



Analysis of Responses to:

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

May 2019

Introduction

On 20 March 2019, QAA published a consultation on its fees for carrying out functions on behalf of the Office for Students (OfS), as the designated quality body for the assessment of quality and standards for higher education in England.

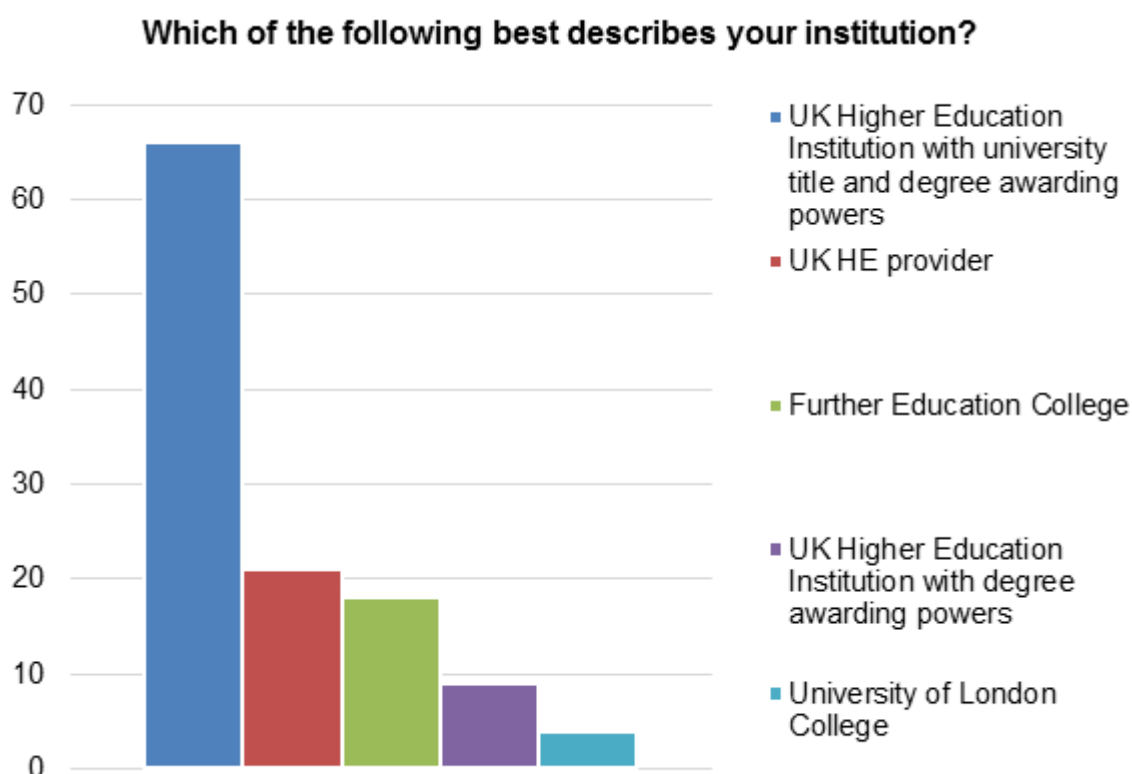
The consultation ran until 24 April 2019. We received 127 responses - 118 on behalf of providers, five on behalf of representative bodies (representing 496 universities and colleges),¹ one from a professional, statutory and regulatory body (PSRB) and three from individuals. At the time of writing there were 352 providers listed on the OfS register.

Just over half the responses came from UK higher education institutions with university title and degree awarding powers.

This analysis provides a statistical breakdown of responses, and QAA's analysis and proposed actions.

We would like to thank members of the working group set up to help QAA design the consultation and ensure that the proposals were in line with the provisions of the *Higher Education and Research Act 2017*. The group consisted of representatives from the OfS, GuildHE, UUK and QAA.

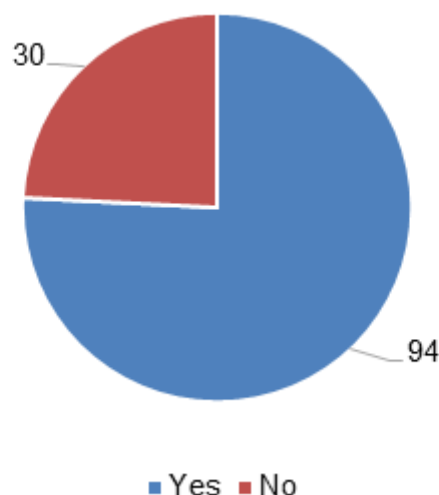
We would also like to thank Dr Gavan Conlon and Maike Halterbeck from London Economics who worked with QAA in the preparation of the indicative fees proposed in the consultation.



¹ Note: this figure includes institutions being a member of more than one representative body, institutions such as sixth form colleges not registered with the OfS and institutions based in Scotland, Wales and Northern Ireland.

DQB activities attributable to each of the proposed four fees

Question 1: Do you agree with the activities attributed to each of the four separate fees set out in Table 1?

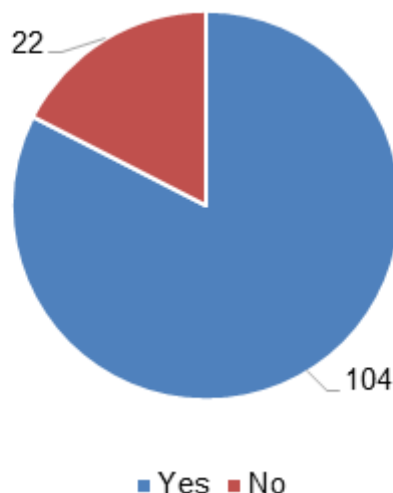


Type of institution	Yes	No
UK higher education institution with university title and degree awarding powers	51	13
UK HE provider	14	7
Further education college	13	4
UK higher education institution with degree awarding powers	7	2
Representative groups	2	4
Individuals	3	
University of London College	4	

While 76% of respondents said they were satisfied with the attribution of fees to activity, a minority did express disagreement. The most common theme arising from disagreement was in relation to assessment fees being charged to institutions selected for random sampling. This was typically expressed in responses stating that random sampling should be covered by infrastructure, rather than assessment fees.

Proposed fee model for assessment fees

Question 2: Do you agree that a provider should pay the costs of its assessment where these can be directly attributed to the provider?



Type of institution	Yes	No
UK higher education institution with university title and degree awarding powers	54	11
UK HE provider	17	4
Further education college	13	5
UK higher education institution with degree awarding powers	8	1
Representative groups/individuals	5	1
Individuals	3	
University of London College	4	

The majority of respondents (83%) supported the principle that providers should pay the costs of their assessment where these can be directly attributed.

However, a minority of positive responses qualified their approval by restating comments about the attribution of random sampling fees.

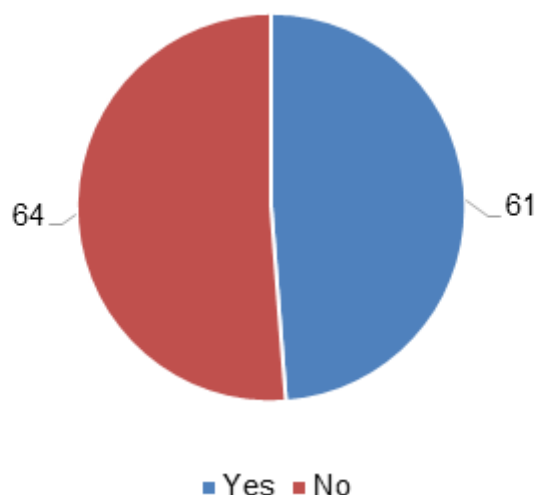
Question 3: Do you have any comments about the proposed indicative fees set out in Annex 3?

Many respondents highlighted that it was difficult for them to comment as the random sampling method has not yet been shared. Respondents said they would also appreciate more information regarding individual QSR costs

One representative body suggested all assessment and review fees should include a portion of the infrastructure costs charged to providers who are receiving reviews.

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

Question 4: Do you consider that a flat rate fee model for infrastructure costs is a credible way to determine an annual fee?



Type of institution	Yes	No
UK higher education institution with university title and degree awarding powers	50	14
UK HE provider	3	18
Further education college	2	16
UK higher education institution with degree awarding powers	3	6
Representative groups	1	5
Individuals	1	2
University of London College	1	3

A flat rate fee model was seen as a credible way to determine an annual fee for infrastructure costs by just under half of the respondents. 82% of these respondents who saw this model as credible were UK HEIs with university title and degree awarding powers.

The most common comment supporting the flat fee model as a credible option pointed out that provider size was not a driver of the infrastructure costs identified in the consultation, and therefore the costs should be met equally by registered providers.

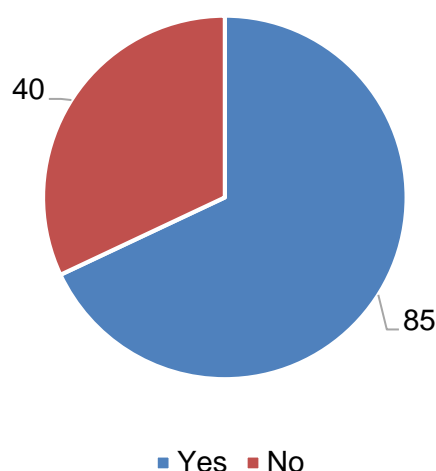
Respondents who did not consider that a flat rate fee model for infrastructure costs was a credible way to determine an annual fee, overwhelmingly highlighted the negative impact that a flat rate fee model might have on smaller providers and new entrants. Linked to this, some respondents commented that a flat rate fee model would go against the value-for-money commitments made during Parliamentary debates during the passage of HERA (a point particularly emphasised in one representative group response), and could prove to be a barrier to entry.

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

Overall comments were positive regarding the indicative fee rate if a flat fee model was adopted. There were observations that it meant overall mandatory payments by institutions to cover regulatory obligations had increased. In addition, there were comments regarding an expectation to see regular/annual value for money statements.

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

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.



Type of institution	Yes	No
UK higher education institution with university title and degree awarding powers	30	34
UK HE provider	20	1
Further education college	17	1
UK higher education institution with degree awarding powers	7	2
Representative groups	4	2
Individuals	3	
University of London College	4	

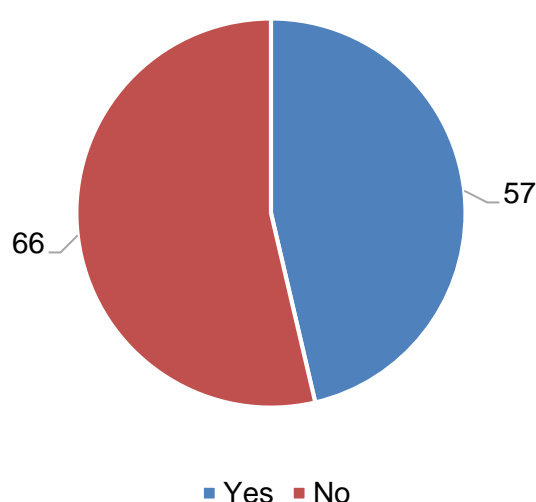
A banded model was seen as a credible way to determine an annual fee for infrastructure costs by a greater number of respondents than the fixed fee model. Many respondents felt that a banded model would be fairer on smaller providers, as fees would be determined by the size of the provider. However, a large number of respondents commented that the bands proposed were not sufficiently nuanced.

Overall, the reason given in favour of the credibility of a banded fee model reflected the reasons given as to why a fixed fee approach was not credible. The large majority of comments in favour referred to this being a fairer approach that would not have such a disproportionate impact on smaller providers as a flat fee. A number of responses also stated that, even if a banded fee model is adopted, there would still be a disproportionate impact in terms of cost for smaller providers.

Responses that did not see a banded model as a credible option, again offered a reflection of the support for a fixed fee model, in particular highlighting that the work involved in carrying out DQB activities was not determined by the size of the provider.

A number of responses, even when indicating support for the banded model as credible, felt that the way in which banding was approached was open to criticism. These comments are considered in the analysis below.

Question 7: The proposed banding model has 13 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.



Type of institution	Yes	No
UK higher education institution with university title and degree awarding powers	24	38
UK HE provider	11	10
Further education college	12	6
UK higher education institution with degree awarding powers	3	6
Representative groups	2	4
Individuals	2	1
University of London College	3	1

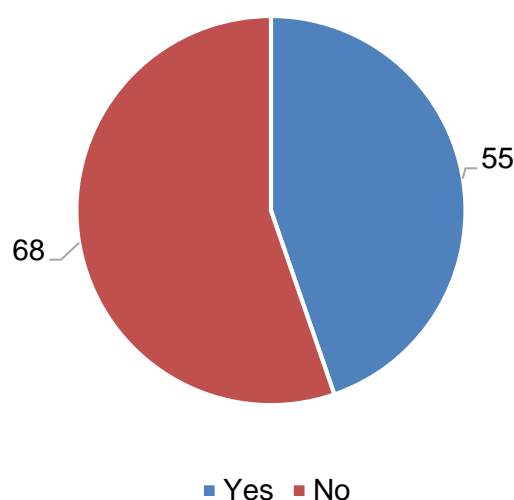
Just over half of all respondents (54%) did not agree with the proposed bands.

Comments disagreeing with the proposed banding included a feeling that determination was arbitrary which references to the fact that, even with a banded fee model, small institutions would pay a greater cost per head, and that a top band of greater than 20,000 students was too low with some institutions having more than twice that number.

Some comments expressed contradictory views. For example, some proposed fewer bands, others an increase in number. In addition, there was a range of other suggestions to change the model including a split flat fee/banded fee option.

This was the most difficult section to draw a consistent theme or a majority opinion from. As set out below, in our final proposal we have sought to take into account the range of diverse views.

Question 8: If QAA adopts a banded 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.



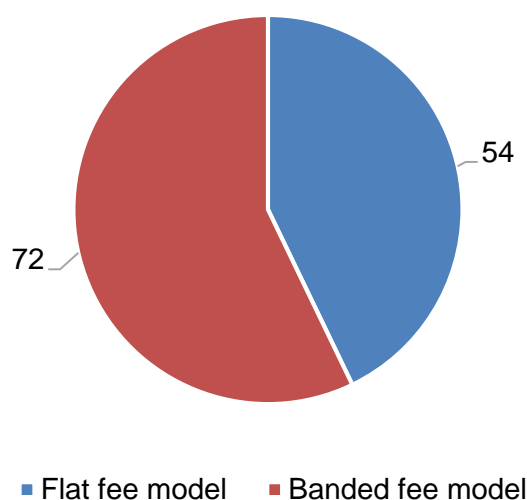
Type of institution	Yes	No
UK higher education institution with university title and degree awarding powers	33	30
UK HE provider	6	15
Further education college	7	10
UK higher education institution with degree awarding powers	3	6
Representative groups	1	5
Individuals	2	1
University of London College	3	1

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

As with Q8, a majority of respondents (55%) did not agree with the proposed 15% banding. However, analysis of the responses indicates that negative responses did not offer a consistent alternative. 12 respondents proposed alternative bandings ranging from 5% to 25%, including one representative group proposing adoption of the 25% banding differentiation used in the OfS fee model. Negative responses on banding offered a range of opinion, including that there were too many bands at the lower level and insufficient at the higher, and that institutions would only need 1,500 students before paying more than the proposed flat fee.

Negative responses tended to reiterate that there would be a disproportionate impact upon small institutions resulting even from the adoption of a banded fee model. Conversely, other negative comments indicated that the proposal would not be equitable to larger providers, including comments that these will tend to be lower risk.

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?



Type of institution	Flat fee model	Banded fee model
UK higher education institution with university title and degree awarding powers	46	19
UK HE provider	1	20
Further education college	1	17
UK higher education institution with degree awarding powers	3	6
Representative groups	1	5
Individuals	1	2
University of London College	1	3

Responses showed a majority in favour of a banded fee model, although a sizeable minority (43%) favoured a flat fee. Most preferences for the flat fee model were from UK HE institutions with university title and degree awarding powers (70%). Further education colleges were strongly in favour of a banded fee (94%). Five of the six representative bodies favoured a banded fee model.

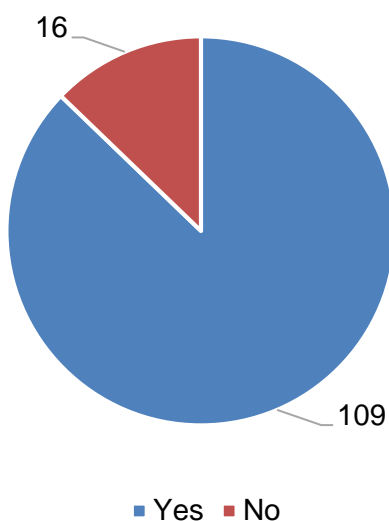
The reasons given for preferences again reflected the core arguments in favour of each: in particular that a flat fee model would reflect the fact that there was little variation of cost to QAA from carrying out statutory DQB functions arising from the size of institutions, while a banded fee model would reduce the cost per student on smaller institutions.

A significant minority of providers supporting a banded fee model were UK HE institutions with university title and degree awarding powers (29%). There was majority support from UK higher education providers (95%) and UK higher education providers with degree awarding powers (6%). A consistent theme of these responses expressed the view that a banded fee model was fairer and more equitable for small providers.

In addition, further references in support of a banded fee model drew attention to Parliamentary debate on HERA where the Government referred to banded fees according to student numbers as common sector practice, essential to ensuring proportionate and affordable fees. Responses from further education colleges and their representative group also referenced the fact that their income per student was lower and the disproportionate impact on students from less privileged backgrounds.

Some responses in favour of a flat fee model raised the issue of risk, arguing that larger institutions carried less risk than smaller ones and were consequently less likely to need the engagement of QAA as DQB.

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?

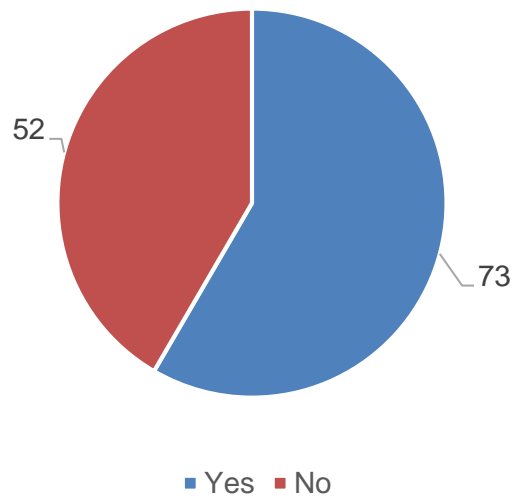


Type of institution	Yes	No
UK higher education institution with university title and degree awarding powers	54	10
UK HE provider	20	1
Further education college	16	2
UK higher education institution with degree awarding powers	8	1
Representative groups	5	1
Individuals	2	1
University of London College	4	

An overwhelming majority of respondents (87%) agreed that if a banded model is adopted, fees should be calculated on the basis of students' intensity of study and on the same basis as for the OfS's registration fee.

An issue raised by a number of further education colleges, was how students on courses not eligible for funding by the OfS would be treated in student number calculations. Providers considered that the inclusion of students on the basis set out in the OfS's fee model would see more students included than may have been the case in the previous regulatory system. This point is considered further below in the analysis section.

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?



Type of institution	Yes	No
UK higher education institution with university title and degree awarding powers	27	38
UK HE provider	16	5
Further education college	14	3
Representative groups/individuals	6	
Individuals	2	1
UK higher education institution with degree awarding powers	6	3
University of London College	2	2

Over half of the respondents indicated that delayed payment terms for the first year would be helpful. Many commented on the fact that they have already paid their annual QAA subscription from 1 August 2018 and so should not be expected to pay again until 1 August 2019. Smaller providers in particular would appreciate a delay in order to budget effectively.

Several responses also expressed concern at the proposed in-year invoicing for the first year's infrastructure fee.

Analysis and outcomes

A large majority of providers (76%) were satisfied with the proposed allocation of costs of statutory DQB activities to the four separate fees set out in the consultation, and an even greater proportion (83%) with the principle that providers should pay the costs of their own assessment fees.

Respondents said they would appreciate greater detail on individual QSR costs. QAA will be able to inform each provider in advance of the cost of their review. Annex 3 of the original consultation provided fee levels for QSR and DAPs activities, so providers have a good indication of the likely fee for an individual review. Each review will be tailored for individual institutions, so they will be provided with their institution-specific fee in advance of their assessment.

As noted above, several respondents raised the issue of individual providers being charged for random sampling and suggested all random sampling costs should be included in infrastructure costs. While the OfS has not yet published its detailed approach to random sampling, it is our understanding that any initial assessment cost for institutions selected for random sampling will not be significant. Only those institutions who are then identified as needing an additional Monitoring and Intervention QSR will face additional assessment costs. This approach to charging fees delivers the cost-reflectivity requirements of HERA as the assessment costs are directly attributable to the provider requiring assessment.

Comments regarding expectations in relation to value for money featured in responses to several questions. To ensure that fees represent value for money, QAA has agreed guidance with the OfS on the meaning of 'economically and efficiently incurred' included as **Annex 1** to this document. HERA places an obligation on the DQB to publish a statement on the amount of the fees charged to carry out the designation function and the basis on which they are calculated, and revised statements where the amount of the fees or the basis on which they are calculated changes. In addition, the fees charged in any 12-month period cannot exceed the expenses incurred by the DQB. Independent auditing will ensure that these statutory requirements are satisfied. These statutory and audit requirements would apply whether a fixed or flat fee model is introduced.

One representative group did question the statutory basis for the proposed fee charging model based on DQB activities, and proposed that all assessment and review fees should include a portion of infrastructure costs which would be charged across providers who are receiving reviews. We are confident that our proposed charging model satisfies the statutory requirements of HERA, a position shared by the working group that agreed the proposed charging models. We also believe that the removal of an infrastructure fee charged to all providers, so that only institutions undergoing reviews are charged, would have a disproportionate impact on smaller providers subject to review who may be less able to bear the consequent increased cost. It would also not meet the cost-reflectivity requirements of HERA to attribute costs to a specific provider only when it was possible to identify these specific costs.

The area of consideration that has proved most challenging relates to the question of adopting a flat fee versus a banded fee approach. Both were seen as credible options. While a majority supported a banded fee model, the result was not overwhelming.

Each model saw support expressed convincingly, and there is no obvious way to reconcile the opposing views. These can be summarised by saying that a flat fee would recognise the fact that there is no significant increased cost to QAA depending on the size of institution, while a banded fee model would recognise the increasingly disproportionate cost per student impact on smaller providers.

Some responses in favour of a flat fee model raised the issue of risk, arguing that larger institutions carried less risk than smaller ones and were consequently less likely to need the engagement of QAA as DQB. We would disagree with the rationale behind this argument as the costs referred to are the overarching infrastructure costs needed to operate as DQB, and do not relate to risk. In addition, there is no evidence that larger providers represent less regulatory risk. The principle in HERA is that assessment costs will be borne by individual institutions, and this is reflected in the QSR and DAPs charging models proposed in Annex 3 of the consultation.

On balance, and given the support of five of the six representative groups/PSRBs, we believe that a banded fee model is the most appropriate to adopt. This is in recognition of the frequently expressed concern of the disproportionate impact on smaller providers, which are relevant to the Government's value-for-money commitments. Smaller institutions will also often have lower income per student and a greater proportion of students from less advantaged backgrounds. A banded fee model is also consistent with the approach taken by the OfS in relation to its own fees. Adopting a flat fee model could run contrary to the Government's intention that the new regulatory system will help improve access into higher education. We also found reference to the intention of HERA as expressed by debate in Parliament convincing. In particular, a comment by the Government Education Minister, Viscount Younger, during the Committee Stage of the Bill in the House of Lords on 25 January 2017 where he referred to 'The current practice, common to sector bodies, of charging fees varied by the number of students at a provider, which is essential to ensuring proportionate and affordable fees'.

We are conscious that a number of different fee structure proposals were suggested, including a split banded/flat fee model. Unless a viable alternative model was suggested by a range of respondents, we would not feel able to take forward any individual proposal that was not offered as an option in the consultation. However, we will periodically review our fee model to ensure fairness and equity. This will include reviewing alternative suggestions made in this response and, if viable and consistent with the provisions in HERA, will consider adoption in future years.

Outcome: QAA will adopt a banded fee model

Having decided on the introduction of a banded fee, we need to consider whether the proposed model is appropriate. As set out above, there was a range of comments and criticisms of the proposed model of 13 bands set at 15% increments. We are particularly conscious of comments that proposed that the highest banding should be set at greater than 20,000 students as some registered institutions are more than double this size. In addition, we acknowledge that there were comments stating that, even with a banded fee model adopted, there would be a disproportionate impact on smaller institutions in terms of costs per student. We are also conscious of the views of larger providers that supported the flat fee model, who felt that the adoption of a banded fee model would unfairly impact upon them.

We are updating the fee table (Table 2) to introduce a new upper band for institutions with student numbers exceeding 30,000. This will only affect eight institutions. In addition, we have updated the fee model with the latest financial information. The introduction of this higher banding, coupled with these updates, allows us to reduce fees by approximately 5% in all other categories.

The new fee table and cost allocation analysis are set out at the end of this analysis.

Outcome: QAA will introduce a new band for institutions with student numbers exceeding 30,000 FTE. All other institutions will see fees reduced from the figures given in the consultation. We will also review our fee model periodically to ensure fairness and equity. This will include reviewing alternative suggestions made in this response and, if viable and consistent with the provisions in HERA, will consider adoption in future years.

As noted several times in this analysis, we received a number of comments in responses stating that the costs disproportionately impact upon smaller institutions, arguing this runs contrary to Government commitments to proportionate and affordable fees. Awareness of this was part of the reason why we have not adopted a fixed-cost model, and why we have sought to reduce the overall fee for all but the largest institutions.

However, it is important to stress that the fee levels referred to cover infrastructure costs.

When an institution undergoes QSR assessment or assessment for DAP activities, the fees will be more likely to be reflective of institution size, as the work involved may increase according to the size of institution. This is reflected in Annex 3 of the original consultation, where the number of days work and the number of reviewers involved in the work determine the level of fee - these variables in part depend on the size of a provider, but are also related to the scope of review required by the OfS. These fee tables are included again below.

There was a strong positive response in favour of calculating fees on the basis of intensity of study and on the same basis as the OfS's registration fee.

However, a further issue we needed to consider was the point raised by a number of further education colleges about the inclusion of some groups of students in the fee calculation. As was pointed out in several responses, the OfS fee calculation includes higher education students studying on courses that would not be funded by the OfS. This is because the OfS's regulatory remit covers all higher education courses, regardless of the way that a particular course may be funded. This represents a shift from the legal position under the previous regulatory system. We would be concerned by the adoption of a DQB fee model that differs from the Government's approach set out in the OfS fee model which includes all students studying on a higher education course defined as a Level 4 or above of *The Framework for Higher Education Qualifications*. Under HERA, QAA is carrying out the statutory DQB functions on behalf of the OfS, and to adopt different definitions of what constitutes a higher education course would not be appropriate. We are, however, conscious of comments made about the impact of inclusion of students on non-OfS funded courses, and hope that the reduction of fees for all but the largest providers will be seen as beneficial.

Outcome: Fees will be calculated on the basis of intensity of study and on the same basis as the OfS's registration fee.

There was support for the introduction of delayed payment terms for the first year an annual DQB fee for infrastructure costs is charged.

It was helpful for QAA to receive comments expressing concerns that payment of QAA's subscription fees as well as the DQB fee, represented a double charge between 1 April 2019 and 31 July 2019. It has allowed us to identify and clarify a perception issue.

QAA's statutory charges for its work as the DQB represent the costs of carrying out entirely new functions created under HERA. We have been carrying out the functions of DQB since April 2018, from which point we received transitional funding from the OfS until 1 April 2019 to be used to support the development of the new quality assessment arrangements. During the period 1 April 2018-31 March 2019, no charge was made to higher education providers

for this new activity. The 'old' annual subscription fee for 2018-19 covered the costs of QAA activities including the development and maintenance of the UK Quality Code for Higher Education; *The Framework for Higher Education Qualifications*; and international engagement on quality matters. These costs cannot be attributed to the work of QAA as the DQB. This means that institutions are not experiencing double charging from the period 1 April 2019 to 31 July 2019.

In relation to comments about in-year invoicing, it is also worth noting that, with the introduction of QSR, in-year invoicing for assessment will become routine.

Outcome: QAA will consider delayed payment terms for providers in 2018-2019 on request

Fees table (updated Table 2)

Band	Student numbers (by FTE)	2019-20 Indicative fee per consultation	2019-20 Final fee	Increase/ (Decrease)
A	Up to 25 students	£2,425	£2,315	(£110)
B	26 to 50 students	£2,789	£2,662	(£127)
C	51 to 75 students	£3,207	£3,062	(£145)
D	76 to 100 students	£3,688	£3,521	(£167)
E	101 to 300 students	£4,241	£4,049	(£192)
F	301 to 500 students	£4,878	£4,656	(£222)
G	501 to 1,000 students	£5,609	£5,355	(£254)
H	1,001 to 1,500 students	£6,451	£6,158	(£293)
I	1,501 to 2,500 students	£7,418	£7,082	(£336)
J	2,501 to 5,000 students	£8,531	£8,144	(£387)
K	5,001 to 10,000 students	£9,810	£9,365	(£445)
L	10,001 to 20,000 students	£11,282	£10,770	(£512)
M	20,001 to 30,000 students	£12,974	£12,386	(£588)
N	Greater than 30,000 students	N/A	£14,244	£1,270

In modelling costs, QAA worked with the independent economic consultants, London Economics, who undertook a review to confirm that QAA's costs had been economically and efficiently incurred and could be transparently allocated to the requirements of the *Higher Education and Research Act 2017* (HERA).

Infrastructure costs (updated Table 3)

Cost	Explanation and estimated costs	Specific economic/efficient/ appropriate/attributionable measures
<p>Core team Pay total estimated annual cost £789,000 comprising:</p> <ul style="list-style-type: none"> • salary costs £630,000 • production of publications £70,000 • management oversight £89,000. 	<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 £630,000. The activities undertaken include but are not limited to those described below. Not all 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 £70,000.</p> <p>The cost of management oversight of this area is estimated at £89,000.</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 and 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/attributionable 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 (eg ACDAP, OfS) -£10,000 • recruitment of reviewers and expert committee members (eg advertising, travel expenses) - £15,000 • training and admin costs for reviewers and QAA staff (eg 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 £1,538,000 comprising:</p> <ul style="list-style-type: none"> • IT £528,000 • HR £86,000 • facilities £270,000 • finance £89,000 • governance £155,000 • executive £193,000 • corporate publications and website £83,000 • depreciation £134,000. 	<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 - £528,000 • HR costs: including recruitment, training - £86,000 • facilities costs: including rent, rates, fixtures and fittings, maintenance, including cleaning, utilities - £270,000 • finance costs: including invoicing, debt collection, supplier payments, reporting, payroll, treasury management - £89,000 • governance costs: including internal & external audit, legal costs, committee and Board costs, oversight of HE policy - £155,000 • senior executive oversight costs - £193,000 • corporate publications: including annual reports and accounts, website updates - £83,000 • depreciation - £134,000. 	<p>The overhead costs cover all of QAA's work and so are apportioned across the QAA 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>

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 the number of visit days and team size:

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	

*This will be confirmed at the provider briefing, in advance of the visit.

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 adviser desk based per day £270
- specialist adviser attend visit - see table below (excludes prep).

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

Quality and Standards Review - Monitoring and Intervention (QSR (MI))

The following are the price of QSR (MI) activity based on time, number of visit days and team size:

Timeline*	Days	Number of reviewers	Base fee £
T2	2	2	9,998
		3	12,662
	3	2	11,314
		3	14,420
T3	2	2	11,663
		3	14,867
	3	4	20,271
		5	23,917
T4	2	2	12,063
		3	15,402
	3	3	17,160
		4	20,941
	4	3	18,918
		4	23,141
		5	27,364
		6	31,587
	5	5	30,006
		6	34,671
T5	3	4	24,961
		5	29,552
	4	4	27,161
		5	32,194
	5	4	29,361
		5	35,901

*This will be confirmed at the provider briefing, in advance of the visit.

Additional charges for QSR (MI)

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 adviser desk based per day £270
- specialist adviser attend visit - see table below (excludes prep).

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

Quality and Standards and Degree Awarding Power Combined Review

The following are the price of the combined activity based on the number of visit days and team size:

Days*	Number of reviewers	Base fee £
3	3	30,823
	4	32,652
4	3	37,096
	4	39,359
	5	41,638
5	3	43,369
	4	46,082
	5	48,795
6	3	49,642
	4	52,797
	5	55,952

*This will be confirmed at the provider briefing, in advance of the visit.

Additional charges for combined method

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 adviser desk based per day £270
- specialist adviser attend visit - see table below (excludes prep).

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

Forthcoming fees for DQB assessment activities

As stated the random sampling method is still being developed and will be published when finalised.

Annex 1

Guidance on the meaning of 'economically and efficiently incurred' agreed by the Office for Students and QAA

1 This guidance sets out the principles to be followed when assessing if costs are economic and efficient in terms of the services required to be delivered by the Designated Body under its assessment functions in section 23 and 46 of the *Higher Education and Research Act 2018*.

2 The following paragraphs set out a non-exhaustive set of principles that should be considered when assessing whether a cost is economically and efficiently incurred.

Economic and efficient costs

3 A cost is likely to be considered as 'economic and efficient' where it represents best value for money and does not exceed what might be expected to be incurred in the normal delivery of services required.

4 Indicators of whether a cost has been economically and efficiently incurred will include, but are not limited to, the level of competitiveness and/or market testing undertaken in the supply chain, any particular specification and performance requirements, any uncertainty involved, the economic environment, relevant statutory provisions, and the expected benefits provided and the ability to demonstrate that alternative options have been explored.

5 Where the Designated Body engages external personnel in the exercise of its assessment functions, we would expect it to be able to demonstrate that those external personnel have been procured on a competitive basis, and that the need to sub-contract for those services represented best value in terms of delivery.

6 A cost should be both appropriate and attributable to the delivery of the assessment functions under sections 23 and 46 of the *Higher Education and Research Act 2018*.

7 A cost is appropriate if, by its character and nature, it represents a cost that is expected to be incurred in the conduct of delivering the services in question. In order to assess whether a cost is appropriate, consideration should be given to the following:

- a whether the cost would be expected to be incurred in the delivery of the services
- b whether the level of the cost is consistent with sector benchmarks.

8 A cost is attributable if it is incurred directly or indirectly for the fulfilment of the required services in question and it is necessary to fulfil those services described. In order to assess whether a cost is attributable, consideration should be given to the following:

- a whether the cost is borne by the Designated Body directly or its sub-contractors
- b whether the cost is directly attributable to the services being delivered
- c whether the cost is identifiable.

9 The Designated Body will repay to the relevant educational providers any costs if found not to have been economically and efficiently incurred.

Annex 2: Responding organisations

Providers

AECC University College
Bath Spa University
Birkbeck, University of London
Birmingham Metropolitan College
Bishop Grosseteste University
Blackburn College
Blackpool and The Fylde College
Boston College
Bournemouth University
BPP University
Brooksby Melton College
Brunel University London
Canterbury Christ Church University
Cheshire College - South & West
CICM
City of Bristol College
City of Sunderland College
City, University of London
Cliff College
Cornwall College
Coventry University
East Riding College
Goldsmiths, University of London
Guildhall School of Music and Drama (as individual rather than 'on behalf of')
Harper Adams University
Havering College of Further and Higher Education
Heart of Worcestershire College
ICMP
International College of Oriental Medicine (ICOM)
INTO University Partnerships
Keele University
King's College London
KLC School of Design
Lakes College West Cumbria
Lancaster University
Leeds College of Building
Leeds Trinity University
Liverpool Institute for Performing Arts
Liverpool John Moores University
London Metropolitan University
London School of Economics and Political Science
Luther King House Educational Trust
Middlesex University
Millennium Performing Arts
Myerscough College
Nelson and Colne College
Nelson College London
Newman University, Birmingham
Norwich University of the Arts
Nottingham Trent University

Oxford Brookes University
Petroc
Plymouth College of Art
Plymouth Marjon University (trading name of University of St Mark & St John)
Ravensbourne University London
Regent College Higher Education (RTC)
Regent's University London
Rose Bruford College of Theatre and Performance
Royal Academy of Dance
Royal Agricultural University
Royal Central School of Speech and Drama
Royal Holloway, University of London
Royal Northern College of Music
Royal School of Needlework
Sheffield Hallam University
SOAS University of London
Solent University
Sparsholt College
St George's University of London
St Mellitus College Trust
Staffordshire University
Teesside University
The Institute of Cancer Research
The London Institute of Banking & Finance
The London Interdisciplinary School
The Open University
The Salvation Army t/a William Booth College
The University of Manchester
Trinity Laban Conservatoire of Music and Dance
UCL
UK College of Business
University of Bath
University of Bedfordshire
University of Birmingham
University of Brighton
University of Bristol
University of Central Lancashire
University of Chester
University of Derby
University of East Anglia
University of East London
University of Essex
University of Exeter
University of Huddersfield
University of Leeds
University of Leicester
University of Lincoln
University of Liverpool
University of Newcastle upon Tyne
University of Northampton
University of Northumbria at Newcastle
University of Nottingham
University of Portsmouth
University of Southampton
University of Suffolk

University of Sunderland
University of the West of England, Bristol
University of Warwick
University of Winchester
University of Wolverhampton
University of York
Waverley Abbey College
Writtle University College
York St John University

Representative bodies/PSRBs

Association of Colleges
British Acupuncture Accreditation Board
Guild HE
Independent Higher Education
Landex
MillionPlus