

## In this issue:

Our thanks to Ian Creagh

TRAC guidance

Role of the TDG

2019 TRAC practitioners' conference

Annual TRAC 2017-18: England and Northern Ireland sector analysis

DfE costing study: Understanding the cost of higher education provision

## Contact details:

TRAC Support Unit:

 0115 935 3400

 [trachelpdesk@kpmg.co.uk](mailto:trachelpdesk@kpmg.co.uk)



Neville Ford

Chair

TRAC Development Group

## Chair's welcome

Welcome to the 11<sup>th</sup> edition of the TDG Bulletin, and my first as Chair of the TRAC Development Group.

I joined the TDG two years ago and was welcomed by Ian Creagh who was Chair of the group for many years. His leadership helped shape the development of TRAC over recent years and we extend our thanks to him for his work. My aim will be to continue with the excellent work undertaken in the past and to develop TRAC to meet the needs of the rapidly changing higher education sector.

My starting point, as a Professor of Mathematics, may be quite different from my predecessor's. I have been a user of TRAC as an academic holding research grants under the full economic cost (fEC) methodology, and as an academic manager using TRAC for teaching to try to make sense of course costings and financial viability. However, as a university senior manager, I reach the same conclusions as Ian: that TRAC should be more than just a data return. If it is to be truly effective it must provide the information that institutions need at every level to understand costs and to manage activities. We know that for many years funding bodies have used data generated through TRAC to inform the levels of funding offered to universities for research, and we have seen in the recent costing study (reported on page 7) how TRAC can be adapted to help funders understand the costs of taught programmes. This makes it increasingly important that the TDG drives whatever changes may be necessary, to ensure that TRAC is adopted within university management as well as with funders.

As you look through the pages of this Bulletin, you will see the same themes repeating from previous years. Each is essential to ensuring TRAC accurately reflects academic costs. The sector analysis report also makes very interesting reading. Finally, I encourage all those interested in TRAC to attend the annual conference. We have listened to the feedback from last year's conference and have prepared a programme which should meet the needs of practitioners in keeping up to date and developing skills relevant to the role. I look forward to meeting many of you there!

Regards

Neville Ford



## Our thanks to Ian Creagh

Ian Creagh stepped down earlier this year as Chair of the TRAC Development Group (TDG) and we would like to express our sincere thanks for his stewardship, enthusiasm and support of the TDG agenda.

Ian has been involved in TDG and the TRAC agenda for over 10 years. During this time he has been an important advocate of TRAC and the importance of it in the context of the financial sustainability agenda for the higher education (HE) sector.

Ian has always championed the importance of TRAC being more than a compliance requirement, indeed the phrase 'accountability, utility and sustainability' was something Ian developed and used to test the balance of the TDG's agenda. A further area that Ian championed was promoting and supporting the role of the TRAC practitioner community through the annual TRAC practitioner conference and convening meetings of the Chairs from the Regional Groups.

Many of you will continue to still see Ian working across the sector.

## TRAC guidance

The TRAC guidance applicable for reporting on the 2018-19 academic year was published in July 2019. See [www.trac.ac.uk/tracguidance](http://www.trac.ac.uk/tracguidance) for the full details.

### Changes to the guidance

The guidance has been updated in a manner consistent to that in prior years with changes marked in blue bold text. Annex 1.1a is the change log, which provides a concise point of reference for all of the changes made.

The changes to the guidance this year are modest. The key change is the requirement for approval of the annual TRAC and TRAC(T) returns by the Committee of the Governing Body in advance of submission. Delegated authority from the Committee of the Governing Body for approval by Chair's action with presentation to the relevant Committee after submission is **no longer allowed**.

The TDG recognises that this will have implications for the scheduling of the meeting of the relevant Committee of the Governing Body. The Chair of the TDG has sent a letter to both the Director of Finance and Registrar/Chief Operating Officers (or equivalent post holder) at all providers required to submit TRAC returns to alert them specifically to this change.

Other changes in the guidance include:

- addition of guidance in respect of new research investments
- updating references to Head of Institution
- re-organising the requirements (there are no new requirements) regarding the treatment of pensions in TRAC to make this easier to understand
- updating other terms and phrases.

## **Preparing the TRAC returns and availability of templates**

The Office for Students (OfS) has released the 2018-19 TRAC(T) data checking tool output for English providers. This output can be used to check the student FTEs which will eventually be used in the 2018-19 TRAC(T) return. We encourage English providers to engage with this output in order to ensure the quality and accuracy of their student data. See [www.trac.ac.uk/tracguidance/ofs-portal/](http://www.trac.ac.uk/tracguidance/ofs-portal/) for more details.

This document also gives details of an error found in the derivation of 2017-18 student FTEs from the 2017-18 data checking tool output, and how this has now been resolved.

The Higher Education Funding Council for Wales will provide student data for providers in Wales as part of the TRAC(T) pilot implementation exercise. The equivalent student data for providers in Scotland and Northern Ireland will be available in the individual institution templates.

The OfS expects to release the individual provider Annual TRAC return templates in late October 2019. The release of the individual provider return templates for TRAC(T) will follow shortly after. Please note that both of the individual provider return templates will not be fully functioning when they are released. Various validation checks on both returns are not carried out until finance record data is available, and the student FTEs used in the TRAC(T) return template will not be finalised until student data has been signed off. Those responsible for preparing or reviewing the TRAC returns should allow time to review these later validation features when planning the timetable for completing each return.

## **Need help? Join the TRAC Webinar**

As in prior years the TRAC Support Unit will hold a webinar after the TRAC conference in which they will talk through the changes to the guidance. This is scheduled for 10 October 2019, further details will follow.

## Role of the TRAC Development Group

The TDG's current role is provide oversight of the Transparent Approach to Costing (TRAC) and develop good practice guidance to help providers operate in a financially sustainable way. As detailed in the group's terms of reference, the purpose of the group is to:

'embed the principles of TRAC throughout the UK higher education sector, and ensure that TRAC and any associated methodologies are fit for use by funding bodies and by institutions.'

The remit of the group is:

- To work in partnership with the Financial Sustainability Strategy Group in delivering the policy requirements and ensuring ownership of the TRAC principles within the UK higher education sector. In this role it will provide broadly-based advice, intelligence and technical support on all aspects of TRAC and associated methodologies relevant to its work, advice on new developments and costing methods, and input to reviews and policy development.
- To understand institutions' requirements and capabilities, and the way they are using TRAC and related financial and management information, and to provide advice as to how this can be operated more effectively.
- To understand the requirements of the various stakeholders who use, or have an interest in, the TRAC principles, any proposed changes to them, and their quality assurance arrangements, and to provide advice as appropriate.
- To take ownership of TRAC guidance, including but not limited to, the current guidance and associated updates and communications, and to decide any changes to the minimum requirements and supporting guidance.
- Working in partnership with other sector bodies to provide advisory, training and support services to institutions and to other users of TRAC.

## Membership

There have been a number of changes to the TRAC Development Group during 2019. We welcomed the following new members:

- Andrew Connolly, Chief Financial Officer, University of Exeter
- Professor Richard Greene, Pro Vice-Chancellor for Research and Knowledge Exchange, Manchester Metropolitan University
- Nicola Davies, Director of Finance, University of Liverpool
- Stephen Forster, Chief Financial Officer, Aberystwyth University
- Trevor Gabriele, Chief Finance Officer, University of the West of Scotland
- Professor Jackie Labbe, Pro Vice-Chancellor (Academic), De Montfort University (TDG Vice Chair)
- Professor Gordon Love, Head of Department for Computer Science, Durham University
- Caroline Low, Director of Planning and Corporate Strategy, University of Lincoln (HESPA representative)

Three members stood down this year:

- Ian Creagh (TDG Chair)
- Olivia Kew-Fickus, Director of Strategic Planning, University of Birmingham (HESPA representative)
- Jeremy Lindley, Director of Finance, University of York.

We thank Ian, Olivia and Jeremy for their support and contributions to the TDG over a number of years. Further details on all TDG members is available at <https://www.trac.ac.uk/about/tdg>

## 2019 TRAC Conference – 23 September 2019



We will be holding the TRAC Conference on Monday 23 September at One America Square Conference Centre in London.

We would like to thank everyone for their feedback on last year's conference. Your inputs and views are informing the planning for this year's event.

The focus for this year's conference will be more technical in nature and highlight the practical application of TRAC. The conference will update TRAC practitioners and other higher education provider staff members on findings from the last submission cycle, updates to the TRAC guidance and future developments affecting TRAC.

The conference will also provide an opportunity for sharing knowledge and experiences. Booking details are available at [www.bufdg.ac.uk/eventbooking/view?id=671](http://www.bufdg.ac.uk/eventbooking/view?id=671)

We look forward to seeing you at the conference.

## TDG work plan for 2019-20

The future work plan of activities was discussed at the TDG June 2019 meeting. In addition to the annual maintenance requirements for TRAC, the TDG considered the following initiatives:

- reviewing the approach to TRAC (T)
- supporting providers to implement TRAC systems, including a guide for implementing TRAC.

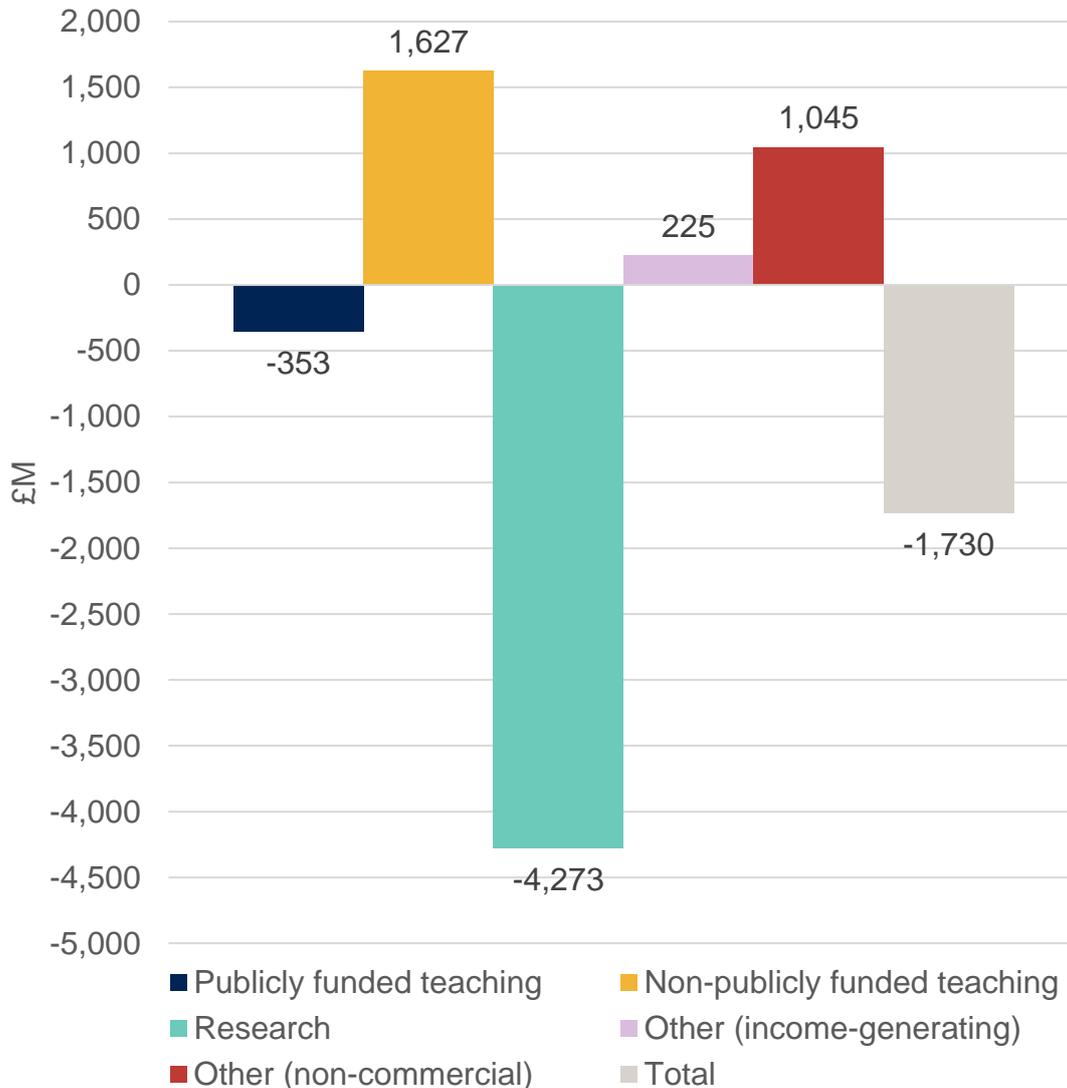
The next TRAC submission cycle will be the third year that the Margin for Sustainability and Investment (MSI) has been used in the TRAC process. The Financial Sustainability Strategy Group committed that there would be a review of the MSI after it had been operating for three years. The scope and approach to the review will be considered during the autumn.

Further details about these activities will follow soon.

## Annual TRAC 2017-18: Sector analysis

In May the Office for Students released the Annual TRAC data for 2017-18. The analysis contains 2017-18 sector aggregate data based on submissions from higher education providers in England and Northern Ireland and also provided is a summary of UK sector data. Figure 2 from the published analysis summarises the surplus/deficits by TRAC activity for the UK sector for 2017-18:

**Figure 2: TRAC full economic cost surplus/deficit by activity, 2017-18 (UK higher education institutions)**



(source: Annual TRAC 2017-18)

The report details that annual TRAC return for 2017-18 showed a sector aggregate deficit of £1,730 million for UK higher education institutions, with 95.9 per cent of TRAC full economic costs recovered. This compares with a recovery of 96.9 per cent in 2016-17.

The report is available at: [www.officeforstudents.org.uk/publications/annual-trac-2017-18/](http://www.officeforstudents.org.uk/publications/annual-trac-2017-18/)

## Department for Education study – Understanding the cost of higher education provision

The Department for Education (DfE) commissioned a study to understand the full economic cost of higher education provision in England, to inform the Post-18 Higher Education review. The project was based on TRAC but adapted to provide more granular cost information. The report was published alongside the Augar report and a copy can be found here:

[www.gov.uk/government/publications/cost-of-undergraduate-higher-education-provision](http://www.gov.uk/government/publications/cost-of-undergraduate-higher-education-provision)

Although the TDG did not commission the study, the group has been active in engaging with the study and has been interested in how TRAC can be adapted to meet different purposes. It was also pleased to see that the report quoted that the providers that participated benefited from obtaining a more detailed understanding of its costs. Should there be any caveats added? Or highlights of useful analysis or findings?

The report contains extensive analysis of the costs incurred and the variation in these costs. We encourage you to read it. The report concludes:

‘In summary, we found that institutions are diverse and complex which leads to a variation of costs of teaching within subject groups. Institutions reported increasing challenges to maintaining financial stability due to volatile student demand, balanced against a desire to invest in staff to lower the student figure in the staff to student ratio, IT, and infrastructure, which are seen as enabling increased quality and attractiveness of the institution to students.’

## Getting in touch with the TRAC Development Group

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

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

**And remember all TRAC guidance and publications are available at [www.TRAC.ac.uk](http://www.TRAC.ac.uk).**