

In this edition:

TDG project updates

TRAC returns for
2016-17

TRAC Regional
Groups

Hold the date:
TRAC Practitioners'
Conference 2018

TRAC Guidance

Implementation of
the Margin for
Sustainability and
Investment (MSI)

TDG web pages

TRAC Helpdesk
distribution list



Ian Creagh
Chair of the TRAC
Development Group

Chair's welcome

Welcome to the latest edition of the TRAC Development Group (TDG) Bulletin.

We have seen regulatory changes in England with the transition from HEFCE and OFFA to the Office for Students (the new regulator for higher education in England) and Research England (the new Council in UK Research and Innovation) as well as the announcement by the Department of Education of the Review of Post-18 Education and Funding. In Wales there has been the recent announcement on the Tertiary Education, and Research Commission consulting on establishing an authority to oversee post-compulsory education and training.

At the beginning of 2018 we had the annual TRAC returns submitted, with many more early uploads than previous years. Initial findings are as TDG and the Financial Sustainability Strategy Group (FSSG) had expected with the introduction of the Margin for Sustainability and Investment (MSI), and we have seen some changes in the research charge-out rates (more on which is detailed within the bulletin).

The TDG projects have been continuing apace. We provide an update on progress in the bulletin together with details of the first publication on 'An Assurance framework for TRAC'.

We are now well on the way with the update of the TRAC Guidance for this year and you can expect the Guidance to be released in July.

Finally, plans are in place for the TRAC Practitioners Conference which will take place on Monday 24 September 2018 in London. Many of you will have received a 'Hold the Date' from the British Universities Finance Directors Group (BUFDG) team – who TDG are working with jointly on the conference. This is always a great event, with colleagues from across the country coming together, and I look forward to seeing as many of you there as possible.

Ian Creagh

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TDG project updates

We are pleased to provide updates on the three TDG projects being undertaken in 2017-18.

New 'assurance framework' for TRAC

TDG has published 'An assurance framework for TRAC'. This was circulated to Heads of Finance and TRAC practitioners on publication, and is also being presented at Council of Higher Education Internal Auditors meetings over the next few weeks.

This useful guide was developed to help institutions consider the extent of assurance that exists over TRAC, and to give practical guidance on how to develop an assurance framework. The guide emphasises the value and importance of senior management involvement in the TRAC process and provides:

- areas where non-compliance issues may more commonly be identified;
- useful tools to enable a balanced and proportionate approach to ensuring compliance with the minimum TRAC requirements;
- institutions with an approach for ensuring there is appropriate assurance that their TRAC methods and output are robust and reasonable.

The guide is available at www.hefce.ac.uk/funding/finsustain/pubs/TRAC-af/.

Workload Planning

This report will follow on from the TDG-sponsored review of workload planning (WLP) first published in 2011. It brings together the experiences of institutions across the sector, through a small number of detailed case studies and a survey to the wider sector.

It is clear that there is not a 'one size fits all' approach to workload planning and factors such as the mix of teaching versus research in the institution, the current localised models used to manage workloads and the cultural attitude within each institution to measuring academics' time all need to be understood in designing the WLP guide. This guide identifies good practice across the sector and the potential for enhancements to the TRAC Guidance.

The report on workload planning is expected to be published in summer 2018.

Different by design – exploring alternative delivery of undergraduate provision; benefits and opportunities

The development of non-traditional delivery methods within higher education (HE) for undergraduate programmes can provide a diversified offer to enable a broader audience to engage with HE and to support sustainable institutional finances. Whilst still relatively small-scale for the sector, the study found some institutions clearly energised by their entrepreneurial and pioneering developments, with benefits translating across to their broader portfolio of programmes.

The project uncovered many positive experiences for the student, institutions and employers from the development of different delivery methods, but also a number of challenges to overcome. It was clear that successful development and implementation in this area need to fit alongside the culture and mission of an institution. For those in our study, enthusiastic and visible senior leadership was a common enabler of success, along with clarity of purpose. These are not surprising or exclusive ingredients here, but we were struck by the potential impact for rapid change to the range of provision and the resulting diversification of income sources across the sector.

The report on non-traditional undergraduate delivery methods is expected to be published in summer 2018.

TRAC returns for 2016-17

We are pleased to report that the great majority of higher education institutions that needed to submit Annual TRAC and TRAC(T) returns for 2016-17 did so within the deadlines, and in fact more promptly than seen in previous years.

Almost 95% of Annual TRAC returns were submitted by the deadline, and 98% of TRAC(T) returns were submitted by the 28 February deadline.

Most notably, 17 institutions had submitted both Annual TRAC and TRAC(T) by the end of January, and by mid-February this had increased to a total of 44 institutions.

Information to help you to improve your institution's TRAC processes and streamline your TRAC and TRAC(T) submissions is available online:

- Improving the efficiency of TRAC processes (TDG, 2016):
www.hefce.ac.uk/funding/finsustain/mips/efficiency/
- TRAC – The 'Easier Way' (TRAC Regional Groups, 2014):
www.hefce.ac.uk/funding/finsustain/trac/regional/

TRAC Regional Groups

Across the UK, nine Regional TRAC Groups meet regularly throughout the year to provide a forum for sharing knowledge and disseminating information on sustainability and TRAC issues. TDG appreciates and recognises the important role of the groups, which are run by the sector for the sector. Each region has a Chair and Secretary, with meetings taking place two to three times per annum.

TDG currently interacts with the Regional Groups in a number of ways:

- Regional Group Chairs meetings take place with TDG members in attendance twice a year
- the TRAC Support Unit regularly attends meetings of the Regional Groups to share information, provide support and understand common issues
- direct involvement in key TDG projects.

This allows TDG to directly understand the issues across the sector, but also allows institutions to be involved and input into TDG's work programme and TRAC related developments.

If you are not already part of your Regional Group and would like to find out more and how to join, please look at the TDG web pages to find your key regional contacts:

www.hefce.ac.uk/funding/finsustain/trac/regional/ or contact the TRAC Support Unit.

Hold the date: TRAC Practitioners' Conference 2018



The annual TRAC Practitioners' Conference, held in partnership with the British Universities Finance Directors Group, will take place on Monday 24 September 2018 at the DeVere Grand Connaught Rooms in London.

Planning is well under way on the conference agenda and as always we have reflected on feedback from last year and the current topical issues. The successful format mixing plenaries and breakouts will remain.

Please add the date to your calendar and look out for booking information – coming soon.

TRAC Guidance

Progress on this year's update for the TRAC Guidance is well on the way. Whilst it is not envisaged that there will be significant changes following the update last year which included the introduction of MSI, the group is considering amendments in a number of areas including:

- greater explanation of the 'Other non-commercial' category
- apprenticeship levy – changes to reflect different treatment around the UK
- research facility calculations
- expanded narrative on the treatment of service concessions in TRAC.

The updated TRAC Guidance is expected to be released in July 2018.

The implementation of the MSI

The Margin for Sustainability and Investment was adopted in TRAC from 2016-17 as a replacement for the sustainability adjustments previously used in TRAC: the Return for Financing and Investment (RFI) and the Infrastructure Adjustment (IA).

As MSI is an institution-specific measure, and calculated on a different basis (one that reflects the financial strategy and investment needs of the institution), the MSI has in many cases resulted in a different absolute figure from that calculated by the former sustainability adjustments. MSI will also change over time as the institution's financial strategy and investment needs change.

It was always anticipated that the MSI would be different from the former sustainability adjustments for the following reasons:

- Pilot studies had shown that the MSI adjustment is on average higher than the total of the RFI and IA sustainability adjustments as used up to 2015-16. As has been observed previously, the factors used in the calculation of the RFI had not been updated since 2006, so were long out of date.
- The 2015-16 charge-out rates calculated in the 2015-16 Annual TRAC return were not used, therefore the 2014-15 rates with an additional year's indexation were used in the costing of Research Council bids. Therefore the rates calculated in 2016-17 reflected changes in the overall higher education institution cost base between 2014-15 and 2016-17, as well as the impact on institutional costs of the implementation of the new accounting standard FRS 102.
- Changes in staff full-time equivalence allocated to Research have an impact on the charge-out rates.
- A different approach to allocating the MSI between Teaching, Research and Other, and to the Indirect and Estates cost pools.

It was agreed by the Financial Sustainability Strategy Group at its March 2018 meeting that the Support Unit, working with HEFCE/the OfS, should analyse the results of submissions for 2016-17 in conjunction with members of the Sustainability Metrics Steering Group and representatives from TDG to consider whether any refinement or clarification to the TRAC guidance was needed.

For more information on the implementation of MSI please visit the FSSG website:

www.hefce.ac.uk/funding/finsustain/projects/msi.

TDG web pages

With the recent transition of the TRAC Secretariat from HEFCE to the Office for Students, an interim web presence for TDG (and FSSG) has now been set up on the Office for Students website. This is where you will find the groups' updates, event information and publications over the next few months.

The Financial Sustainability Strategy Group and TRAC section is on the OfS website under Partnerships and Collaboration (www.officeforstudents.org.uk/advice-and-guidance/partnerships-and-collaboration/financial-sustainability-strategy-group-and-trac/).

Please note that all content published before 1 April 2018 will remain on the HEFCE archive site.

TRAC Helpdesk distribution list

The TRAC Helpdesk maintains a distribution list for anyone with an interest in TRAC and other associated matters. Those on the list are directly notified when there is news about TRAC – such as when TDG Bulletins and TRAC Guidance are published or new good practice guides released.

The number of emails sent to list members depends on the number of issues or developments that affect TRAC. As a guide, on average the TRAC Helpdesk sends out fewer than 10 emails per year.

Join the list

It is easy to join the TRAC Helpdesk distribution list – just send the Helpdesk an email with your request: trachelpdesk@kpmg.co.uk.

Leave the list

If you wish to be removed from the distribution list at any point, please send an email to trachelpdesk@kpmg.co.uk or TRAC-Secretariat@officeforstudents.org.uk.

The TRAC Helpdesk distribution list is managed by KPMG on behalf of the Office for Students, UK Research and Innovation, Scottish Funding Council, Higher Education Funding Council for Wales and Department for the Economy (Northern Ireland). The full privacy notice, which explains how the personal information you provide will be held and used, is available at: www.officeforstudents.org.uk/media/5312614a-363a-4d59-be79-9b05de702bcb/trac-privacy.pdf.