

Well done to Wokingham A level students

Wokingham Borough schools report a 99.1% pass rate this year at A level, above the national average. Well done to all involved. I hope it means many of you can go on the courses and futures you have planned.

I also congratulate all in West Berkshire that have done well in the exams.

The value of A levels

Some time ago after giving a talk I was asked by a student at one of our top universities if I thought the A levels I had were of the same value and difficulty as the ones he had most recently obtained. I was both pleased to have a question out of the ordinary, and worried about how to answer it.

I decided to answer it factually. I said that every year A level marking is moderated and assessed by the Examiners, with a view to being fair between the years. In theory if a paper has been more difficult than past papers the required marks are lower, and vice versa. I had no evidence or analysis to question that thesis that standards have been approximated year by year.

Duty done, I then asked him a question. I asked if he was implying that standards had risen and my A level was inferior. He laughed and told me he thought his A level had not been to the same high standard or difficulty as mine. I thought it sad that a clever and probably hard working student felt like that about his recent qualifications. He of course had the luxury of knowing he was going on to get a more prestigious qualification, a degree from a great university. To those leaving education at A level similar thoughts would be more upsetting.

Mr Gove decided that creating advanced qualifications with a high proportion of course work rather than exams might lead to less rigour. Whilst most people would work hard and make an honest account of themselves, and most teachers will lead, teach and mark professionally, there is more danger of abuse in course work. You could cheat by getting others to help you too much with the course work or even dictate it to you. You could benefit from favouritism in marking – or suffer from bad relations with your teacher assessors for reasons unconnected with the standard of your coursework. You could benefit from being asked to do the work again before formally submitting, if it was not good enough the first time. Mr Gove therefore decided to move A levels back to reliance on final exams.

I remember the A levels I took well. They depended entirely on the final exam

performance. It meant you needed to both understand and remember the course material. It was also a flexible exam based system in the subjects I took. If you had reached a higher level than that required you could be awarded a high mark even if you had not answered covering the basics in the way the marking system was designed to capture. There were no single right answers, as the examiners recognised the complexity of the questions and the range of answers that could be interesting.

The two years of the sixth form to pass those exams were the best and most formative of all my years in formal education. I just hope today's A levels are a similar challenge and spur to students. I still use the techniques of economic analysis I first studied then, and still can place what I am currently doing in an historical context from the History course. I remember the material because I needed to learn and understand to pass the exam. A few years ago I took an A level equivalent professional exam. That was reliant on rote learning with the doctrine of the right answer. Where the problem was mathematical requiring you to memorise a formula and apply it to data that made sense. Where it was multiple choice between arguable answers it was more hazardous and less sensible. It was not nearly such a worthwhile educational experience.

Real incomes rise just a little to June 2017

The ONS presented a healthy picture of employment growth in the year to June 2017. There are 338,000 extra jobs in our economy. Unemployment has fallen by 157,000 on the year. Many of the new jobs are full time jobs.

It also showed a small rise in average weekly pay, though it reported the figure as 2.1% up on a year. This left average earnings behind prices by 0.5%.

However, Figure 9 of the same ONS report provides a graph of average weekly earnings adjusted for price rises by putting the figures into a common 2015 price level. This shows June 2017 at £490.5, a little up on June 2016 at £488.2. This is confirmed by the average weekly pay figures in current prices reported at the top of Section 8. That says "average total pay for employees in GB was £506 a week (June 2017) up from £493 for a year earlier" That is an increase of 2.6%, in line with prices as measured by the CPI.

It is interesting that using June on June produces a different answer from using quarter on quarter which they highlight. It provides some light on why retail sales, consumer spending and jobs have increased when so many forecasters were expecting the opposite.

As some of you have pointed out, it leaves the unanswered question of why did

the Treasury forecast big job losses following a pro Brexit vote and an Article 50 letter? It also raises the issue of which of these contrasting portraits in the same official document give the more accurate picture of what is happening?

Unemployment falls in the UK. Wokingham's rate is just 0.7%, well below the average.

It was good to see strong job generation again in the latest UK official job figures, with further substantial falls in unemployment. In Wokingham the unemployment rate remained low, with the constituency in the top 25 for a low rate nationwide out of 650.

We are now at record levels of employment, with good progress on creating more full time jobs. The national unemployment rate is 4.4%.

Fare rises and Network Rail's derivative losses

Yesterday the RPI for July told us that rail fares will go up by 3.6% next year. As I reported yesterday on this site, costs have been mounting at the nationalised Network Rail which supplies the expensive track, stations and train slots. The railways will want this substantial fare rise, which always bears heaviest on commuters. Off peak and leisure travellers can benefit from highly discounted fares designed to try to fill the many empty seats outside peak hours.

Rail travellers paying those fares will not be amused to learn that the losses Network Rail have been making from their derivative dealing continue. According to the last accounts Network Rail lost another £116 m on "movement in the value of cash flow hedge derivatives", compared to a £232 m loss the previous year. (Accounts page 95) The total fair value of derivatives they hold rose again last year, from £963 m to £1102 million. (Accounts p 97). The liabilities on derivatives rose from £1408 million to £1529 million. The notional amounts were of course much greater, rising from £17,094 m to £17,974 million. (Accounts pp 120-121 Note 19)

I am surprised Network Rail continues to run such large positions in derivative instruments now that its financing is all secured by the government. The present management have inherited both foreign currency borrowing and index linked borrowing. Their predecessors took out various derivative positions in interest rates and currencies with the results I have reported before by quoting their Accounts, now updated for the most recent year.

I continue to ask why do they do this. What benefit is this to taxpayers who supply 70% of the revenue and who own 100% of the shares of this business?