



Oxford Cambridge and RSA

**Friday 17 June 2022 – Morning**

**Level 3 Cambridge Technical in Business**

**05878 Unit 10: Economics for business**

**Time allowed: 2 hours**

**C427/2206**



**You can use:**

- a calculator



Please write clearly in black ink.

Centre number

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Candidate number

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First name(s)

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Last name

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Date of birth

D	D	M	M	Y	Y	Y	Y
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**INSTRUCTIONS**

- Use black ink.
- Write your answer to each question in the space provided. You can use extra paper if you need to, but you must clearly show your candidate number, the centre number and the question numbers.
- Answer **all** the questions.

**INFORMATION**

- The total mark for this paper is **90**.
- The marks for each question are shown in brackets [ ].
- This document has **16** pages.

**ADVICE**

- Read each question carefully before you start your answer.

FOR EXAMINER USE ONLY	
Question No	Mark
1	/31
2	/8
3	/13
4	/18
5	/20
<b>Total</b>	<b>/90</b>

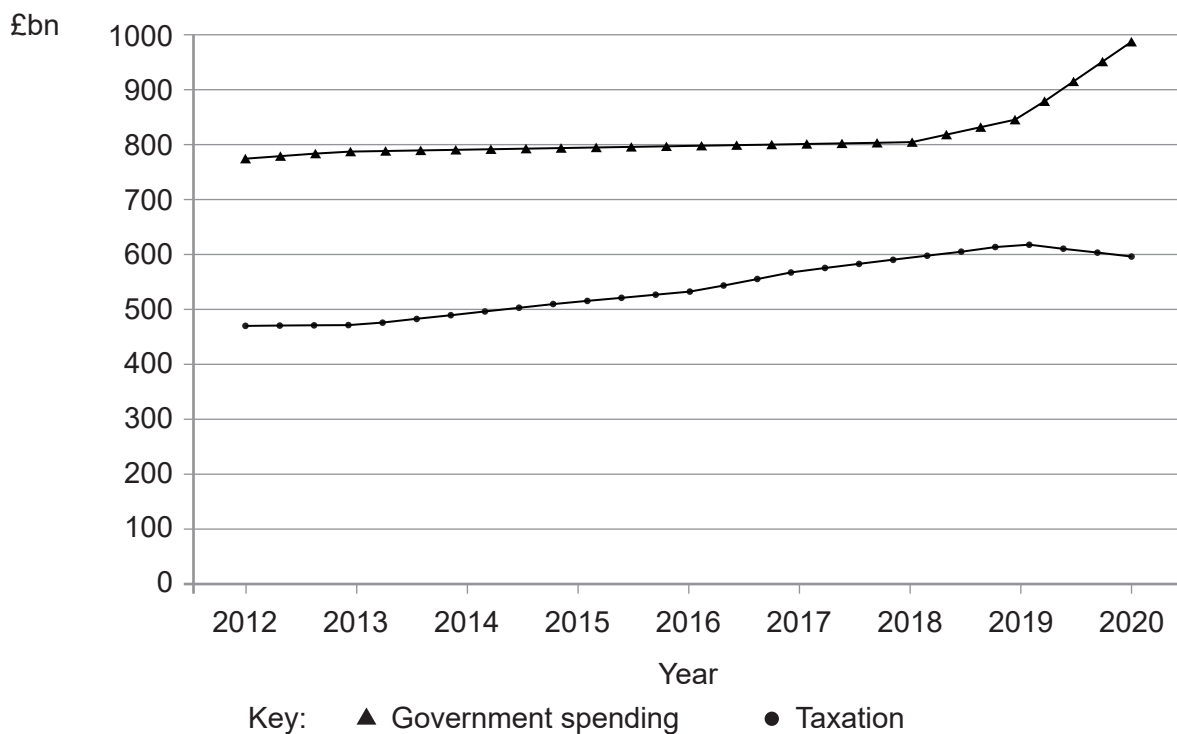
Read the scenario below.

### Camford County Council

*Camford County Council* is responsible for providing public services in the county of Camford. These services include social care, transport planning, libraries, parks, trading standards and environmental health. For some of the services provided, the council is a monopoly provider. *Camford County Council* employs over 5000 people across its different departments.

Throughout 2022, *Camford County Council* is focusing on improving the town centres in Camford. Several towns in Camford have poor transport and leisure facilities and many empty shop units. Most of the shops that are open are independently owned. The council would like to attract more well-known brands into the town centres, especially leisure clothing retailers such as Nike and technology retailers such as Apple. Popular casual dining brands, food takeaways and cafés, such as Starbucks, would also be a welcome addition. Any brand which chooses to open an additional store in Camford may benefit from economies of scale.

The services provided by *Camford County Council* are funded from taxation. Most of this taxation is collected by central government, including income tax, corporation tax and VAT. The remainder is funded from local taxes, paid by households and businesses based on the value of the property they occupy. Government spending in the UK usually exceeds the amount of taxation collected (see **Fig. 1**, below).



**Fig. 1: UK Government spending and taxation (2012–2020)**

The Trading Standards Department of *Camford County Council* protects consumers and retailers in Camford. It does this by:

- offering advice to businesses and consumers
- providing licences for businesses and inspecting them
- reporting any business suspected of operating in an anti-competitive way to the Competition and Markets Authority (CMA).

Another of *Camford County Council's* departments, the Environmental Health Department, is responsible for enforcing health and hygiene legislation. This includes inspecting local businesses for food safety. One recent inspection found poor food preparation standards in the kitchen of an independently owned food takeaway. This is just one example of a growing problem amongst independently owned food takeaways in Camford.

Business Support Services is yet another of *Camford County Council's* departments. Business Support Services works with every other department, including Trading Standards and Environmental Health, to ensure each department can carry out its responsibilities as efficiently as possible.

*Camford County Council* is trying to reduce spending on non-essential items in all of its departments so that it can improve the level of services it provides to Camford, whilst keeping within budget.

Eve Miles, *Camford County Council's* Business Support Services Manager, has been advising the other departmental managers about the impact of globalisation. Two medium-sized technology manufacturers have already announced their plans to relocate to Camford. In addition, a number of overseas companies are keen to supply their services to the council. These include companies which operate care homes for the elderly, provide hygiene testing kits and sell computer equipment for planning bus services.

The UK central government has just published a report containing demographic data for each county. This shows that the county of Camford has an older population than the rest of the UK. About 20 % of workers in Camford are employed in manufacturing. The report also contains Claimant Count (CC) and Labour Force Survey (LFS) forecasts for the next three years. These predict that unemployment will be lower in Camford than the UK average.

Answer **all** the questions.

- 1 (a) For some of the services it provides, *Camford County Council* is a monopoly provider. Identify **two** features of a monopoly.

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2 .....

**[2]**

- (b) Analyse **three** determinants of supply for a service.

**[9]**

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- (c) In the table below, identify with a tick (✓) whether the source of each economy of scale is internal or external.

You should only draw **four** ticks.

<b>Economy of scale:</b>	<b>Internal economy of scale</b>	<b>External economy of scale</b>
Technical		
Location of suppliers		
Industry concentration		
Risk bearing		

**[4]**











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4 (a) Explain **three** factors that have led to globalisation.

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[6]

(b) A number of overseas companies are keen to supply their services to *Camford County Council*.

Analyse **three** possible benefits for *Camford County Council* if it decides to buy services from overseas.

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[9]



5 (a) Describe how each of the following measures unemployment:

- the Claimant Count (CC)

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- the Labour Force Survey (LFS)

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**[4]**

**Question 5(b) begins on page 14**







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