



## Annual designated body report

### Introduction

1. The Quality Assurance Agency for Higher Education (QAA) is pleased to present its first annual report to the Office for Students (OfS) about the performance of QAA as the designated body in England in the period 1 April 2018 to 31 March 2019.
2. The launch of the OfS's regulatory framework in early 2018 marked a seminal change in the regulation of English higher education. For the first time the student interest has been placed at the heart of a regulatory system which is to be risk-based – applying the greatest scrutiny to the riskiest provision – and encouraging of new and innovative forms of higher education. As the designated body charged with supporting part of this new regulatory framework, QAA is responsible for understanding and delivering in practice the approach set out in the regulatory framework. This means ensuring our review methods are focused on outcomes for students, that they are consistent, valid and reliable, and that they place no more burden on providers than what is required to provide clear and accurate advice to the OfS in those areas the OfS has asked for.
3. The purpose of this annual report is to describe and evaluate how we have responded to these new challenges in the first year of our designation. We have prepared it according to the requirements in Schedule 4 of the [2017 Higher Education and Research Act](#) and the agreements set out in Schedule 4 of the [Memorandum of Understanding relating to the performance of the Assessment Functions between the OfS and QAA](#), or Designation Agreement.
4. The Act requires that as soon as possible after the end of each reporting period, the designated body must prepare and send to the OfS a report about the performance of the assessment functions during the period. The Designation Agreement states that the report will, '...evaluate the effectiveness of the QAA's review and assessment methods, the implementation of these, and the outcomes generated.'
5. The OfS began referring providers for assessment a few days before the end of the reporting period. This report is, therefore, focused on the development of the assessment methods and preparations for effective delivery. Subsequent annual reports will be structured differently.

### Report structure

6. The report is organised according to the following main sections:
  - QAA's performance against Schedule 2 of the designation agreement
  - Preparations for delivery
  - Resourcing and risk management
  - Transformation of QAA and its benefits for the role of the designated body.

## QAA's performance against Schedule 2 the Designation Agreement

7. Schedule 2 in the Designation Agreement records the specific obligations on QAA and OfS, the activities both parties will undertake in furtherance of those obligations and the deadlines for the completion of those activities. Schedule 2 is updated each year as described in Schedule 6.
8. The following table describes QAA's performance against the activities which QAA is responsible for, as set out in Schedule 2 of the Designation Agreement. For brevity we have summarised the activities and not included those which did not occur in the reporting period, such as the delivery of assessment processes.

QAA activity	Original Milestone	Performance
QAA ready to receive requests from OfS to review new providers under Quality and Standards Review (QSR)	31 August 2018	QAA delivered to OfS a draft operational specification on 15 June, consulted with providers on that specification in July and August, delivered a post-consultation guidance document on 28 August and published that <a href="#">guidance</a> on 11 October.  As a result, QAA was not ready to receive applications by the agreed date.
QAA ready to receive requests for advice about Degree Awarding Powers (DAPs) from OfS	1 September 2018	QAA delivered a draft operational specification for DAPs on 29 June, a final operational specification on 31 July and published the <a href="#">guidance for providers</a> on 24 October to align with the publication of OfS's own DAPs guidance.  As a result, QAA was not ready to receive applications by the agreed date.
Develop and agree with the OfS a flexible framework for the delivery of reviews of providers referred by the OfS because there is an actual or suspected breach, or may be an increased risk of a breach, of conditions B1, B2, B4 or B5.	30 September 2018	QAA delivered a draft operational specification for referrals on 26 September, received feedback on that specification in early November and delivered drafts of the guidance for providers on 20 November and 7 December. The final <a href="#">guidance for providers</a> was published on 26 March.
Agree QAA's input into the OfS process further to the identification of providers that may require an assessment by QAA of standards applied to higher education	30 November 2018	At OfS's request this activity was moderated into an invitation for QAA to participate in a workshop with OfS looking at providers with significant grade improvement.

Agree program of work to deliver a quality and standards review method as a component of the OfS's approach to random sampling	30 November 2018	At OfS's request this activity was moderated into an invitation for QAA to discuss OfS's overall approach to random sampling and how QAA would fit into that process.
Make proposals to OfS about sector-level activities relating to the quality of and standards applied to higher education	30 November 2018	QAA submitted proposals relating to academic integrity, degree classifications, unconditional offers and retention and progression on 30 November. In January OfS colleagues informed QAA that for the next year of activity its sector-level activities should focus on drawing out learning and trends from the QSR and DAPs assessments undertaken.

9. In addition (and not part of the activities listed in Schedule 2), QAA developed a combined QSR/NDAP method for providers who wish to move as quickly as possible through both processes.

#### Evaluation

10. QAA was not ready to receive requests to carry out QSRs or DAP assessments on 31 August and 1 September respectively. This prompted QAA to undertake an extensive 'lessons learned' exercise, which identified capacity and capability issues in QAA's internal resources as contributors to the delays.
11. In consequence, the QAA Board determined in September that its Audit and Risk Committee should receive progress reports on QAA's performance as the designated body at each of its meetings to assure the Board that appropriate progress is being achieved, with potential delays identified and mitigation planned. The lessons learned exercise has also set in train the changes on those matters identified that were within QAA's span of control. This includes internal structures, skills and capabilities described under the Transformation, Capability and Change programme below, which will ensure that future challenges with the potential to lead to delay are remedied promptly.
12. Schedule 2 of the Designation Agreement envisages a straightforward path to the development of new review and assessment processes, which makes little allowance for discussion and iteration. In practice, however, the development work (particularly for QSR and DAPs) proved to be necessarily iterative, which, with hindsight, is unsurprising given the fundamental changes wrought by the regulatory framework and the complexity and novelty of elements of the new processes (particularly New DAPs).
13. As this was the first year of the operation of the designated body, both QAA and the OfS have needed time to adjust to the new relationship. In the second half of the reporting period QAA and OfS colleagues developed strong working relationships and communication methods, using more face-to-face meeting and workshops to facilitate effective working. As a result, there have not been any other examples of milestones missed. Moreover, the participation of OfS staff at training events for QAA officers and reviewers has been very helpful in explaining and reinforcing the practical effects of the new regulatory framework. We are very grateful for the advice and support

provided from the OfS officers we have worked with during the reporting period and look forward to working with the new Quality Team and other teams within OfS as they become established.

14. In the period covered by this report QAA received one referral to assess a provider under the QSR method (in late March 2019) and no referrals for DAP assessments.

## **Preparations for delivery**

### Reforms to QAA's Advisory Committee on Degree Awarding Powers (ACDAP)

15. One of the aims of the Higher Education and Research Act 2017 (HERA) is to remove artificial barriers to market entry for high quality providers in England. The intention is to make it quicker to gain degree awarding powers, first on a time-limited basis and then indefinitely.
16. Under the Act the OfS has become the final decision maker about DAPs, replacing the role of the Privy Council in England. Section 46 of the Act deals with the advice the OfS must seek before making an order to grant, vary or revoke degree-awarding powers. It stipulates that the OfS must request advice from the designated body before making such an order, and that the advice provided by the designated body must be informed by the views of persons who (between them) have experience of providing higher education in an English higher education provider with DAPs, an English higher education provider without DAPs and an English further education college, as well as persons with experience of representing the interests of students, employing graduates, research into science, technology, humanities or new ideas, and encouraging competition.
17. QAA's ACDAP is a committee of the QAA Board whose primary role is to provide advice to the QAA Board as to whether applicants for DAPs meet the relevant criteria. ACDAP is a UK-wide committee i.e. it considers applications from providers seeking degree awarding powers in England, Scotland, Wales and Northern Ireland, and there are different criteria for the achievement of DAP in the four nations.
18. In June 2018 the QAA Board decided that ACDAP should continue in its role of scrutinising applications for DAPs in England as its operational structure fulfils the requirements of the Act, and approved changes to the Committee's membership to ensure it reflects those experiences described in paragraph 16. Furthermore, in order both to meet the Act's aim of accelerating the scrutiny process, and demonstrate a clearer separation between the consideration of applications under the new and outgoing systems in England as well as applications from providers in other parts of the UK, the QAA Board agreed to:
  - a. empower ACDAP to provide advice directly to the OfS on new applications for degree awarding powers from providers in England without reference to the QAA Board (thereby cutting several weeks from QAA's involvement in the process);
  - b. divide the business of ACDAP into two distinct parts, such that:
    - i. applications for DAPs from Wales, Scotland, Northern Ireland and under the outgoing system in England (the 2004 and 2015 criteria), are considered under the chairpersonship of the existing, independent Chair of ACDAP, with advice provided to the QAA Board;

- ii. applications for DAPs under the new regulatory system in England, are considered under the chairpersonship of an independent QAA Board member, appointed to the position of Chair of ACDAP, with advice provided directly to the OfS.
19. The separation of the two categories of business and appointment of a Board member Chair for business under 18.b.(ii) above, is intended to provide the Board with a strong, direct link to the exercise of the Board's authority by ACDAP in relation to the new system in England. At its meeting on 14 March the QAA Board approved the nomination of Vanessa Davies as Chair of ACDAP for business under 18.b.(ii).

### Evaluation

20. We are confident that the reforms to ACDAP will provide for expeditious scrutiny by the designated body with the proper application of the new regulatory approach as well as the appropriate rigour. We have also built in strong checks and balances into the Committee's new responsibilities and committed to a review of the new arrangements within 12 months.

### **Recruitment, selection and training of reviewers**

21. Upon designation QAA overhauled its recruitment, selection and training procedures, in part as a response to the OfS's requirement that our assessment processes should remain demonstrably expert academic-led, supported by other types of reviewers including those with up-to-date regulatory and investigatory knowledge. More specifically:
  - a. we developed new and dedicated person specifications for the reviewers who will be supporting our work as the designated body, which includes a requirement for investigatory skills;
  - b. we introduced a desk-based assessment of critical and analytical skills to the selection process;
  - c. we devised and delivered a new training programme comprising modules in generic reviewer skills and application of specific assessment methods, such as DAP.
22. In the first year of designation QAA has recruited 108 reviewers to support our work as the designated body based on 245 applications. That pool comprises 54 senior quality assurance experts (29 of whom are also subject specialists), 42 subject specialists and 12 student reviewers. 45 of the pool are existing QAA reviewers, though it should be noted that the whole pool was selected according to the same rigorous tests.
23. All reviewers are required to demonstrate currency in their field of expertise. Those who are not currently employed by a provider (referred to as 'independents') need to demonstrate that they are maintaining their currency in other ways.
24. QAA has also introduced new rules for reviewers involved in our work as the designated body to protect against conflicts of interest. More specifically, they will:
  - not be assigned by QAA to undertake any other work relating to providers based in England;

- be held to an updated Conflict of Interest policy which prevents working with providers in England in a private commercial capacity on matters potentially falling within the scope of designated body activity.

25. These new rules are reflected in new rules for QAA officers who support reviewers.

### Evaluation

21. The activities described above have begun to establish the conditions for successful delivery of the designated body's assessment functions according to the OfS's requirements. We also take confidence from the feedback our new reviewers have given about the efficacy of our training; this has been positive in the main with a number of suggestions for improvement some of which we have already acted upon (such as by making more of the induction material available online). Looking ahead, our Transformation, Capability and Change programme is likely to stimulate further changes to our approach to managing reviewers, such as the creation of a single point of accountability for their recruitment, training and performance management. This is discussed in more detail below.

### **Resourcing and risk management**

26. QAA received a grant of £650k from the OfS for the period 1 April 2018 to 31 July 2019 to facilitate a successful transition to the new charging arrangements under section 28 of HERA. This grant was used to support the development of the new quality assessment arrangements as described above. A report on the expenditure of this grant will be submitted to OfS by 30 September.
27. On 20 March, QAA launched a consultation on the fees we will be charging for our work as the designated body. QAA has worked closely with the OfS, as well as Universities UK and GuildHE, in drafting the consultation, and we have also worked with independent economic consultants, London Economics.
28. Pursuant to HERA, the fees for QAA's work as the designated quality body will be charged to providers on a strictly cost recovery basis. They will cover specific assessment functions as set out in the legislation and our agreement with the OfS.
29. QAA has created and continues to develop a dedicated operational risk and assurance framework for its work as the designated body. This framework is used extensively internally including by the Audit and Risk Committee, which receives an updated version at each meeting to inform its advice to the QAA Board as to whether the QAA is successfully delivering its commitments.
30. QAA has shared the above framework with the OfS Quality Assessment Committee and received constructive feedback on how it might be improved to aid the Committee in its deliberations. This will be discussed by QAA's Audit and Risk Committee with refinements incorporated in time for Q1 2019-20 reporting.

### **Transformation of QAA and its benefits for the role of the designated body**

31. In the last two years QAA's UK operating environment and responsibilities have undergone significant changes, including through designation by the Secretary of State in England. In consequence, our funding has both diminished and become less predictable and that pattern will continue when the requirement for directly-funded universities and colleges in England to subscribe to QAA ceases in July 2019.

32. To ensure QAA's structure and operational focus adapts to these changes, QAA has launched a transformation programme, called Transformation, Capability and Change (TCC), to transform QAA's resources, expertise, systems, and procedures from those geared to deliver what has been our core services and activities in the past to what is required now and in the future.
33. TCC has five main strands, including one which is focused on our role as the designated body. The three main aims of this strand, building on the work we have already done to prepare for the delivery of our new responsibilities described above, are to create and embed:
  - an organisational structure which address the priorities of separation from other QAA activities, cost transparency, value for money, high performance and responsiveness in a demand-led environment;
  - an approach to the management of reviewers which address these same priorities;
  - an approach to stakeholder management which builds trust through the demonstration of high performance, consistency, timeliness and relevance of communications.
34. The TCC programme will deliver several benefits to QAA in its role as the designated body, including:
  - an acceleration in QAA's alignment to the OfS's regulatory approach;
  - a new operating model and organisational design which will both eradicate the risk of conflicts of interest between QAA's role as the designated body and its other activities, and minimise the scope for inconsistencies in the application of different review activities;
  - the creation of a single point of accountability for the recruitment, selection, training and performance management of reviewers contributing to our work as the designated body.
35. The TCC programme began in autumn 2018 and will continue throughout 2019.

### **Conclusion: an evaluation of the effectiveness of the QAA as the designated body**

36. The designation of QAA by the Secretary of State to support the implementation and maintenance of the new regulatory framework in England is both a privilege and responsibility. As this report shows, in the first year of designation, when our focus has been on developing new assessment methods and preparing for effective delivery, this role has not been without its challenges. To some extent this was to be expected given the fundamental changes in approach flowing from the new statutory framework and the concomitant changes in resources and staffing at both the OfS and QAA.
37. We have acknowledged that the scale of the task was greater than the resource initially allocated to it, and that this, along with several other factors outside QAA's immediate control, contributed to delays in the delivery of the first two milestones in Schedule 2 of the Designation Agreement. More recently we have worked with the OfS to reflect on, and learn from, the challenges to improve effectiveness. We have also undertaken significant reforms to ACDAP and to our recruitment, training and management of reviewers which we believe have set the conditions for successful delivery once the assessments get underway, and taken opportunities to be proactive, such as through the development of a combined QSR/NDAP process.

38. There were two provider assessments commissioned in the year, both at the end of March. As more assessments come on stream future reports will evolve to include what has been learned from assessment outcomes, and the effectiveness and management of the processes themselves.
39. Looking ahead, our TCC programme signals further changes to our structures, capabilities and ways of working designed to accelerate QAA's alignment to the OfS's regulatory approach. We also look forward to agreeing a set of Key Performance Measures with the OfS which will serve ultimately as the gauge of our effectiveness as the designated body.