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TRAC Regional Groups

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Neville Ford

Chair

TRAC Development Group

Challenge and change

Dear colleagues

I hope you are all keeping safe and well in these unusual times. We have all been getting used to new working environments while at the same time dealing with a great deal of uncertainty that is facing the sector. I have been interested to see how the macro issues of the sector's reliance on international student recruitment and the income crossflows to support research have come to the fore – two issues that are illuminated by the TRAC data.

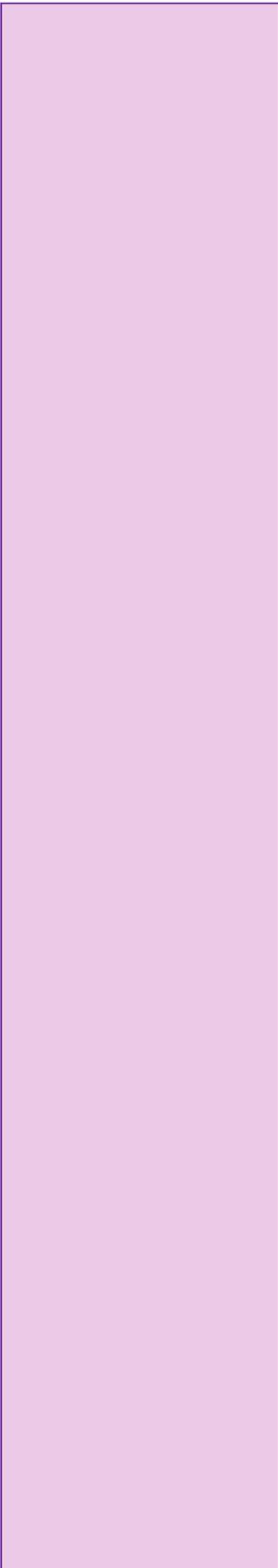
The TRAC Development Group (TDG) has been listening to how COVID-19 issues are affecting institutions and has considered how, through the TRAC Guidance, we can help institutions with the submission of TRAC returns on the 2019-20 academic year and provide insight to funders and regulators. The external environment remains uncertain, and I am sure that other issues may well emerge as we get into the autumn, but this is the top priority for TDG and we will continue to monitor and respond to matters as they develop. One of the values of TRAC is that it provides a national data set based on consistent requirements and minimum standards. It is used by funders and regulators, but TRAC is also for institutions to help understand their costs. Further value is then derived from the time series of data as well as enabling benchmarking for institutions.

In this bulletin we provide updates on the following:

- TDG's response to COVID-19 and frequently asked questions
- TRAC guidance updates
- TRAC Practitioners' Conference for 2020
- Annual TRAC data for the UK and Peer Group Analysis for 2018-19
- Outcome of the initial work on rethinking TRAC(T)
- Academic workload planning.

An important announcement has recently been made by the Office for Students (OfS) concerning reporting deadlines. Further information is given later in this bulletin.

The most recent round of TRAC Regional Meetings took place via Microsoft Teams, and it has been pleasing to hear the great response to the meetings being held in this way. Participation has increased and the TRAC Support Unit will continue to support Regional Chairs to run these events as efficiently and effectively as possible.



A further change to the annual programme is the TRAC Practitioners' Conference. With the current Government guidance on social distancing, this year's conference will need to become an online event, to be held over two days in September.

We are excited about the opportunity to move online and will aim to maximise reach further and hope that more of the practitioner community will be able to participate, particularly as travel costs and time commitments will be reduced. TDG is working with the Support Unit and the British Universities Finance Directors Group (BUFDG) to plan the event, ensuring that the ability to network is retained in addition to maximising the opportunities from providing the conference online. Please look out for further details that will come out in the next month.

As always if you have thoughts and considerations to share with us, please get in touch – full contact details are at the end of the bulletin.

Regards

Neville Ford

FAQs on administration of TRAC during the pandemic

COVID-19 is having an impact on organisations and operational arrangements due to government restrictions and guidance. The TRAC Development Group understands that many institutions need guidance on what the impact of changes to institutions' operational arrangements due to COVID-19 will mean for TRAC.

TDG is aware of some questions that have arisen regarding the administration of TRAC, and the time allocation process in particular, during the periods affected by COVID-19. To support institutions with these we have released answers to a number of 'frequently asked questions' on the TRAC website (<https://www.trac.ac.uk/tracguidance/fag/>). Please note that these points are subject to change as the understanding of the effects of COVID-19 on institutions develops, so please look out for updates to the 'frequently asked questions'.

TDG also expects to input to dialogue with the UK higher education funding and regulatory bodies and UK Research and Innovation regarding the interpretation and use of the TRAC data for 2019-20 in the light of the operational changes arising from the COVID-19 pandemic.

More detailed guidance on the wider impacts of COVID-19 on TRAC are included as part of the TRAC guidance (v2.5) and, where possible, further information will be given about issues for you to consider in the preparation of the TRAC returns for the 2019-20 academic year.

Updated TRAC guidance for 2019-20

The TRAC guidance is aimed at those colleagues within UK HEIs who are involved in the preparation, compilation, validation and approval of TRAC data. The guidance (v2.5) has now been published and can be accessed at <https://www.trac.ac.uk/tracguidance/>. This update is applicable to the TRAC submissions for the year ending 31 July 2020.

A new annex (annex 1.1b) has been introduced for the period affected by COVID-19 – this contains the specific TRAC requirements that have either changed or been introduced to take account of issues created by the pandemic. It captures key information to understand some of the impacts of COVID-19 on TRAC results. It is important to highlight that this contains some changes to requirements that were contained in the earlier FAQs on how to deal with the impacts of COVID-19 in TRAC reporting.

Change of approach and requirements for high-level adjustments to allocation of staff time

The main change is concerning the high-level adjustment to allocate staff time that has been disrupted by the COVID-19 pandemic. Previously the FAQ outlined that an adjustment should be made to allocate disrupted time due to COVID-19 to General Support. Based on the launch of the UKRI Research Support package, which includes funding for grant extensions together with a greater awareness of certain institutions utilising the Government's Job Retention Scheme (furlough) for academic staff, proceeding with all such time being allocated to 'General Support' was deemed inappropriate. The new annex 1.1b now outlines that:

- High-level adjustments should be made to reflect changes in the activities that academic staff have supported in 2019-20, for example less time on Research and/or Other and additional time delivering Teaching;
- Time related to staff being on furlough, and/or time that it has not been possible to utilise due to the COVID-19 pandemic, should be reported under the TRAC activities as would normally have been the case. There will however be separate analysis to understand the income and costs related to furlough and time that it has not been possible to utilise as would normally be the case, due to COVID-19.

The other main updates to the guidance are as follows:

- New annex on supplementary TRAC guidance for COVID-19. This covers a range of matters, including the requirements around the time allocation data that should be used for the 2019-20 TRAC return.
- Update to the definition and application of materiality in TRAC.
- Clarification on the use of the 'Other (non-commercial)' TRAC category.
- Further guidance regarding the frequency of assurance review for research intensive institutions.
- Considerations for defining academic departments in the TRAC model.
- Clarification of the TRAC requirements for the collection of academic staff time.
- Additional guidance on the completion of table A1 in the TRAC return.
- New guidance on the allocation of non-pension related interest costs in TRAC.
- Further narrative to support understanding and interpretation of the MSI for EBITDA.
- Interest payable.
- Removing contradictions between two areas of the guidance relating to investment income and enhance guidance around non-pensions related interest payable.
- Clarification of the requirement for the allocation of endowment investment income.
- Additional guidance on TRAC Research facilities.

Please note: where the guidance is updated to cater for the introduction of new requirements or changes to TRAC processes, the new content is displayed in **bold blue** text and is listed within a change log (annex 1.1a) on the web page for clarity.

Understanding the impact of the coronavirus pandemic on the TRAC data

A change for annual TRAC reporting for 2019/20 is that additional information will be requested to enable the impact of the COVID-19 pandemic to be better understood and enable the TRAC data to be contextualised for these impacts. This information will largely be available in the institution already, but to enable planning for this, details of the information requested is summarised below:

- Impacts on the time allocation results for academic staff
- Impact on the response rate for time allocation surveys that were running in 2019-20
- Utilisation of the job retention scheme (furlough)
- Impacts on the income and costs of 'Other (income-generating)' activities
- Savings and additional costs that are attributable to COVID-19
- Impact of COVID-19 on the utilisation of the institution's five largest TRAC research facilities (where applicable)
- Changes in the cost drivers and allocated costs for certain activities, as a result of COVID-19
- Support provided to the NHS relating to COVID-19.

TDG hopes members of TRAC Oversight Groups, or institutional committees with oversight of TRAC, will find chapters 1 and 2 of the TRAC guidance helpful in setting out the high-level principles and governance requirements. It is important that the changes are brought to the attention of the TRAC Oversight Groups so that plans can be agreed for the production of the 2019-20 TRAC and TRAC(T) returns.

Important update on Annual TRAC reporting deadline

The OfS has recently written to institutions in England (letter dated 30 July 2020¹), providing an update on the letter sent previously (dated 25 March 2020), concerning regulatory conditions and information requirements. This letter states that the deadline for submitting audited financial statements has been extended up to seven months after the provider's year end. In respect of annual TRAC reporting, the letter confirms that the reporting deadline can be extended to 30 days after submission of audited financial statements and at the latest by 31 March 2021, instead of the 31 January deadline. It is possible for institutions to continue with the normal reporting deadline of 31 January, if they wish – the OfS portal will be open to accept annual TRAC return submissions based on the normal reporting deadline.

It is noted that the OfS letter does not comment on the requirements to submit the TRAC(T) return. We await further information regarding the reporting requirements for TRAC(T).

Although the OfS letter is only applicable to higher education providers in England, all other UK HE funding bodies have agreed to follow the same submission timetable and will be issuing information about their data collections shortly.

TRAC Practitioners' 'Virtual' Conference 2020

TDG recognises the value that the TRAC Practitioners' Conference provides. However, given the impacts of COVID-19 and the current restrictions around social distancing, it has been agreed for this year that the conference will move from a physical to online event.

TDG is aware of the importance that practitioners place on the networking aspect of the conference and careful consideration is being given to providing virtual networking time, delegate interaction, as well as providing technical updates and workshop sessions.

Hold the date - The conference is scheduled to take place over two half-days:

- **Monday 28 September (pm)**
- **Tuesday 29 September (am)**

Further details, including how to register, will be publicised via BUFDG in the near future. We look forward to seeing everyone online!

Annual TRAC data for 2018-19

The Office for Students published in June 2020 the annual TRAC data for 2018-19. This 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.

The annual data for 2018-19 shows the UK higher education sector has a deficit when measured against the full economic cost of £1,677 million. This represents 96.1% of TRAC full economic costs being recovered. This is similar to the position in 2017-18 with a sector recovery of 95.7% of full economic costs.

The report provides analysis by TRAC peer group (institutions have been allocated to TRAC peer groups based on levels of research income, overall total income, having a medical school, or specialism in music or the arts based on 2012-13 income data). There is a variance in recovery rates across TRAC peer groups, which is to be expected. For instance, Peer Group A institutions

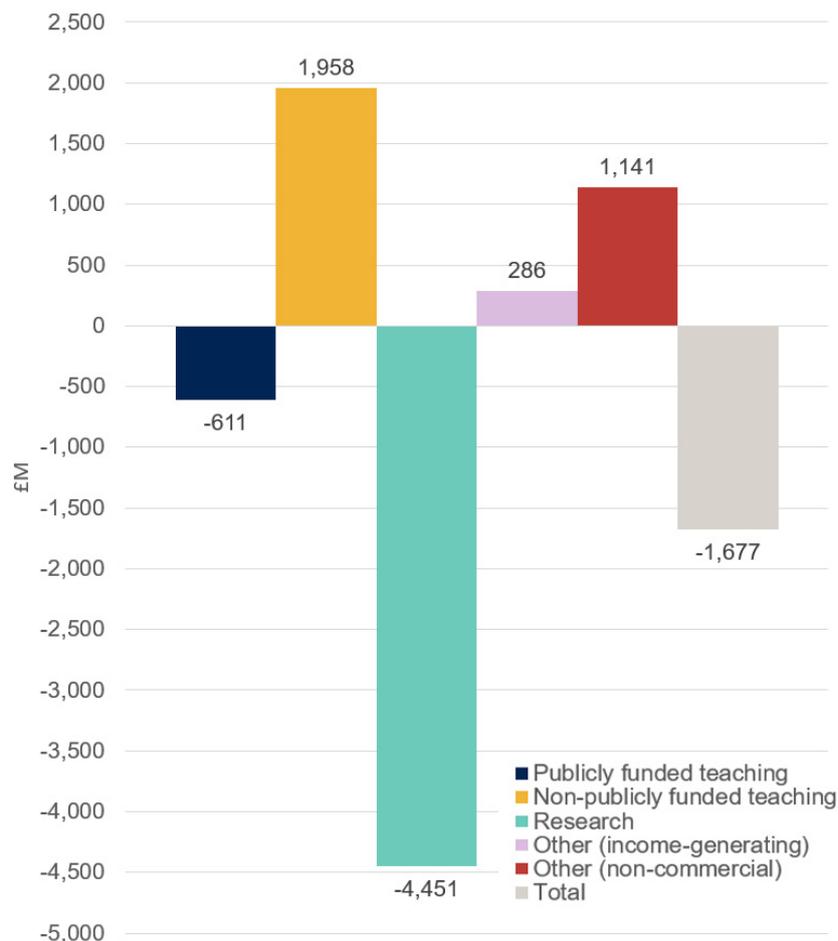
¹ <https://www.officeforstudents.org.uk/publications/update-on-the-office-for-students-approach-to-regulation-and-information-about-deadlines-for-data-returns/>

have the highest recovery of full economic cost overall at 99.5%, compared with Peer Group D being the lowest at 89%.

Figure 1 provides a breakdown of the sector aggregate TRAC data by activity for UK higher education.

- Publicly funded teaching incurred a small deficit on a full economic cost basis at 96.2% of the full economic costs recovered;
- Non-publicly funded teaching (primarily overseas students) continued to generate a significant surplus of £1,958 million recovering 143.4 per cent of costs;
- Research continues to show a substantial deficit, increasing 4% from 2017-18 to £4,451 million in 2018-19. This represents a recovery of 70.5 per cent of full economic costs;
- Other (income-generating) activities show a small surplus of income over costs of £286 million, representing a recovery rate of 104.3 per cent; and
- Other (non-commercial) activity (income from investments, donations and endowments and capital grants received in the year that are not allocated to teaching or research), off-set by expenditure funded from these sources in the year, shows a surplus of £1,141 million.

Figure 1: TRAC full economic cost surplus/deficit by activity, 2018-19 UK higher education institutions



Overall, the financial sustainability across the sector on a year-on-year comparison remains relatively consistent across all categories.

For full details of the TRAC sector analysis see www.officeforstudents.org.uk/publications/annual-trac-2018-19/.

Rethinking TRAC(T)

TDG has recognised the changes that have taken place in the funding of higher education and the increased fragmentation of higher education policy across the UK since the TRAC for Teaching (TRAC(T)) methodology was launched in 2006. TDG is also aware of the more recent Department for Education costing study, reported in 2019, assessing the cost of undergraduate teaching in England².

Given these developments, TDG has undertaken some initial work to understand how TRAC(T) could evolve to better reflect the current needs of institutions and the funding arrangements/regulatory environment and funding policy objectives of the different funding and regulatory bodies.

As part of the approach, the TRAC Support Unit engaged with both the British Universities Finance Directors Group (BUFDG) and the Higher Education Strategic Planners Associated (HESPA), resulting in a series of joint workshops to enable Planners and Finance Directors to discuss their use and need for cost information on teaching activities. In addition, a video webinar was held with TRAC Practitioners to gain feedback and views on TRAC(T). In total 72 people participated across the workshops and webinar.

The main areas of common agreement for enhancing utility for institutions for internal use from all the participants in the sessions were as follows:

- More granular information is required on teaching costs
- The definition of cost used in the process should include all costs, and not only OfS/Funding Council fundable, subject related costs
- Separate the costs of undergraduate and postgraduate teaching
- Separation of the cost of full and part time undergraduate teaching should be considered
- HESA cost centres provide a common framework under which to report costs
- If possible, and reliable data could be provided, it would be useful to identify fixed, variable and stepped costs
- There is a need to refresh and revise the TRAC peer groups, as this will enable greater use to be gained from the benchmarking data that is produced.

Several other suggestions were identified, but there was not a consensus on these points. The suggestions for enhancing internal utility included:

- Having a longitudinal TRAC benchmarking data set
- Extending TRAC so that the total cost of professional services is identified by allocating costs from academic department to professional services. This would provide more comparable benchmarking, albeit with additional effort required
- Make TRAC prospective as well as retrospective
- Identify the differential cost of international students
- Increase the sophistication of the cost drivers required in TRAC
- The need to better reflect the benefit that research provides to teaching
- Provide TRAC reporting through the HESA/OfS Finance record, rather than it being a separate collection
- Improve the ownership and acceptance of TRAC data by publishing and sharing it more internally.

² www.gov.uk/government/publications/cost-of-undergraduate-higher-education-provision

A summary of the findings has been reported to the TDG. Further consideration is required by the funders and regulators, particularly in the context of the OfS reviewing its teaching funding methodology, and other policy priorities of the Funding Councils, before the TRAC(T) process can be developed further. Further updates will be provided when available.

Initiatives update

TDG is currently working on two initiatives. These are as follows:

TRAC E-Learning

TDG is currently working with BUFDG to develop an 'Introduction to TRAC' e-learning module. It is aimed at those practitioners new to TRAC and also as an introductory guide for senior managers. The module went live on the BUFDG Pro E-Learning platform in July. Further details can be found at: www.bufdg.ac.uk/learning/

Understanding the purpose and use of TRAC

In response to feedback from parts of the sector regarding a desire for TRAC to be better understood and used more extensively, TDG established a working group to review how TRAC is used within institutions particularly by senior academic staff. Feedback from TRAC Annual Returns for 2018-19 indicates that 50% of institutions use TRAC for internal purposes – from business planning and setting KPIs to support VAT returns.

Working group members have recently taken part in Advance HE and University Alliance Pro Vice-Chancellor events to understand the awareness and knowledge gaps from the wider academic community to better understand and use TRAC. As a result, the group is now looking to produce an updated TRAC Senior Managers' Guide³ which will be available in September.



Academic workload planning – Theory into practice

Following detailed work across the sector, in December TDG published the workload planning report which provides guidance on how workload planning is being implemented across a growing number of institutions and how it can be used as an alternative to other time allocation methods used for TRAC.

The report identifies how the requirements for using workload planning in TRAC can be fulfilled, in addition to providing advice and 'top tips' for implementing workload planning and for planning to be TRAC compliant.

Full details of the report can be accessed at: www.trac.ac.uk/publications/academic-workload-planning-theory-into-practice/

³ www.trac.ac.uk/publications/trac-a-guide-for-senior-managers-and-governing-body-members/

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:

<https://www.trac.ac.uk/contact/regional/> or contact the TRAC Support Unit.

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
- **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
- **Via an 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