



1. Do you agree with the activities attributed to each of the four separate fees set out in Table 1?
 - a. Yes
2. Do you agree that a provider should pay the costs of its assessment where these can be directly attributed to the provider?
 - a. Yes
3. Do you have any comments about the proposed indicative fees set out in Annex 3?
 - a. No
4. Do you consider that a flat rate fee model for infrastructure costs is a credible way to determine an annual fee?
 - a. A flat rate model is against the intention of the Act and the debate in Parliament as recorded by Hansard. The Act also gives the OfS the responsibility to protect the diversity of the sector, and a flat rate fee would disproportionately impact on smaller institutions and would be against the value for money commitments to students with a significantly higher proportion of their tuition fee income being spent on regulation in a smaller institution than a larger institution. The principle of banded fees based on the size of the institution is the most appropriate model, and is well established in the higher education sector.
5. Do you have any comments about the proposed indicative annual fee under the flat rate model?
 - a. Whilst the proposed fee may feel appropriate in the first year it will be important to ensure that the principles of cost reflexivity are considered with any future fees - and range of activities on which the fees are based - to ensure that there are no significant increases.
6. Do you consider that a banded model for infrastructure costs is a credible way to determine an annual fee?
 - a. Yes
 - b. The banding model is, in principle, the most equitable approach, whereby institutions with more students pay more for their regulation. This is, in part, recognition of the increased risk of increasingly complex organisations the larger they become and that the fee per head also represents a value for money question relating to the proportion cost of regulation for each student - it is not value for money for a student in one institution to pay £100 for being regulated by the DQB compared to £3 in another institution.
7. The proposed banding 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?
 - a. No
8. Would you have a different banding structure? Please explain what this would be and your reasons.

- a. It is good that there are a significant number of bandings for institutions with smaller numbers of students. However, given the granularity in bandings at the lower end of the scale there should be more bandings at the higher end of the scale, as there are significant numbers of students in institutions with more than 20,000 students. This increased number of bandings would help shift the cost more evenly towards larger institution and bring down the cost per student.
9. If QAA adopts a banded model, do you agree with an incremental increase between bands of 15 per cent?
- a. No
10. If your answer is 'no', please tell us what percentage increment you would prefer. Please explain your reasons.
- a. There are too many bands at the lower level and not many at the higher levels resulting in a significant skewing of the fees towards institutions with smaller numbers of students as demonstrated by the per head figure. The fact that all institutions with more than 1,500 students would pay more than the flat fee rate is outrageous. The vast majority of students are in institutions with more than 1,500 students (significantly more) and this should be represented in the fees.
11. Do you have any comments about the proposed indicative annual fee under the banded model as set out in Table 2?
- a. The fees are too heavily skewed towards smaller institutions representing a significant per head difference in the costs of regulation per student, contradicting the student value for money principle. An institution with 40,000 students pays £3 per head compared to almost £100 per head for an institution with 25 students.
12. 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?
- a. Banded Fee Model
13. What are your reasons for this?
- a. A flat rate model is against the intention of the Act and the debate in Parliament as recorded by Hansard. The Act also gives the OfS the responsibility to protect the diversity of the sector, and a flat rate fee would disproportionately impact on smaller institutions and would be against the value for money commitments to students with a significantly higher proportion of their tuition fee being spent in a smaller institution than a larger institution. The principle of banded fees based on the size of the institution is the most appropriate model, and is well established in the higher education sector.
14. 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?
- a. Yes
15. Would delayed payment terms for the first year that an annual DQB fee for infrastructure costs is charged (from 1 April 2019) be helpful?
- a. Yes
- b. Institutions paid higher than expected membership fees to QAA in 2018-19 compared to costs of activities delivered as a transition cost towards the new regulatory landscape. Therefore the proposal to start charging institutions from 1st April, in effect double-charging institutions for the 1st April - 31st July period, is wrong. It should also be noted that in-year additional charges that were not budgeted for will create difficulties for institutions.

Alex Bols, GuildHE Deputy CEO, 23 April 2019