



Consultation on the Fees Charged by QAA for its Work as the Designated Body in England

March 2019

Introduction

About this consultation

1 The Higher Education and Research Act 2017 (HERA) created the Office for Students (OfS) as the independent regulator for higher education in England. To be registered with the OfS a provider must satisfy a set of conditions of registration. These include conditions relating to the quality of, and standards applied to, a provider's higher education. Some of these quality and standards conditions are assessed on behalf of the OfS by the Quality Assurance Agency for Higher Education (QAA) in its role as the designated quality body (DQB). In addition, the DQB provides advice to the OfS about the authorisation, variation and revocation of degree awarding powers.

2 Section 28 of HERA provides for the DQB to charge fees to providers to cover the costs of carrying out these functions. Payment of the DQB's fees is required and enforced by the OfS through the imposition of an ongoing condition of registration for each provider. In advance of this consultation we have undertaken a range of informal discussions with stakeholders representing views and interests across the higher education sector. The responses have helped to frame this consultation document.

3 This consultation asks for feedback on QAA's proposed approach to charging fees for its work as the DQB on the basis of the provisions of section 28 of HERA. An accompanying [Q&A document](#) will provide further information to help providers with their responses.

Who should respond to this consultation?

4 We are particularly interested in responses from providers directly affected by the consultation outcome: namely, those providers in England currently registered with the OfS, and those that have applied or are considering applying for registration. We also welcome responses from anyone with an interest in the quality and standards of English higher education, including (but not limited to) academic staff, quality professionals and senior leaders within English higher education providers, as well as from students or their representatives.

How to respond to the consultation

5 The consultation will run from Wednesday 20 March until 9.00 Wednesday 24 April 2019. If you would like to respond, please use the online [response form](#) available on QAA's website.

Next steps

6 QAA will analyse the responses and publish the outcome within three weeks of the consultation closing date. We will then publish the final fee model and the specific fees for QAA's work as the DQB in 2019-20.

7 We propose in the consultation that the annual DQB fee payable by all registered providers will apply from 1 April 2019. This would mean that a provider would be invoiced for the 2019-20 fee directly by QAA in May 2019 (paragraphs 40 to 44).

8 The elements of the fee model that apply to individual providers requiring a specific assessment apply from the time the assessment is confirmed by the OfS, and QAA will contact these providers individually to confirm payment arrangements.

Further information

9 If you have any queries about this consultation, or require this document in an alternative format or assistance with the consultation form, please contact us on 01452 557050 or email enquiries@gaa.ac.uk.

Fees to fund QAA's work as the designated body for higher education in England

About the designated body and fees

10 Following extensive sector consultation, and on the recommendation of the OfS, in February 2018 QAA was designated by the Secretary of State under Schedule 4 of HERA as the DQB. The designation became effective on 1 April 2018.

11 QAA's performance of the assessment functions in HERA is intended to fulfil two main purposes. The first is to enable the OfS to assess the quality of, and standards applied to, higher education provided by English higher education providers. The second is to inform the OfS's decision about the authorisation, variation or revocation of degree awarding powers (DAPs). Further information about the activities QAA will carry out to fulfil these functions appears below.

12 Under the new regulatory arrangements in England there is no funding from government or the OfS to pay for the costs of the activities QAA will carry out as the DQB. The system operates on the premise that those being regulated should fund regulation in their sector, a common approach in other sectors. HERA provides for QAA to charge fees to providers to recover costs arising from activity undertaken as the DQB. These fee charging powers provide for both an annual fee to each registered provider and fees for individual providers for certain assessment activities.

Which of QAA's activities are covered by the DQB fees?

13 The OfS and QAA set out details of how QAA will perform the quality and standards assessment functions in England in a [Designation Agreement](#) published in July 2018. This outlines the specific obligations of QAA, stating that in performing the assessment functions under sections 23 and 46 of HERA, QAA will:

- design and deliver a quality and standards review (QSR) to provide an assessment that allows the OfS to determine whether a new provider satisfies the quality and standards initial conditions of registration
- design and deliver a quality and standards review (QSR) to provide an assessment that allows the OfS to determine whether a registered provider satisfies the quality and standards ongoing conditions of registration
- design and deliver a quality and standards review (QSR) as a component of the OfS's approach to random sampling
- provide advice to the OfS in relation to the authorisation of New DAPs, Full DAPs and Indefinite DAPs, and where the OfS may wish to vary or revoke DAPs held by a provider.

Which of QAA's activities are not covered by the DQB fees?

14 QAA operates in Scotland, Wales and Northern Ireland and also undertakes international activity such as International Quality Reviews. The cost of these activities cannot be included in the fees QAA charges as the DQB.

15 In England, DQB fees will not cover the costs of other services that QAA provides for the higher education sector, for example, the development and maintenance of the UK Quality Code for Higher Education; the Frameworks for Higher Education Qualifications; international engagement on quality matters; and regulation of the Access to Higher Education Diploma. QAA will be discussing the future delivery of these services, along with the cost to providers, separately.

The principles behind our proposed fee model

16 Section 28 of HERA requires the DQB to charge fees that are cost reflective. This means that our fees must correspond only to the cost of performing the assessment functions set out in HERA and we are not allowed to recover more than this total cost.

17 Our proposed fees are reflective of the costs incurred in the delivery of the review methods designed to provide the advice required by the OfS. They are based on those costs which would be reasonably expected to be incurred in the delivery of the assessment functions, and which are directly attributable to the services delivered.

18 QAA's model requires that in this identification and calculation of costs, the costs should be:

- economically and efficiently incurred
- appropriate and attributable
- cost reflective (operates on a full cost recovery only basis)
- transparent and clearly explained.

19 In addition, the following principles apply to the calculation of costs. These principles are a priority underpinning all QAA activities:

- costs are only included where they relate to the activity in question, with a transparent list of how costs are identified and attributed
- to ensure that all costs are appropriate, and economy and efficiency is embedded into everything it does, QAA employs an approved Value for Money strategy and oversight of delivery of this is monitored by QAA's Audit and Risk Committee
- to ensure the overall appropriateness of the DQB costs, benchmarking has taken place against both previous internal QAA methods and external sources.

20 To support the development of our approach to the DQB's fee charging powers, QAA has worked with independent economic consultants, London Economics, to provide assurance that the fee model includes only those costs that can be attributed to QAA's work as the DQB and that these are incurred economically and efficiently. The scope of London Economics' work was to undertake a review to confirm that QAA's costs have been economically and efficiently incurred and could be transparently allocated to the requirements of HERA.

21 The DQB fee year will run from 1 April to 31 March. Fees charged by QAA will be based upon our best estimates of the costs that will be incurred in the delivery of our work as the DQB for the coming year at the time a provider is invoiced. At the end of the year to

which these fees apply, we will calculate the actual costs incurred in relation to an individual provider, publish statements of account as required by HERA Section 28(9) and make the necessary adjustments to the fees payable by a provider as necessary. Adjustments can either be an increase or decrease, depending on whether costs have been under or over recovered in the fees charged.

22 Following each year of operation, we will ask our external auditors to separately and independently verify that fees charged to individual providers for DQB activity in England have been attributed in accordance with our published fee model.

Proposed Fee Model: Interpretation of HERA

23 The fees that can be charged by the DQB are set out in section 28 of HERA. It can charge for:

- the performance of functions under section 23(1) (power to assess quality and standards) and section 46 (advice on quality and so on to the OfS when granting degree awarding powers)
- the performance of functions under section 23(2)(a) (duty to assess to determine if initial registration condition relating to quality or standards is met); and
- the performance of functions under section 23(2)(b) (duty to determine if ongoing registration conditions are met).

The principles that we propose to apply to determine which activities are attributed to 23(a)(c) above are explained in detail in **Annex 2**. In brief, the costs of delivering the DQB's activities can be split into 'infrastructure costs' and 'assessment costs'.

- By 'infrastructure costs' we mean the costs that cannot be directly attributed to an individual provider. They are the costs for activities needed to set up and keep the service running and include 'overhead' costs that keep the organisation running. These costs form part of the annual fee.
- By 'assessment costs' we mean the costs that can be directly attributed to an individual provider. They are the costs of the specific assessment carried out for a specific provider. They do not include costs that are incurred in relation to the service more broadly, or to several providers, and do not include overheads or other costs that are allocated on a formula basis. These costs are allocated to an individual provider.

24 QAA proposes to charge fees to a provider each year that cover up to four distinct areas of activity. These would cover infrastructure costs and any relevant assessment costs for that provider in that year. **Table 1** sets out these four areas and the activities that are included in each.

Table 1: The DQB activities attributable to each of the proposed four fees

Fee	Fee with description of activities	Justification for allocation to relevant part of section 28
<p>1 (section 28(2)(a) of HERA)</p>	<p>Annual fee for <u>all registered providers</u> for:</p> <ul style="list-style-type: none"> • infrastructure costs for DAPs - an equal share for each registered provider OR a share allocated on the basis of a banded fee model. • infrastructure costs for QSR for new providers seeking registration <u>and</u> for assessing whether the ongoing conditions are satisfied for registered providers - an equal share for each registered provider OR a share allocated on the basis of a banded fee model. 	<p>Activity relating to infrastructure for degree awarding powers (DAPs). Maintenance of infrastructure for DAPs benefits all registered providers as they rely directly or indirectly on the authorisation, variation or revocation of DAPs and it is therefore a service provided in relation to them all.</p> <p>Activity relating to infrastructure for QSR for new providers seeking registration with the OfS. Activity relating to infrastructure for QSR for registered providers to determine whether the ongoing conditions of registration are satisfied - this includes infrastructure for QAA's activity to support the OfS's monitoring processes and random sampling. Maintenance of infrastructure for these activities benefits all registered providers and it is therefore a service provided in relation to them all.</p>
<p>2 (section 28(2)(a) of HERA)</p>	<p>Assessment fee for <u>a registered provider requiring a DAPs assessment</u> - each provider pays the costs directly attributable to its own assessment.</p>	<p>Activity relating to DAPs assessment for registered providers. Those providers that require a DAPs assessment - for authorisation, variation, or revocation - carry the cost of such an assessment.</p>
<p>3 (section 28(2)(b) of HERA)</p>	<p>Assessment fee for <u>a new provider seeking registration and requiring a QSR</u> - each provider pays the costs directly attributable to its own assessment.</p>	<p>Activity relating to QSR for new providers seeking registration to determine whether initial conditions of registration are satisfied. Those new providers that require a QSR for initial registration carry the cost of such an assessment.</p>
<p>4 (section 28(2)(c) of HERA)</p>	<p>Assessment fee for <u>a registered provider</u> to assess whether the ongoing conditions are satisfied - each provider pays the costs directly attributable to its own assessment.</p>	<p>Activity relating to assessment for registered providers to determine whether the ongoing conditions of registration are satisfied. This includes assessment for the OfS's monitoring and intervention processes and random sampling. Those registered providers that require an assessment carry the cost of such an assessment.</p>

Question 1: Do you agree with the activities attributed to each of the four separate fees set out in Table 1 above? If not, please give your reasons.

25 The sections below set out:

- the proposed fees for assessment costs for Quality and Standards Reviews and for DAPs assessments for the 2019-20 fee year
- two options for an annual fee for infrastructure costs - flat-fee model and a banded fee model
- the proposed fees for each of the infrastructure options for the 2019-20 fee year.

The random sampling method is still being developed and will be published when finalised.

26 A detailed analysis of the DQB activities that relate to infrastructure costs are set out in **Table 3** in Annex 2. A detailed analysis of the DQB activities that relate to assessment costs are set out in **Table 4** in Annex 2. The allocation of these activities is made in accordance with the principles set out in **Annex 2**.

Proposed fee model for assessment fees

27 The principle of cost reflectivity underpinning our approach means that where a cost can be directly attributed to an individual provider, then that provider will pay those costs. This means that a provider that requires more detailed or more frequent DQB assessment activity as a result of the OfS's risk assessment will pay more than a provider that does not require such extensive or frequent assessment.

28 Assessment costs relate to the activities in rows 2, 3 and 4 of **Table 1** and include the type of costs set out in **Table 4** (see Annex 2). We propose that the direct costs of a review team (such as salary) and its ancillary costs (such as travel and subsistence) are included in the 'assessment cost'.

29 The indicative fees of each type of assessment for the 2019-20 fee year can be seen in Annex 3. The range of costs reflect the fact that QAA's review methods are designed to be risk based and so, for example, the number of review days required for a particular review will be determined by our assessment of the extent of activity required.

Question 2: Do you agree that a provider should pay the costs of its assessment where these can be directly attributed to the provider? If not, please give your reasons.

Question 3: Do you have any comments about the proposed indicative fees set out in Annex 3?

Proposed fee model for infrastructure costs: 1) a flat-rate model

30 QAA is committed to setting our fees to registered higher education providers transparently and fairly. We are proposing two different models for distributing the total infrastructure costs, a flat-fee model and a banded-fee model. The costs in this section are those indicative for a flat-fee model.

31 Infrastructure costs relate to row 1 of **Table 1** and include the costs set out in **Table 3** (see Annex 2). The indicative combined costs of infrastructure for a) the annual fee for all registered providers for infrastructure costs for DAPs and b) the infrastructure costs for QSR for new providers and for assessing whether ongoing conditions are satisfied for registered providers is **£2.6m**.

32 A flat-rate model would see this total cost spread evenly between all registered providers. On this basis, we have calculated that the indicative annual 'infrastructure fee' **would be £6,510 per provider per year** under the flat-rate model (charged on pro rata terms for those providers registered after April 2019).

Question 4: Do you consider that a flat-rate fee model for infrastructure costs is a credible way to determine an annual fee? Please give your reasons.

Question 5: Do you have any comments about the proposed indicative annual fee under the flat-rate model?

Proposed fee model for infrastructure costs: 2) a banded model

33 As stated in paragraph 30, we are proposing two different models for distributing the total infrastructure costs, a flat-fee model and a banded-fee model. The costs in this section are those indicative for a banded-fee model.

34 If this is the option taken it will operate on the same basis as the flat-rate model to identify the total infrastructure costs - that is using row 1 of **Table 1** and the costs set out in **Table 3** (see Annex 2).

35 We are proposing that a banded-fee model would see this total cost allocated to individual providers as set out below. We would propose an incremental increase between different fee bands of 15 per cent. DQB costs generally do not vary with the size of provider, and we believe this increase between bands reflects a balance between recognising this fact and ensuring fairness so that smaller providers do not pay a disproportionate amount relative to their student numbers.

36 Our proposed fee bands are set out in **Table 2**.

Table 2: Our proposed bands for a banded-fee model for infrastructure costs

Band	Student numbers (by FTE)	2019-20 Indicative fee
A	Up to 25 students	£2,425
B	26 to 50 students	£2,789
C	51 to 75 students	£3,207
D	76 to 100 students	£3,688
E	101 to 300 students	£4,241
F	301 to 500 students	£4,878
G	501 to 1,000 students	£5,609
H	1,001 to 1,500 students	£6,451
I	1,501 to 2,500 students	£7,418
J	2,501 to 5,000 students	£8,531
K	5,001 to 10,000 students	£9,810
L	10,001 to 20,000 students	£11,282
M	Greater than 20,000 students	£12,974

Notes:

Actual fees for 2019-20 may vary as QAA finalises the underlying cost models.

Fees are likely to increase in line with inflation on an annual basis.

The bands and student numbers are the same as the model we expect to be used for the OfS's registration fees.

Question 6: Do you consider that a banded model for infrastructure costs is a credible way to determine an annual fee? Please give your reasons.

Question 7: The proposed banded-fee model has thirteen bands. This reflects the banding model we expect to be used for the OfS's registration fee. If QAA adopts a banded model, do you agree with these proposed bands? Would you have a different banding structure? Please explain what this would be and your reasons.

Question 8: If QAA adopts a banded-fee model, do you agree with an incremental increase between bands of 15 per cent? If your answer is 'no', please tell us what percentage increment you would prefer. Please explain your reasons.

Question 9: Do you have any comments about the proposed indicative annual fee under the banded-fee model as set out in Table 2?

Question 10: Do you prefer a) a flat-fee model in which each provider pays the same, or b) a banded-fee model in which a provider's student numbers determine the fee paid? What are your reasons for this?

Counting student numbers

37 If a banded-fee model based on student numbers is adopted, how student numbers are counted becomes particularly important.

38 We propose to follow the OfS's approach of counting student numbers based upon intensity of study rather than mode of study. A full-time student will typically be reported as one full-time equivalent (FTE) and a part-time student will normally be reported with a proportionally lower FTE.

39 We propose to follow the OfS's principles that:

- a numbers will be based only on registered students
- b numbers will include all students aiming for credit or qualification at or above level 4 of the Framework for Higher Education Qualifications or at an equivalent level
- c initially, students studying wholly outside the UK (transnational education students) will not be included. We propose to change this in line with the OfS as and when reliable data becomes available.

Question 11: If QAA adopts a banded model, do you agree that fees should be calculated on the basis of students' intensity of study and on the same basis as for the OfS's registration fee?

Timescales for fee payments

40 QAA has had the power to charge providers a fee for its work as the DQB since April 2018. We have been carrying out DQB activities since April 2018, for which we received transitional funding from the OfS. This funding was specifically ring fenced to be used only to support the development of the quality assessment arrangements set out in sections 23 and 46 of HERA. It specifically was not allowed to be used to subsidise the cost of the quality assessment activities themselves, or to reduce any costs for providers. The transitional funding has been spent designing the new arrangements, and we are now in a position where we need to charge fees to recoup costs being incurred in the performance of the assessment functions as outlined above.

41 Identification of the costs needed to calculate the level of 'infrastructure fees' has been carefully considered, anticipating the levels of activity involved. However, given that this is the first year of operation, some level of hypothesis has been inevitable, and as stated above, once final costs are calculated, over or under recovery will be adjusted at the end of the year. Providers will then be invoiced for the additional fee or reimbursed, as necessary to ensure cost reflectivity. In subsequent years, with activity established, there will be greater certainty over cost at the beginning of the year, although there will still need to be a reconciliation and fee adjustment after the end of the fee year to ensure costs are not under or over recovered.

42 QAA's DQB fees relating to row 1 of **Table 1** will apply from 1 April 2019 and fees will be charged annually. To allow time for consideration of consultation responses, fees will be charged in relation to costs incurred by QAA from 1 April with invoices issued to registered higher education providers in May 2019. Providers that are referred by the OfS to QAA for assessment in the current year - that is the activities set out in rows 2, 3 and 4 in **Table 1** - will be charged the relevant assessment fee as the work is undertaken.

43 From the second year onwards, we will publish the schedule of fees in advance, around January/February, with payment falling due on 1 April for the annual infrastructure fee. Payment will normally be due within 30 days. At the end of any fee year the actual costs

will be identified and verified. Any adjustment of fees once actual costs have been calculated is likely to take place in July following the year end of 31 March. Assessment fees will be invoiced in advance.

44 We recognise that providers set their budgets at different times, and that for many, the new DQB fee will be introduced within the current budget year. To mitigate any adverse impact, QAA could consider delayed payment terms.

Question 12: Would delayed payment terms for the first year that an annual DQB fee for infrastructure costs is charged (from 1 April 2019) be helpful? If yes, please use the free text section to indicate what you would consider helpful.

Interim arrangements for DQB fees for alternative providers

45 QAA currently reviews alternative providers in England for two main reasons: to ensure that they meet quality and standards requirements of the Home Office in order to sponsor Tier 4 student visas (known as 'educational oversight'), and to ensure that they meet quality and standards requirements of the Department for Education in order for their higher education programmes to be designated for the purposes of student finance (known as 'specific course designation').

46 In order to avoid double charging for the regulation of alternative providers, we will take the following approach:

- Quality assurance under the educational oversight scheme will be replaced by quality assessment by QAA as the DQB once a provider is registered with the OfS. Registered higher education providers undergoing educational oversight reviews will be refunded their annual maintenance fees for the period 1 April 2019 to 31 July 2019. Providers not yet registered with the OfS, but that subsequently register between 1 April 2019 and 31 July 2019, will receive a pro-rata refund to their annual maintenance fees for the period they were registered.
- QAA reviews for the purposes of specific course designation will continue to run until 31 July 2019. For providers registered with the OfS that take part in this review, the DQB fee for infrastructure costs will be invoiced from 1 August 2019.

Annex 1: Interpretation of section 28 Higher Education and Research Act 2017 (HERA) and method of calculating fees charged for assessment functions carried out by the Designated Quality Body

Framework for development of charges

The fees charged by QAA for assessment functions under the Higher Education and Research Act 2017 (HERA) are designed to comply with the following sections of HERA.

As noted in paragraph 23, under section 28(2) of HERA, QAA, as the designated quality body (DQB), has the ability to charge fees in relation to:

- the performance of functions under section 23(1) (power to assess quality and standards) and section 46 (advice on quality and so on to the OfS when granting degree awarding powers (s28(2)(a))
- the performance of functions under section 23(2)(a) (duty to assess to determine if initial registration condition relating to quality or standards is met) (s28(2)(b)), and
- the performance of functions under section 23(2)(b) (duty to determine if ongoing registration conditions are met) (s28(2)(c)).

In formulating these fees QAA has taken legal advice on the interpretation of the provisions of HERA, and has tested its assumptions with a range of stakeholders to ensure that the final interpretation of the provisions is transparent, fair, and reflective of the intention behind HERA. Measures have also been taken to ensure that the resulting costs are both economically and efficiently incurred.

HERA does not permit the DQB to generate profit from the assessment functions. HERA does not, however, prevent the full recovery of the costs to the DQB of performing the assessment functions, provided that it does so on a basis that is cost reflective for individual providers.

QAA has adopted principles provided by the Office for Students to assist in demonstrating that costs are economically and efficiently incurred.

The following overarching principles have been drawn from the three sources cited above. QAA's model requires that in the calculation of fees, costs should be:

- economically and efficiently incurred
- appropriate and attributable
- cost reflective for individual providers
- transparent and clearly explained.

In addition, the following principles apply to the identification of costs.

- Costs are only included where they relate to the activity in question. The approach to cost identification is set out in detail in the tables in this Annex, with a transparent list of how costs are identified and attributed set out in **Annex 2**.
- To ensure that all costs, including overhead costs, are appropriate and economy and efficiency is embedded into everything it does, QAA employs an approved Value for Money strategy and oversight of delivery of this is monitored by QAA's Audit and Risk Committee.

- To ensure the overall appropriateness of the DQB costs, benchmarking has taken place against both previous internal QAA methods and external sources such as internal audit suppliers.

Annex 2: 'Infrastructure costs' and 'Assessment costs'

As set out in paragraph 23 QAA's proposed fee model includes two types of costs: 'infrastructure costs' and 'assessment costs'.

Infrastructure costs

- Infrastructure costs are the costs that cannot be directly attributed to an individual provider - see below for the narrow definition of 'directly attributed'.
- They are the costs for activities needed to set up and keep the service running - this will include, for example, the costs of the employees who work across the service; the costs of recruiting, training and monitoring reviewers.
- Infrastructure costs may include 'overhead' costs that keep the organisation running - this will include, for example, rent, utilities, HR and other general business functions.

Assessment costs

- Assessment costs are the costs that can be directly attributed to an individual provider - 'directly attributed' has a narrow meaning because of the cost reflectivity requirements of section 28 of HERA.
- They are the costs of the specific assessment carried out for a specific provider - this means the costs of the specific reviewers and QAA staff that worked on the specific review; travel and subsistence for these specific people; other specific costs that can be attributed directly to this specific review.
- They do not include costs that are incurred in relation to the service more broadly, or to several providers, and must not include overheads or other costs that are allocated on a formula basis.
- There may be variation in the unit of assessment cost, for example, a QSR may be 'small', 'medium' or 'large' because a different number of reviewer days is required for each of these.

Taking these definitions of infrastructure and assessment costs, the following tables set out the types of costs that fall within each category.

Table 3: Infrastructure costs

This table sets out the infrastructure costs which will be charged as part of the annual fee as outlined in Section 28(2) (a) parts 2 and 3 in Table 1, page 5.

Note: These are indicative estimated costs and any fees will be adjusted to reflect actual costs as set out in paragraph 21.

Cost	Explanation and estimated costs	Specific Economic/Efficient/Appropriate/Attributable measures
<p>Core Team: Pay Total estimated annual cost £887,000 comprising:</p> <ul style="list-style-type: none"> • salary costs £707,000 • production of publications £62,000 • management oversight £117,000. 	<p>Salary cost (including National Insurance and Pension) of the core staff needed to oversee and manage each of QAA's assessment functions is estimated at £707,000. The activities undertaken include but are not limited to those described below. Not all of these activities apply to all functions:</p> <ul style="list-style-type: none"> • recruiting, selecting, training, and performance managing reviewers • scheduling and commissioning reviews • composing review teams • maintaining and updating review processes, including method guidance documents and ancillary material • overseeing the progress of individual reviews, providing advice and support to officers and teams where necessary • applying internal quality assurance procedures • responding to external and internal requests for information • budget management • forward planning • evaluating review processes • servicing any QAA committees (e.g. ACDAP) • activity reporting to the OfS • sector-led activities • other tasks as agreed with the OfS. <p>The cost of overseeing and production of the publication of review activity outcomes is estimated at £62,000. The cost of management oversight of this area is estimated at £117,000.</p>	<p>The size and structure of the core team has been designed as new and from the bottom up, based on the most up-to-date information we have about the nature of the functions the DQB will undertake the volume of reviews to be undertaken.</p> <p>Salaries are set in accordance with QAA's salary structure which is externally benchmarked and referenced to ensure reward levels are appropriate.</p>

Cost	Explanation and estimated costs	Specific Economic/Efficient/Appropriate/Attributable measures
<p>Core Team: Non-pay total estimated annual cost £148,000 comprising:</p> <ul style="list-style-type: none"> • travel and subsistence £10,000 • recruitment £15,000 • training £80,000 • briefing events £13,000 • research £30,000. 	<p>Non-pay costs associated with the oversight and management of each of the DQB's assessment functions. These activities include but are not limited to:</p> <ul style="list-style-type: none"> • travel and subsistence costs for committee meetings/stakeholder meetings (e.g. ACDAP, OfS) - £10,000 • recruitment of reviewers and expert committee members (e.g. advertising, travel expenses) - £15,000 • training and Admin costs for reviewers and QAA staff (e.g. venue, day rate to attend, T&S) - £80,000 • briefing Events for providers - £13,000 • expert research costs for sector-led activities - £30,000. 	<p>All expenditure must be approved in advance for appropriateness and adherence to the procurement policy and travel and subsistence policy.</p> <p>Use of in-house facilities maximised to reduce costs.</p>
<p>Overheads - general support costs Total estimated annual cost £1,543,000 comprising:</p> <ul style="list-style-type: none"> • IT £513,000 • HR £110,000 • facilities £305,000 • finance £119,000 • governance £131,000. • executive £164,000 • corporate publications and website £75,000. • depreciation £127,000. 	<p>Appropriate share of the overhead costs that directly relate to core team and assessment activities, this covers:</p> <ul style="list-style-type: none"> • IT costs: including provision and maintenance of hardware, software including extranet for reviewers, help desk support, website, telecommunications, printing - £513,000 • HR costs: including recruitment, training - £110,000 • facilities costs: including rent, rates, fixtures and fittings, maintenance, including cleaning, utilities - £305,000 • finance costs: including invoicing, debt collection, supplier payments, reporting, payroll, treasury management - £119,000. • governance costs: including internal & external audit, legal costs, committee and Board costs, oversight of HE policy - £131,000 • senior executive oversight costs - £164,000 • corporate publications: including annual reports and accounts, website updates - £75,000. • depreciation - £127,000. 	<p>The overhead costs cover all of QAA's work and so are apportioned across QAA's activities to which they contribute and scaled according to usage. The activity-based cost allocation method has been used for those areas where specific allocations cannot be identified. Activity-based costing is a standard accepted methodology for more precisely allocating overhead to those items that actually use it. The system can be used for the targeted reduction of overhead costs, e.g. HR cost allocation is based on headcount in each of the areas.</p> <p>The resultant overhead level has been benchmarked against the support costs of other bodies.</p>

Table 4: Assessment costs

This table outlines the assessment costs which will be charged to the providers requiring assessment as outlined in Section 28(2) (a) part 1 and Section 28 2(b) part 4 and Section 28(2) (c) part 5.

Note: These are indicative estimated costs and any fees charged to an individual provider will be adjusted to reflect the actual cost of assessment activity as set out in paragraph 21.

Please note that for the purposes of this document ‘review’ is employed generically to describe any of the assessment functions which QAA carries out as the DQB, and ‘reviewer’ an external person (that is not a member of QAA staff) whom QAA uses to undertake a review.

<p>Assessment Activity: Review team costs</p>	<p>These are the costs associated with the completion of individual or specific reviews or assessments by QAA officers and reviewers.</p> <p>QAA officers: For each review type we calculate the number of days work required by the QAA officer and multiply it by the relevant day rate.</p> <p>Reviewers: Again, for each review type we calculate the number of days work required by each full team member and multiply it by the relevant day rate. Some assessment activity also involves the use of specialist advisors, who are not full members of the review team. These advisors are paid at the same day rate as reviewers, but for fewer days and the costs will be calculated on a case-by-case basis.</p>	<p>Costing is based on QAA’s published review methods for QSR and for DAPs</p> <p>Staff salaries are set in accordance with QAA’s salary structure which is externally benchmarked and referenced to ensure reward levels are appropriate.</p> <p>The day rate paid to reviewers is comparable to the rates paid to people with similar levels of skills and experience engaged in similar activities in higher education.</p>
<p>Assessment Activity: Review team ancillary costs</p>	<p>These are the costs associated with accommodation, travel and subsistence for QAA officers and reviewers. Reviewers and specialist advisors are paid a block fee from which they must meet all travel and subsistence costs (excluding accommodation) to minimise the administrative costs associated with processing expenses claims.</p>	<p>In the design of QAA’s review methods, desk-based activity has been used where appropriate to minimise cost.</p> <p>Where a visit to a provider is necessary as part of an assessment all expenses must be incurred in line with QAA’s Travel and Subsistence Policy, which has been benchmarked against both the sector and national standards.</p>

Annex 3: Fees for the DQB's assessment activities

Fees for the DQB's assessment activities

QAA fees for assessment for degree awarding powers (DAPs)

In accordance with the guidance document, the size and composition of the review team, and the scale of evidence gathering activities for each DAPs assessment will be tailored to the complexity and characteristics of the provider being assessed, taking into consideration factors such as the number of students, the number of subjects offered, and type and levels of provision.

New DAPs test

Assessment method	Number of reviewers	Fee £
New DAPs test	3	15,006
	4	19,317
	5	23,628

New DAPs monitoring and assessment

Assessment method	Number of reviewers	Total fee £	Year 1 fee £	Year 2 fee £	Year 3 fee £
New DAPs - monitoring and assessment	3	73,836	28,305	23,334	22,198
	4	99,848	37,851	31,821	30,176
	5	125,861	47,398	40,309	38,155

Full DAPs

We will charge an initial assessment fee of £871 for all providers.

Where a provider progresses to the detailed scrutiny stage total fees are as follows:

Assessment method	Number of reviewers	Total fee £
Full DAPs scrutiny	3	35,652
	4	45,509
	5	55,367

Additional charges for DAPs

These fees cover the costs of assessment up to and including the assessment team's final report to QAA. Where additional activities beyond those identified in the fee above are required, additional fees may be payable.

Where assessment activity identifies complexities requiring additional work for a review team, the following rates are an indication of costs for any additional days that might be required. These would be notified in advance to the provider:

- Expert or Specialist adviser desk-based activity: £270 per day
- Expert or Specialist adviser on site visit: £525 per day.

If the submission from the provider is considered insufficient to proceed to the assessment stage, the provider will be reimbursed for any activity not yet undertaken.

Quality and Standards Review (QSR)

The following are the price of QSR activity based on time various team size and length of visit:

Days	Number of reviewers	Base fee £	Extra reviewer
2	2	12,063	3,317
	3	15,402	
3	3	17,160	3,759
	4	20,941	
4	3	18,918	4,201
	4	23,141	
	5	27,364	
	6	31,587	
5	5	30,006	4,643
	6	34,671	

Additional charges for QSR

Where assessment activity identifies complexities requiring additional work for a review team, the following rates are an indication of costs for any additional days that might be required. These would be notified in advance to the provider:

- extra reviewer desk-based day £270
- specialist advisor desk based per day £270
- specialist advisor attend visit (excludes prep).

Days	Charge £
1 day	647
2 days	1,089
3 days	1,531

QSRs that relate to monitoring and intervention fees (see row 4 in Table 1, page 5) will reflect the review specification but will be based on the fee model for QSR for new providers. As stated in paragraph 25, the random sampling method is still being developed and will be published when finalised.

Glossary of terms

ACDAP: A subcommittee of QAA's Board that considers applications for degree awarding powers (DAPs). It also oversees the criteria and scrutiny processes used to assess applications. ACDAP is made up of both QAA Board and external members and meets quarterly.

DAPs: Degree awarding powers: In order to award degrees, a registered provider in England must be a body with degree awarding powers (DAPs). There are three types of degree awarding powers:

- foundation degree awarding powers (FDAPs)
- taught degree awarding powers (TDAPs)
- research degree awarding powers (RDAPs).

DAPs can be awarded as New DAPs or Full DAPs.

Designation Agreement: An agreement published in July 2018 between the OfS and QAA that sets out the work that QAA will do on performance of its duties as DQB.

DQB: The Designated Quality Body, the body designated under HERA to make arrangements for the assessment of, the quality of, and the standards applied to, higher education provided by English higher education providers. The DQB is designated by the Secretary of State following a recommendation from the OfS. QAA was designated in 2018.

Full DAPs: A type of DAPs authorisation that eligible providers with three or more years' track record of delivering higher education may apply for. A Full DAPs authorisation is limited to three years in the first instance. They can then be awarded as Indefinite DAPs.

FHEQ: Framework of Higher Education Qualifications. Sets out levels of higher education qualifications. Each level described generic outcomes and attributes that would be expected for the award of qualifications at that level.

FDAP: Foundation Degree Awarding Powers. Powers to awards foundation degrees only (up to and including level 5)

HERA: The Higher Education and Research Act 2017. Legislation that created the Office for Students and allows for the designation of a quality body.

Indefinite DAPs: An authorisation to grant awards without a time limit.

New DAPs: A type of DAPs authorisation that eligible providers without three years' or more track record of delivering higher education may apply for. Eligible providers with three or more years' track record of delivering higher education may also apply for such an authorisation. A New DAPs authorisation is granted on a probationary basis, after which they can be awarded on a three-year limited Full DAPs basis. Following this, Indefinite DAPs can be applied for.

OfS: The Office for Students. The independent regulator of higher education in England.

QAA: Quality Assurance Agency. The UK's independent quality body for higher education.

QSR: Quality and Standards Review: This is the method QAA uses to provide evidence to the Office for Students (OfS) about whether providers meet the core practices of the UK

Quality Code for Higher Education. This will apply to providers who need to demonstrate how they meet the quality and standards conditions of registration when applying to be on the register, and when registered, that they are continuing to meet these conditions.

RDAP: Research degree awarding powers. Powers to award Research awards (level 8 and research master's degrees at level 7).

TDAP: Taught degree awarding powers. Powers to awards degrees up to and including Bachelor's Degrees (up to and including level 6) and all taught awards (up to and including level 7).

UK Quality Code: The UK Quality Code for Higher Education is a key reference point for UK higher education. It enables providers to understand what is expected of them and what to expect from each other.