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Ian Creagh
Chair of the TRAC
Development Group

Chair's Welcome

Welcome to the 10th Edition of the TDG Bulletin. It was great to see so many colleagues (new and old) at the TRAC Practitioners Conference in September. It was a very engaging day with a comprehensive agenda, covering technical TRAC updates to getting wider sector viewpoints from key stakeholders, as well as a mix of breakout sessions. Further details on the conference are detailed in the bulletin.

The TRAC Guidance was released in July, and we have recently provided a further update. In particular, version 2.3.1 highlights some important changes to the sign-off process for TRAC(T) for all institutions. The Support Unit hosted a popular Webinar on the 6th November providing details on all the TRAC Guidance updates for this year. Further details on how to access the Webinar recording are provided in the bulletin.

I am also pleased to announce the publication of two project reports from TDG and FSSG. *'Different by Design – exploring alternative delivery of undergraduate provision; benefits and opportunities'* provides insights on the development and delivery of undergraduate provision via alternative methods, whilst *'Sustaining medium-scale research facilities in the UK higher education sector'* researched and identified the approaches UK higher education providers take to meeting the capital, operational, and replacement costs of medium-scale research facilities.

I hope you find this Bulletin useful. As ever please feel free to contact us through the TRAC Support Unit if you have any questions or comments.

Regards

Ian Creagh

Updated TRAC Guidance and Webinar

The TRAC guidance is intended to be used by those colleagues within UK HEIs who are involved in the preparation, compilation, validation and approval of TRAC data.

Version 2.3.1 (October 2018) of the guidance was recently published and is applicable to the TRAC submissions for the year ending 31 July 2018. The most recent update was necessary to predominantly reflect changes to TRAC(T). Four issues relating the TRAC (T) guidance have been identified and updated as follows:

- From 2017-18, some funding for 'Nursing and Allied Health professions' (HESA cost centre 103) transferred from the Department of Health to the Higher Education Funding Council for England; therefore, some students are now fundable that were previously non-FC fundable. Paragraph 4.3.5.18 of the TRAC Guidance has been updated to reflect this change.
- OfS Regulatory Notice 2, Annex D (OfS 2018.12)¹ establishes the sign-off requirements for the annual TRAC and TRAC (T) returns. The Notice confirms that each return should be approved by an independent committee of the governing body, not as detailed in the original guidance which did not require approval by a committee of the governing body. The Scottish Funding Council and the Department for the Economy Northern Ireland have both confirmed that they want to adopt the increased approval and sign-off requirements for TRAC (T).
- The TRAC (T) return for 2017-18 has been updated to allow HESA cost centre 103 to include analysis for price groups B, C1 and C2.

Version 2.3.1 follows on from the TRAC guidance version 2.3, which was originally published in July 2018. The main updates to the guidance from the previous year were as follows:

- Updated references to the Office for Students, UKRI and Research England where appropriate.
- General Data Protection Regulations and document retention – reflecting the necessity to protect personal data collected for TRAC purposes and to add clarity about document retention for TRAC 'accounting information'.
- Time allocation methods – re-presentation of the existing guidance to provide greater clarity on the requirements for each time allocation method.
- Pensions treatment – enhanced narrative to provide further clarity only; no new requirements have been proposed.
- Research and Development Expenditure Credit (RDEC) – this has been brought back into the TRAC guidance as part of the MSI for EBITDA calculation.

Version 2.3.1 can be accessed at www.trac.ac.uk/tracguidance/.

Members of TRAC Oversight groups or institutional committees with oversight of TRAC will find chapters 1 and 2 helpful in setting out the high-level principles and governance requirements.

The guidance includes all current requirements. Please note that where guidance is updated to cater for the introduction of new requirements or changes to TRAC processes, the new sections are produced in **bold blue** text. The guidance is accompanied by a change log on the host web page for clarity.

¹ www.officeforstudents.org.uk/publications/regulatory-notice-2-regulation-up-to-31-july-2019-of-providers-that-were-previously-funded-by-hefce/

TRAC Guidance Webinar Update

The TRAC Support hosted a webinar on Tuesday 6th November 2018 to support the implementation of the TRAC guidance (for versions 2.3 and 2.3.1) for 2017-18. The Support Unit explained the changes introduced since version 2.2. The recording can be accessed at www.trac.ac.uk/events/implementation-of-the-trac-guidance-webinar/.

2018 TRAC Conference



The 22nd September saw the 2018 TRAC conference take place at the Grand Connaught Rooms in London with almost 150 delegates from across the UK in attendance. This year saw a renewed emphasis on networking. The Chair of TDG, Ian Creagh, particularly welcomed all the new TRAC practitioners and encouraged them to get actively involved with the TRAC community.

A full agenda for the day saw a mix of keynote speakers and breakout sessions discussing emerging issues. In the morning Neil Phimister, Strategic Business Partner at UK Research and Innovation (UKRI), provided an overview of UKRI and sector issues including how TRAC data is used by the organisation. In the afternoon Annelie Drabu from the Department of Education provided the departmental context and the final keynote speaker Martyn Riddleston, Finance Director at the University of Leicester provided an FD perspective on institutional challenges and the role TRAC plays in decision making. Andrew Bush from the TRAC Support Unit also provided an overview on the current and future TDG work plan as well highlighting updates to the TRAC Guidance.

Delegates also had the opportunity to attend a series of lively break-out sessions on a range of topics ranging from TRAC for Beginners, and TRAC Masterclass for more experienced practitioners, to an interactive skills session on enabling resilience.

Many thanks to those who presented during the conference and all of those able to attend and to the British Universities Finance Directors' Group for organising the conference.

Finally, thank you to those who responded to the evaluation survey. The conference has once again received very positive feedback and valuable suggestions for future events. This included some of the following comments:

'The keynote speakers were of a great quality and helped us to realise how the TRAC information is being utilised. It made our work feel like it's getting the right exposure.'

'Good opportunity to network and some good context of the developments in the sector for TRAC and wider university issues.'

'Maybe more guidance as to which people would most likely benefit from the individual breakout sessions.'



Evaluation feedback will be provided at the forthcoming Regional Group meetings. All comments will help inform future events.

Slides from the conference are available online:
www.trac.ac.uk/events/trac-practitioners-conference-2018/.

New resources: reports published

TDG and the Financial Sustainability and Strategy Group (FSSG) have recently published two reports which will be of interest to TRAC practitioners.

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



This report provides insights drawn from a range of case study institutions and examples on the development and delivery of undergraduate provision via alternative methods. It is recognised that this is an emerging, but important issue that provides both opportunity and challenge to the higher education sector.

Building on the experience of a number of institutions, the report aims to support those embarking on developing new ways of delivering undergraduate programmes, providing examples of both strategic and tactical solutions. It challenges those institutions already developing alternative provision approaches to go further with their ideas. The report also includes a range of examples from across the UK.

This report should be of interest to Pro-Vice Chancellors Teaching, Directors of Finance, Registrars, Academic Registrars and Directors of Planning, and perhaps more widely, those developing new programmes in institutions.

The report is available at: www.trac.ac.uk/publications/different-by-design-exploring-alternative-delivery-of-undergraduate-provision-benefits-and-opportunities/.

Sustaining medium-scale research facilities in the UK higher education sector



TRAC data has shown for many years that research conducted in UK universities does not fully recover its costs. Funding of research infrastructure is critical to the UK maintaining our world-leading research base. Investment in infrastructure is becoming more challenging as there is an increased expectation that UK higher education providers fully – or at least partially – fund research equipment and facilities.

This report from FSSG researches and identifies the approaches UK higher education providers take to meeting the capital, operational, and replacement costs of medium-scale research facilities. It explores operating practices in the UK higher education sector around income generation from such facilities, equipment sharing, future investment planning and facility management. The report sets out practical recommendations which higher education providers could adopt to understand their medium-scale research facility needs, priorities, and planning.

This report should be of interest to Directors of Finance, Pro-Vice Chancellors Research, Research Managers, Facilities Managers and Research active Academic staff.

The report is available at: www.officeforstudents.org.uk/advice-and-guidance/partnerships-and-collaboration/financial-sustainability-strategy-group-and-trac/financial-sustainability-strategy-group-fssg/.

Pensions accounting under FRS102

TDG produced a briefing note that provides background information on the accounting treatment of the different pension schemes that are used by universities in the UK and provides information for those responsible for preparing TRAC returns on the treatment of the different scheme costs in TRAC. This is available at www.trac.ac.uk/publications/tdg-pensions-note/.

Margin for Sustainability and Investment: Analysis of 2016-17 data



MSI as reported through TRAC in 2016-17 is consistent with prior years, with a similar range and average, other than where the implementation of new accounting standards from 2015-16 onwards resulted in additional volatility. At institutional level there are a range of results, reflecting the fact that different institutions have different financial strategies and investment needs, and that the forecast timeframe for the MSI calculation is relatively short. MSI will also change over time as each institution's financial strategy and investment needs change.

The analysis can be accessed at: www.officeforstudents.org.uk/advice-and-guidance/partnerships-and-collaboration/financial-sustainability-strategy-group-and-trac/financial-sustainability-strategy-group-fssg/.

Annual TRAC 2016-17: Sector analysis

The Office for Students published in July 2018 the Annual TRAC 2016-17: sector analysis for institutions in the UK, which provides an analysis of costs, and income by activity categories: publicly funded teaching; non-publicly funded teaching; research and other (income generating activities) and other (non-commercial activities). Research income and costs are also analysed by research sponsor category.

2016-17 was the second year in which TRAC reporting has been prepared under the new Higher Education Statement of Recommended Practice, applying Financial Reporting Standard (FRS) 102. This reporting standard introduced some significant changes in the way financial performance is reported, making comparison difficult between the latest results and historical TRAC data prior to 2015-16.

The annual TRAC return data for 2016-17 needs to be interpreted with caution. The sector aggregated position for higher education institutions showed a deficit of £1,201 million (excluding Research and Development Expenditure Credit (RDEC) income), with 96.8 per cent of TRAC full economic costs recovered. This compares with a recovery of 99.1% of full economic costs in 2015-16 (excluding RDEC income). This represents a deterioration on the previous year.

In addition, the Office for Students has published TRAC data analysis for 2016-17 by TRAC peer group.

Both sets of analysis can be accessed at:

www.officeforstudents.org.uk/data-and-analysis/trac-data-2016-17/published-data/.

Latest news from the Financial Sustainability Strategy Group

The Financial Sustainability Strategy Group released its latest Newsletter in July. Regional Groups have commented to us that they find it useful to keep abreast of FSSG developments, so a link to the newsletter is provided below.

www.officeforstudents.org.uk/advice-and-guidance/partnerships-and-collaboration/financial-sustainability-strategy-group-and-trac/financial-sustainability-strategy-group-fssg/

TRAC Helpdesk



The TRAC Support Unit continues to build up its team. Over the last 6 months we have another colleague join the team: Moeen Essa. Moeen is a member of KPMG's Education team and will be supporting Andrew Bush, Andrew Dicken and Mark Dawson in responding to your queries. As we are now a larger team, please make sure you use the two main contact points for any TRAC queries:

Email: trachelpdesk@kpmg.co.uk

Tel: 0115 935 3400

Getting in touch with the TRAC Development Group

TDG is always keen to hear from you and welcomes feedback. The group can be contacted in two principal ways:

- Via the TRAC Helpdesk. The TRAC Support Unit attends all meetings of TDG and will pass on any enquiries or comments received. ☎ 0115 935 3400 ✉ trachelpdesk@kpmg.co.uk.
- Via the Chairs of TRAC Regional Groups. The Chairs of Regional Groups meet with TDG members twice during the year and can provide feedback and communicate views. Further details on the Regional Groups can be accessed at www.trac.ac.uk/contact/regional/.
- It is also possible to email the TDG Secretariat who will collate any feedback received:
✉ TRAC-Secretariat@officeforstudents.org.uk.

And remember all TRAC Guidance and publications are available at www.TRAC.ac.uk