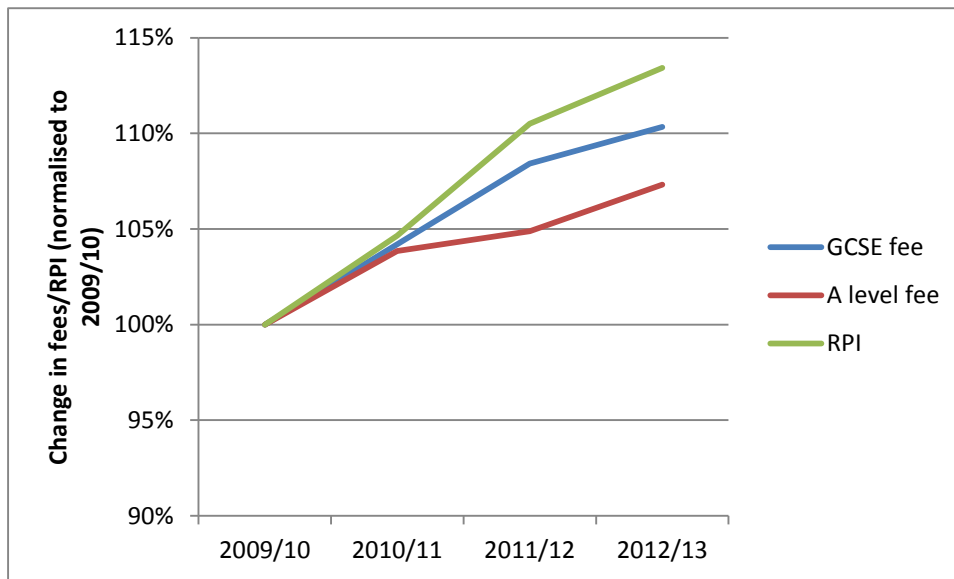
Figure 9: Change in the number of unit entries taken in schools



Source: Entries and Late Entries for GCSE and A level: 2013/14 Academic Year

Figure 10 shows how changes in the average fee for GCSE and A level relate to general inflation as measured by retail price index. Over the last three years, it is apparent that fee increases have been slightly below inflation, with this gap widening by 2012/13. In addition, given that fees for late entries currently charged by awarding organisations are dependent on the standard entry fee (typically being twice that of the standard fee for the qualification), any rise in expenditure is predominantly driven by volume rather than price.

Figure 10: Change in average qualification fee relative to retail price index (RPI)



Source (certifications): JCQ data

Source (fees): Awarding organisations' published fee lists

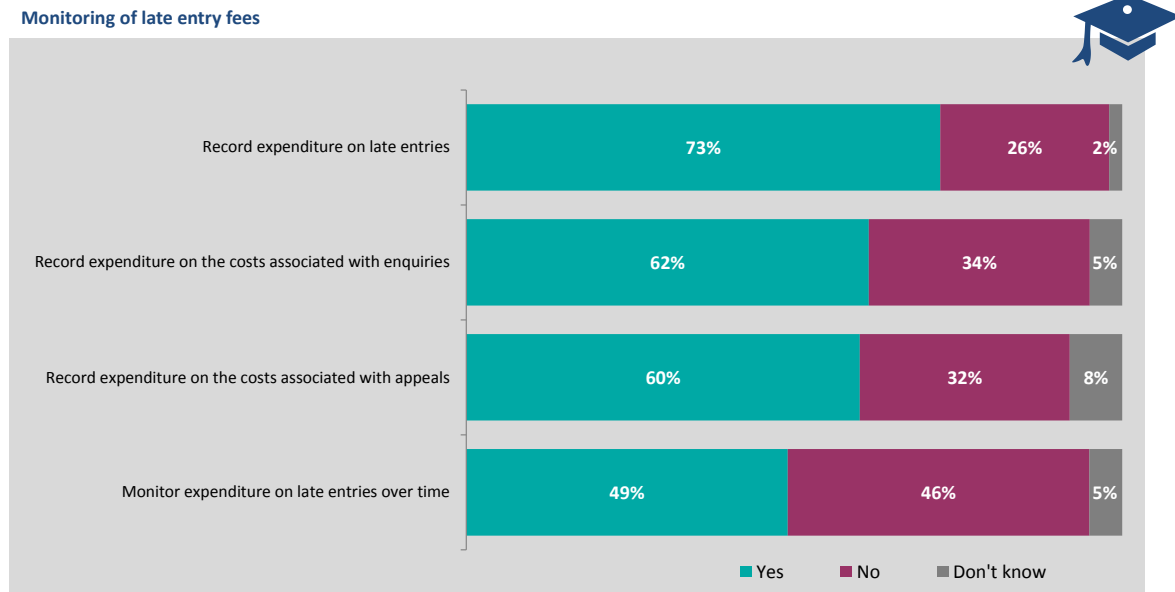
Source (RPI): Office for National Statistics

Note: GCSE fee change has been calculated as an average fee for each of the following subjects applied to annual certifications: English, maths, science, French, history, and art and design. Similarly, A level fee change has been calculated based on English language, maths, biology, French, history, and art and design. RPI changes are measured from September to September.

Steps to control expenditure

Of those finance staff indicating that examination expenditure had increased, around one-third reported that they had taken steps to reduce their expenditure. This was typically through trying to reduce the amount spent on late entries (see Figure 11).

Figure 11: Monitoring of late entry fees



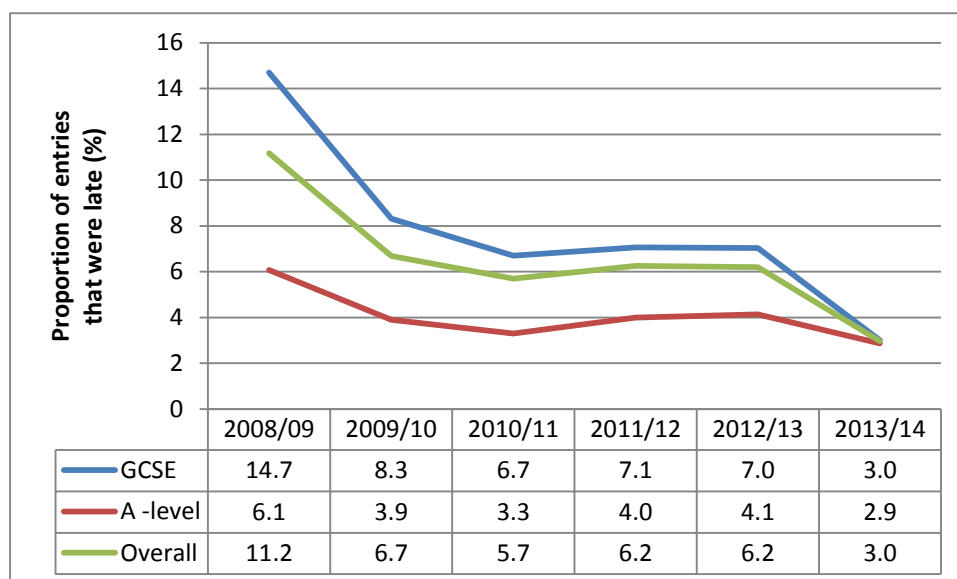
Base: All respondents (259)

Source: Opinion Leader - Demand-Side Efficiency in Schools and Colleges: Report on research findings 2013

The majority of respondents said that they had taken steps to control for and reduce the number of late entries. This is supported by the data we present in *Entries and Late Entries for GCSE and A level: 2013/14 Academic Year*,¹² which shows a decline in the proportion of late entries and a discernible downward trend particularly for GCSEs (see Figure 12).

¹² www.gov.uk/government/uploads/system/uploads/attachment_data/file/383011/2014-11-06-entries-and-late-entries-for-gcse-and-a-level-2013-14.pdf

Figure 12: Proportion of GCSE and A level entries that were late



Source: Entries and Late Entries for GCSE and A level: 2013/14 Academic Year

Table 1 shows that academic and finance staff differed in their view of the top three reasons why late entries occurred. However, the impact of choice of tier in which to enter students was common to both respondent groups.

Table 1: Top three reasons given for late entries

Top three reasons given by:	
Academic staff	Finance staff
Students wanting to change their tier	Academic staff missing the deadlines for on-time entries
Student arrival in school/college mid-year	Students wanting to change their tier
Academic staff decision to enter student in different tier	Academic staff decision to enter student into a different tier

Source: Opinion Leader - Demand-Side Efficiency in Schools and Colleges: Report on research findings 2013

This highlights that some of the late-entry practices could be managed. Also, change of tier is an important factor in late entries, for both students and staff. The respondents who felt that awarding organisations could do more to support schools/colleges in reducing expenditure on late entries gave the following recommendations: more reminders from awarding organisations closer to the deadlines; extend deadlines; reduce or stop charging late entry fees; and standardise deadlines for late entries across awarding organisations.

We expect that the implementation of qualification reforms will lower the volume of GCSE and A level resits and will result in reduced expenditure on late fees as examination administration moves to a longer linear cycle. This is already becoming evident – our Statistical Release on 14th November 2014¹³ shows that the overall entry for GCSEs in England in November 2014 was down 79 per cent from the previous year (from 282,000 to 59,000).

The Opinion Leader survey found that the fee charged played a greater part in schools/colleges' consideration of whether or not to make an enquiry or appeal about a result than it did in purchasing or switching decisions. However, the majority of academic staff (60 per cent) reported that the number of results-related enquiries made by their schools/colleges in the last three years had increased, while a minority (2 per cent) reported a decrease. Figure 13 (taken from our publication *Enquiries about Results for GCSE and A Level: Summer 2013 Exam Series*¹⁴ and *Enquiries about Results for GCSE and A Level: Provisional Statistics for Summer 2014 Exam Series*¹⁵) shows the increase in the last six years in the proportion of papers marked that received an enquiry. In 2014, 2.8 per cent of papers marked received an enquiry, an increase from 1.9 per cent in 2012 and 1 per cent in 2009, continuing the trend of a steady increase over the last five years (see Figure 13).

¹³ www.gov.uk/government/uploads/system/uploads/attachment_data/file/374532/november-gcse-and-level-1-and-2-certificates-entries.pdf

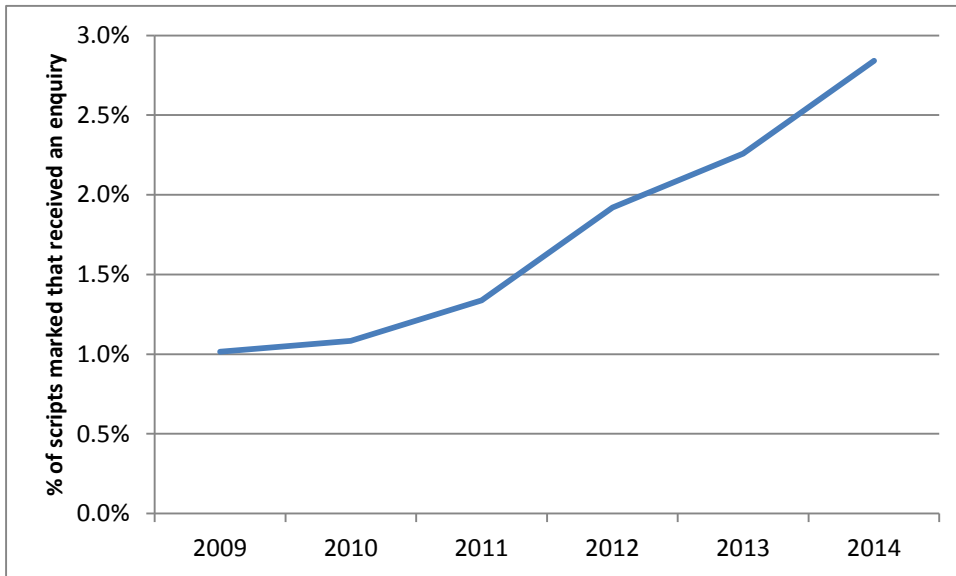
¹⁴

<http://webarchive.nationalarchives.gov.uk/20141031163546/http://ofqual.gov.uk/documents/statistical-bulletin-enquiries-about-results-for-gcse-and-a-level>

¹⁵

<http://webarchive.nationalarchives.gov.uk/20141031163546/http://ofqual.gov.uk/documents/enquiries-about-results-provisional-statistics-summer-2014/>

Figure 13: Percentage of GCSE and A level papers marked that received an enquiry, summer exam series, 2009 to 2014



Source: *Enquiries about Results for GCSE and A Level: Summer 2013 Exam Series and Enquiries about Results for GCSE and A Level: Provisional Statistics for Summer 2014 Exam Series.*

Some of the reasons given by survey respondents for the increase in enquiries were confidence in marking, the number of borderline candidates, pressure to perform well in league tables, and parental pressure.

Qualifications sold in packages

Less than half of schools/colleges surveyed had purchased qualifications as part of a package. Secondary schools were most likely to have purchased qualifications in this way (47 per cent), while only one-third of colleges could recall purchasing qualifications as part of a package. The most common products and services included in these packages alongside the qualifications were examination results analysis tools, online support materials, and online assessments. Some schools/colleges were not aware that they could purchase items in a package.

Since the Opinion Leader survey, we have introduced new guidance to our General Condition of Recognition F2 – Packaging qualifications with other products or services.¹⁶ This guidance helps awarding organisations to understand what is

¹⁶ *Guidance to the General Conditions of Recognition:*
www.gov.uk/government/uploads/system/uploads/attachment_data/file/371271/2014-08-28-guidance-to-the-general-conditions-of-recognition-august.pdf

required to meet this condition. This means that if the survey is repeated in future, it might produce different results.

Internal processes for managing expenditure

The Opinion Leader survey asked how schools/colleges record, monitor and control expenditure on examinations, including expenditure on late fees. A large majority of schools and colleges surveyed (86 per cent) indicated that they monitored and controlled their examination expenditure at least to some extent. This monitoring is to be expected because, for example, grant-maintained schools in England have to provide information under the Department for Education's *Consistent Financial Reporting Framework*,¹⁷ of which expenditure on qualifications is but one item of spend. As expected, the monitoring of expenditure took place using specific accounting software or management information systems. These systems are used by schools/colleges primarily to:

- monitor and track expenditure on examinations;
- manage reporting;
- disaggregate information on expenditure.

The survey found that the majority of finance staff were able to disaggregate information by awarding organisation (89 per cent), by qualification (79 per cent) and by department (61 per cent).

Although schools and colleges have processes in place to track and monitor budgets, there is limited evidence from the survey of targeted approaches to reduce expenditure. The research found that the proportion of schools/colleges that had taken steps to reduce their expenditure on examinations was relatively small (36 per cent), even where they reported increased expenditure in recent years.

Colleges were the most proactive institution type as far as taking steps to reduce their expenditure was concerned. They also paid closest attention to their examination expenditure. In addition, to reducing the number of late entries, colleges were the institution type most likely to have negotiated collaborative purchasing agreements with other colleges, with almost one-third of colleges reporting having done this.

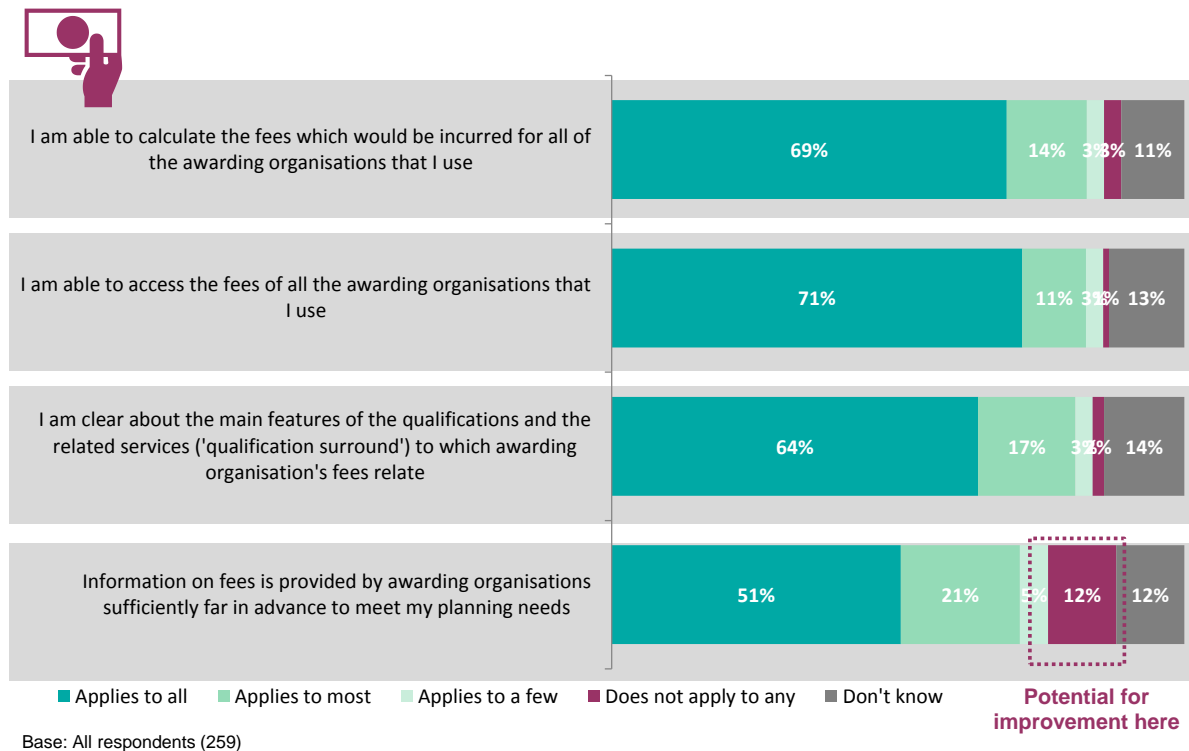
¹⁷

www.gov.uk/government/uploads/system/uploads/attachment_data/file/312422/CFR_Online_Guide_May_2014.pdf

Fee transparency

Generally, respondents felt that awarding organisations provided clear information about fees, with the information being both useful and easily accessible (see Figure 14). Our *General Conditions of Recognition*¹⁸ require awarding organisations to make fee information available to those buying qualifications to satisfy the reasonable planning requirements of those potential purchasers.

Figure 14: Information about fees



Source: Opinion Leader - Demand-Side Efficiency in Schools and Colleges: Report on research findings 2013

However, fewer than half of colleges said that awarding organisations provided information on fees in sufficient time, in contrast to almost three-quarters of secondary and independent schools. This suggests that while schools and colleges understand the fees charged, awarding organisations could improve the timeliness of fee information to specific schools/colleges. The survey also found that there was limited awareness in respondents (30 per cent) that fees could be refunded.

¹⁸ www.gov.uk/government/uploads/system/uploads/attachment_data/file/371266/2014-11-03-general-conditions-of-recognition-november.pdf

Invoicing

With regard to invoices, three-quarters of finance staff reported that awarding organisations:

- issued invoices in a timely manner; and
- provided a breakdown of fees in sufficient detail to enable schools/colleges to record expenditure on qualifications at a disaggregated level.

Nevertheless, nearly two-thirds of finance staff identified at least one improvement that they felt could be made to the invoicing process to further ensure effective monitoring of expenditure on examinations. Suggested improvements included more detail on invoices, clearer information, and timeliness of providing the invoice.

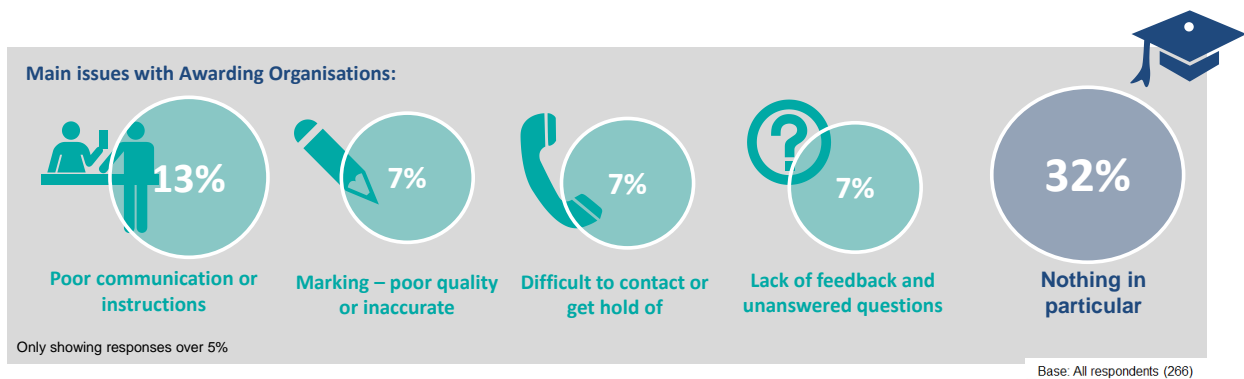
One of our conditions of recognition is that awarding organisations provide schools/colleges with a written invoicing policy. When asked, only around one-quarter of finance staff recalled having seen the written invoicing policies of the awarding organisations that they used.

Awarding organisation services

Academic staff were also asked to what extent they agreed with a series of service-related statements regarding the awarding organisation services. In respect of enquiries about results and resits, 91 per cent of academic staff agreed that awarding organisations have clear policies/procedures. A lower proportion (68 per cent) agreed that awarding organisations had effective safeguards in place to support schools and colleges. Schools/colleges of all types were equally likely to agree that appeals handling procedures were appropriate and timely (65 per cent). The statement returning the lowest level of agreement, however, was whether awarding organisations encouraged schools and colleges to provide feedback on the quality of the service they received. Only 37 per cent of respondents felt that they did.

Figure 15 shows the issues that academic staff raised about the service provided by awarding organisations. Almost one-third of respondents could not identify a particular issue. The areas where respondents felt that there was scope for improvement were: communications/instructions; quality of marking; ease of contact; and extent of feedback. Communication with awarding organisations is an issue raised previously by Grant Thornton.¹⁹

Figure 15: Issues with awarding organisations' customer service



Source: Opinion Leader - Demand-Side Efficiency in Schools and Colleges: Report on research findings 2013

¹⁹ Independent research carried out by Grant Thornton for Ofqual in 2009.
<http://webarchive.nationalarchives.gov.uk/20110223151226/http://www.ofqual.gov.uk/public-download/category/62-economic-regulation?download=95%3Athe-reasonableness-of-fees-for-other-widely-used-qualifications>

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