

6 Glossary of terms

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Reference	Definition
Academic department	<p>In the context of TRAC guidance this refers to an academic management unit. The costs of academic departments are assumed to include an allocation of central service costs, estates costs and Margin for Sustainability and Investment adjustment unless the context clearly says otherwise. This management unit might actually be a department, school, group of departments with similar patterns of activities, institutional cost centre, subject area, or ‘intermediary operating centre’. Depending on the costs being allocated, it might include research units or trading units.</p>
Academic Full Time Equivalent (staff)	<p>The full time equivalent of academic staff time.</p> <p>Where used as the denominator in the indirect and estate rates calculations, the Research FTE value is calculated as:</p> <ul style="list-style-type: none"> • the proportion of academic staff FTE spent on research (using the percentage research time of academic staff); • the staff FTE dedicated to research (research assistants and fellows) • a proportion of the postgraduate research student number.
Access charges	<p>A fee charged by the host facility to an external user when accessing the facility.</p>
Accountable Officer	<p>The Accountable Officer is a person, normally the head of institution, who reports to the OfS/Funding Council on behalf of the institution. The OfS and HEFCW define Accountable Officer in the following documents:</p> <ul style="list-style-type: none"> • www.officeforstudents.org.uk/publications/securing-student-success-regulatory-framework-for-higher-education-in-england/ • www.hefcw.ac.uk/working_with_he_providers/he_wales_act_2_015/financial_management_code.aspx <p>The SFC refers to Chief Executive Officer, rather than Accountable Officer, in the following document:</p> <ul style="list-style-type: none"> • http://www.sfc.ac.uk/governance/institutional-sustainability-governance/institutional-sustainability-governance.aspx <p>The DfE for Northern Ireland’s definition of Accountable Officer is provided in the Financial Memorandum between the higher education provider and the Department.</p>

Reference	Definition
Accredited Apprenticeship course	Courses that are delivered by institutions that are on the Register of Apprenticeship Training Providers ⁵⁵ , where the course is delivered under an approved apprenticeship standard ⁵⁶ .
Accrual model	FRS 102 and the FEHE SORP allow a choice of accounting policy, applying either the accrual model or the performance model when accounting for Government grants (except for capital grants for land). Under the accrual model institutions account for government grants as follows: <ul style="list-style-type: none"> • Classify each grant as either a capital or a revenue grant. • Revenue government grants are recognised in income on a systematic basis over the periods in which the entity recognises the related costs for which the grant is intended to compensate. • Capital government grants are recognised in income on a systematic basis over the expected useful life of the asset to which the grant relates. The income is recorded within the Statement of Comprehensive Income under the relevant heading of funding body grants, research grants or other income as appropriate to the nature of the grant.
Annual TRAC	Submission of an Annual Transparent Approach to Costing (TRAC) return is a requirement for all UK HEIs in receipt of grant funding from the OfS/UK higher education funding bodies.
Apprenticeship Levy	The Apprenticeship Levy is a levy on UK employers' pay bills from April 2017 to fund new apprenticeships.
Apprenticeship Service Account	This is an online account to access money paid under the apprenticeship levy by institutions in England to pay for apprenticeship training.
Assets in the course of construction	The cost of purchasing, constructing and installing tangible fixed assets ahead of their productive use.
Associate	Defined in FRS 102 as an entity, including an unincorporated entity such as a partnership, over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.
Assurance providers	This is a term that refers to an independent organisation (including in-house internal audit functions) that audits or reviews the TRAC model for compliance with TRAC requirements. Assurance providers

⁵⁵ <https://roatp.apprenticeships.sfa.bis.gov.uk/download>

⁵⁶ <https://www.gov.uk/government/collections/apprenticeship-standards>

Reference	Definition
	typically include internal audit, external audit, a professional firm with relevant expertise, or the UKRI and OfS/Funding Councils' assurance teams.
Audit trail	This refers to the document or sequence of documents that evidences the calculations and/or data that support a particular result / number used in the TRAC model. The term is typically used alongside 'source data'. The principle is that the audit trail is the evidence that substantiates the numbers used in the TRAC model.
Building Component	When an asset which comprises two or more major components with substantially different useful economic lives, each component should be accounted for separately for depreciation purposes and depreciated over its individual useful economic life.
Bursaries	Payments granted to taught students, comprising bursaries, scholarships and hardship funding, provided for whatever reason.
Central service department	A unit within the non-academic structure. These areas are referred to in various ways, e.g. as administrative services, professional support functions, support directorates.
Committee of the Governing Body	A formal Committee of the Governing Body that will have lay membership. More often than not it is chaired by a member of the Governing Body.
Cost drivers	Cost drivers are used for allocating those costs that cannot be directly allocated to a department and/or an activity category.
Cost pools	Costs in any one pool are attributed using the same cost driver. A cost pool may relate to an activity, or a support cost.
Direct attribution	This refers to the allocation of a cost directly to a department and TRAC activity without needing to use cost drivers.
Direct cost	This is a cost that is only incurred as a result of undertaking a particular activity and can be wholly attributed to that activity.
DA (Directly Allocated)	Charged to a project based on estimated expenditure for project related costs, typically including Project Investigator, Estates, Infrastructure Technicians and Research Facilities.
DI (Directly Incurred)	Charged to a project based on actual expenditure for project specific costs.
Discipline group	This is one of the cost groupings required under the annual TRAC process. The subject types are: <ul style="list-style-type: none"> • clinical subjects;

Reference	Definition
	<ul style="list-style-type: none"> laboratory-based subjects – including studio, fieldwork, laboratory; non-laboratory subjects – also called classroom-based or generic subjects.
Dispensation	In TRAC terms, removing the need to satisfy certain TRAC requirements robustly. Further detail is provided in 2.1.4.4.
EC	European Commission
EBITDA	Earnings Before Interest, Taxation, Depreciation and Amortisation
EBITDA for MSI	Earnings Before Interest, Taxation, Depreciation and Amortisation, adjusted for MSI. Further detail is given in Annex 3.2.
Endowment	An endowment fund is a form of charitable trust retained for the benefit of the institution.
EMR	Estates Management Return as collected by the Higher Education Statistics Agency.
EO	Experimental Officer
ESFA	Education and Skills Funding Agency
EU	European Union
FEHE SORP	<p>Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2015).</p> <p>This SORP reflects the changes to UK GAAP following the issue of FRS 102 and is effective for financial years beginning on or after 1 January 2015. The SORP defines the requirements for both further education institutions and higher education institutions throughout the United Kingdom.</p>
Financial year	In a higher education context the financial year is the accounting period 1 August to 31 July. It is also referred to as the academic year.
Franchised-out	Where students are registered in a higher education institution but are (wholly or partially) taught by staff in another institution (of further or higher education) these students are defined in the registering higher education institution as franchised-out.
FRS	Financial Reporting Standards. www.icaew.com/en/library/subject-gateways/accounting-standards/new-uk-gaap
FRS 102	The Financial Reporting Standard applicable in the UK and the Republic of Ireland. Applicable for accounting periods commencing on or after 1 January 2015.
FSSG	Financial Sustainability Strategy Group

Reference	Definition
Funding Councils or FCs	The Higher Education Funding Council for Wales; The Scottish Funding Council; and The Department for the Economy, Northern Ireland (formerly the Department for Employment and Learning) (referred to as a Funding Council in this guidance for ease of reference).
full Economic Cost or fEC	This term refers to the inclusion of the MSI adjustment (detailed in 3.2) with the expenditure reported in the consolidated financial statements. The fEC principle should be applied to the costing of research grant proposals. The Research Councils pay a fixed percentage (80% for most fund headings) of the fEC, which includes an attribution of the cost of academic staff time, and the institution's facilities, estates and indirect costs. It is important for institutions to understand the full costs of the research they carry out on a sustainable basis, recognising the need for appropriate investment in research infrastructure, including buildings, facilities and staff.
FTE	Full Time Equivalent
GDPR	General Data Protection Regulation. See ico.org.uk
Group Key	Access code obtained from the OfS (on behalf of all Funding Councils) for obtaining the Annual TRAC return template.
HE	Higher education
HEFCE	The Higher Education Funding Council for England
HEI	Higher education institution. In this context this means a university or higher education college previously funded by HEFCE and required to submit annual TRAC returns for 2018-19; and institutions funded by a Funding Council.
HESA	Higher Education Statistics Agency. HESA collects a range of data every year UK-wide from universities, higher education colleges and other differently funded providers of higher education. These data are then provided to UK governments and higher education funding bodies to support their work in regulating and funding higher education providers. www.hesa.ac.uk
HESA academic cost centres	Cost centres are used to return staff, finance and student numbers to HESA.
HESA data	Annual statistical returns including Staff, Student, Estates Management and FSR.

Reference	Definition
HESES	Higher Education Students Early Statistics survey. This is an annual survey of English higher education institutions about students on recognised higher education courses. www.officeforstudents.org.uk/data-and-analysis/data-collection/heses/
Holiday pay accrual	An annual charge to expenditure under FRS 102 reflecting any movement in the liability for holiday pay.
Indirect costs	Charged to a project based on estimated expenditure for non-project specific costs.
In-year	This is a term used in relation to the time allocation survey. It is referring to a method of time allocation whereby a minimum of three returns are received from individual academic staff during a year to identify how they have spent their time across the TRAC categories.
IRV	Insurance Replacement Value: <ul style="list-style-type: none"> • full loss basis including professional fees, debris removal and site clearance; • like-for-like – IRV less debris /site clearance plus foundation costs.
J-eS	The Joint Electronic Submissions portal for submission of research grants applications.
Joint venture	Defined in FRS 102 as a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Joint ventures can take the form of jointly controlled operations, jointly controlled assets, or jointly controlled entities.
Knock-for-knock	Institutions and teaching hospitals necessarily work very closely together. Apart from sharing premises and support services (such as laboratories), clinical staff of the institution are involved in delivering NHS services to patients, while NHS staff are involved in teaching students. Institutions and the NHS have not usually engaged in quantification and cross-charging when the staff of one perform duties for the other. The staff time involved has usually been treated as part of a ‘knock-for-knock’ or informal cost-sharing arrangement (though payments relating to support services are often apportioned between the parties).
Lay membership	A committee that has at least one lay, independent or co-opted member of the Governing Body.
LGPS	Local Government Pension Scheme

Reference	Definition
Look back period	This term is used in the time allocation process (section 3.1). It refers to the amount of time an academic has to recall what they were doing during that period in order to complete their time allocation return.
Management	The term is used in a number of places in the guidance. Where not explicitly stated, it refers to individuals with authority and accountability that can and should provide leadership and support to enable informed decisions to be taken, where required.
Margin for Sustainability and Investment (MSI)	An institution-specific margin applied to the TRAC model in line with the guidance in section 3.2 to represent the full economic cost of delivering core TRAC activities. The adjustment is calculated based on the historic and forecast financial information for the institution.
Material items	<p>Omissions or misstatements of items are material to an institution's financial statements if they could, individually or collectively, influence the economic decisions of users taken on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor.</p> <p>HESA Finance record Table 10 (separately disclosed material items) provides additional information in cases where an HE provider has chosen to disclose an item (or items) on a separate line (or lines) on the face of their published statement of comprehensive income and expenditure.</p>
Materiality	<p>Materiality for TRAC is defined as an impact of 10% or more on the allocation of income or costs to any of the TRAC categories, Research sponsor types, Science, non-Science and Clinical activity levels, and/or the Research charge-out rates.</p> <p>Materiality is defined further at annex 1.2a.</p>
Net Internal Area	Net Internal Area (NIA) is the usable area within a building measured to the internal face of the perimeter walls at each floor level. NIA covers all areas which are used for a specific purpose. It does not include those parts of buildings which enable them to function.
Non-controlling interest	The equity in a subsidiary not attributable, directly or indirectly, to a Parent (i.e. arising where the Parent has a controlling interest (more than 50% but less than 100%) in a consolidated subsidiary.
Non-OfS/Funding Council-fundable provision	All PFT provision that is not eligible for funding in the OfS/Funding Councils' teaching funding method. It is part of the provision that is returned in sub-column (b) in HESSES Tables 1a, 2 and 3, that is sponsored by other UK public bodies such as the Department of

Reference	Definition
	Health, the Department for Education, local authorities. (Some provision in category (b) is NPFT, e.g. closed courses funded by commercial companies.) Provision funded by the Education and Skills Funding Agency is also non-OfS/Funding Council-fundable PFT provision. In the case of HEIs in Scotland, 'Rest of UK' (RUK) students paying deregulated fees are non-OfS/Funding Council-fundable.
Non-subject-related activities	Non-subject-related activities are Teaching activities that affect the costs of Teaching other than those that relate to the subject being taught.
Non-subject-related costs	The differential costs of non-subject-related activities – i.e. the costs incurred on each activity that are higher or lower than (different from) those that would otherwise have been incurred from subject-related factors alone. OfS/Funding Council-fundable costs are attributed between subject-related and non-subject-related costs.
NPFT	Non-publicly funded Teaching
O	For TRAC, 'Other' activity category (see section 1.3 for full definitions).
OfS	Office for Students. www.officeforstudents.org.uk
OfS portal	The secure area of the OfS website.
OfS/Funding Council-fundable provision	Publicly funded teaching (PFT) provision that is eligible for funding in the OfS/Funding Councils' teaching funding methods.
OGD	Other Government Departments
OSPS	Oxford Staff Pension Scheme
Other (income-generating)	Activities that generate, or could potentially generate, income, but are not teaching or research.
Other Services Rendered	Costs recorded as Other Services Rendered in the consolidated financial statements/HESA.
Performance model	FRS 102 and the FEHE SORP allow a choice of accounting policy, applying either the accrual model or the performance model when accounting for government grants (except for capital grants for land). An institution adopting the performance model must recognise income from government grants within the Statement of

Reference	Definition
	Comprehensive Income when performance-related conditions are met.
PGR	Postgraduate Research student
PGT	Postgraduate Taught student
PFT	Publicly Funded Teaching
Predominant use of space	As defined by HESA for the Estates Management Return: space type determined by the most common use only.
Principal Investigator	The Principal Investigator is an individual who takes responsibility for the intellectual leadership of the research project and for the overall management of the research or other activities.
Proportional use of space	As defined by the HESA for the Estates Management Return; space type determined by the percentage of use for different activities.
QAA	Quality Assurance Agency for Higher Education. www.qaa.ac.uk
QR	Quality Related funding relating to the Research England research funding method.
R	For TRAC, 'Research' activity category (see section 1.3 for full definitions).
RC	Research Council
RCUK	Research Councils UK was a non-executive partnership led by the chief executives of the seven research councils. RCUK closed in March 2018 as the Higher Education and Research Act created UKRI which embraces functions previously overseen by RCUK.
RDEC	Research and Development Expenditure Credit
Registering institution	The institution at which students are enrolled, registered on the student records system and reported in data returns to the Funding Council. This term typically applies when students are enrolled at one institution, but where the delivery of the course is undertaken by another organisation (e.g. further education college).
Research England	Research England was established to take forward the England-only responsibilities of HEFCE in relation to research and knowledge exchange. https://re.ukri.org
Research intensive	Defined for TRAC purposes as the 60 institutions that receive the most grant income from UKRI.
Restructuring costs	Voluntary retirement schemes, redundancy programmes, pension fund top-ups to reflect early retirements.

Reference	Definition
S	For TRAC, 'Support' activity category (see section 1.3 for full definitions).
SAUL	Superannuation Arrangements of the University of London
Service Concessions	An arrangement whereby a public sector body or a public benefit entity (the grantor) contracts with a private sector entity (the operator) to construct (or upgrade), operate and maintain infrastructure assets for a specified period of time (the concession period).
Statement of Comprehensive Income (SOCi)	Financial statement that presents all items of income and expense recognised in a period, including those items recognised in determining surplus or deficit (which is a subtotal in the Statement of Comprehensive Income) and items of other comprehensive income.
Source data	Refers to the original data source for a data set. This guidance typically states that different data should reconcile to source data. Institutions are required to provide an audit trail back to the source of the data, e.g. the student records system will provide source data for establishing cost drivers for allocating teaching-related costs.
Subject-FACTS	'Subject-related full average costs of teaching a student', the subject-related average annual cost of teaching a FTE funding council-fundable student in a HESA academic cost centre based on TRAC.
Subject-related costs	Subject-related costs are the costs of Teaching that are significantly affected by discipline or subject. They exclude the additional (or lower) costs incurred from non-subject-related activities. See non-subject-related costs.
Subsidiary	An entity, including an unincorporated entity such as a partnership, that is controlled by another entity (known as the parent).
Support cost	This is a cost that is not incurred as a result of undertaking a single activity. It is often referred to as an overhead (see chapter 3.4).
T	For TRAC, 'Teaching' activity category (see section 1.3 for full definitions).
TRAC	Transparent Approach to Costing
TRAC(T)	TRAC for Teaching. Submission of a TRAC(T) return is a requirement for all UK higher education institutions in receipt of grant funding from the Funding Councils.
TRAC Manager	The individual within a higher education institution that operates the TRAC/fEC process.
TRAC Oversight Group	The management group that oversees the development and implementation of TRAC and approves the TRAC and fEC results

Reference	Definition
	annually. Of an institution's choosing, these groups can also have a wider remit that includes the oversight of financial sustainability, course costing, resource allocation etc. The latter are not TRAC requirements, however.
Trading companies	Trading activities in commercial companies, spin-outs (subsidiaries of HEIs).
UK GAAP	UK Generally Accepted Accounting Practice
UKRI	UK Research and Innovation brings together the seven Research Councils, Innovate UK and Research England. www.ukri.org/about-us/
USS	Universities Superannuation Scheme
Weighted space	Space is categorised into different types to reflect its cost. Each of these space types is given a weighting for each element of estates cost. These space weightings are based on a mixture of experience, comparisons, reasonableness reviews, and meter readings.
Widening participation	Additional activities undertaken in the recruitment and support of students from disadvantaged and non-traditional backgrounds, and disabled students.