

Annex 1.1a – TRAC guidance change log

The log below shows the sections of Version 2.6 of the TRAC guidance (September 2021) that have been updated in Version 2.7 (September 2022) other than those changes to the guidance which relate solely to the changes of name of governmental bodies or changes of the title of the primary statements included in institutional financial statements.

Any updates are indicated by **bold blue text**.

Text that has been deleted within extant sections of the guidance have not been separately documented in the change log.

Guidance section	Reference	Updated TRAC guidance
Introduction	1.1.1	References to TRAC(T) and the associated annexes in the explanation of the TRAC guidance structure have been updated to state that TRAC for Teaching is N/a – TRAC(T) is not being collected for the academic year 2021-22.
Introduction	1.1.3	To reduce the risk of ambiguity the difference between the different types of Other activities has been emphasised. The main activities to which TRAC allocates costs are: <ul style="list-style-type: none"> • Other (O) – analysed between the other primary income-generating activities such as commercial activities, residences, conferences, etc, and non-commercial activities such as gains and losses on investments;
Introduction	1.1.3	2021 – TRAC(T) data collection suspended for 2020-21 collection. The Review of TRAC commissioned by the Regulators and Funders Group (RFG) was published. 2022 – Removal of temporary guidance and TRAC requirements in response to the coronavirus (COVID-19) pandemic. TRAC(T) data collection suspended for 2021-22 collection.
Introduction	1.1.4	To reduce the risk of ambiguity the difference between the different types of Other activities has been emphasised. Other activities are ultimately analysed between Other (income-generating) (O(IG)) and Other (non-commercial) (O(NC)) categories. This categorisation refers to the activities undertaken, such as conferences, student accommodation and catering under O(IG). O(NC) is reserved for specific sources of income and corresponding expenditure (arising primarily due to impact of FRS102 on timing of income recognition). All other activities that are not T or R, should be reported under Other (income-generating).

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		<p>Other income is analysed between O(IG), and O(NC) depending on the source of funding.</p> <p>A further sub-category of ‘Other’ is Other (clinical services) (O(CS)). O(CS) is only relevant to Schools of Medicine or Dentistry. There is a further re-allocation of income and costs from O(CS) to Teaching or Research where the primary purpose of the clinical services undertaken is either Teaching or Research with the balance allocated to Other (income-generating) but it is not allocated to Other (non-commercial).</p>
Introduction	1.1.5 – Annex 1.1b	Temporary guidance and TRAC requirements in relation to the impact of coronavirus (COVID-19) has been removed.
1.2 Principles and Standards	1.2.3.9	<p>Clarity has been provided on the materiality threshold and the fact that it is a cumulative measure.</p> <ul style="list-style-type: none"> • TRAC materiality threshold is set at 10% on a cumulative net basis. Materiality for TRAC is defined fully at annex 1.2a.
1.3 TRAC Activity definitions	1.3.1.1	<p>Additional clarifications added regarding apprenticeships.</p> <p>Teaching (T) is a core activity.</p> <p>It includes all costs and activities that provide or support the teaching of undergraduate and postgraduate taught students, including those studying through apprenticeships. It also includes further education provision, where applicable.</p>
1.3 TRAC Activity definitions	1.3.1.2	<p>Additional clarifications added regarding Turing scheme and treatment of new EU students enrolling for the academic year 2021-22.</p> <ul style="list-style-type: none"> • All teaching activities like European Social Funding (ESF), Erasmus, Turing and Tempus; <p>There is a change in the eligibility of certain types of EU students for Student Loan Company funding for new courses commencing on or after 1 August 2021¹. From 1 August 2021, students from the EU who do not have settled or pre-settled status and are commencing study on a new course in the UK will no longer be classed as PFT. Continuing students will still be classed as PFT. This will</p>

¹ [Studying in the UK: guidance for EU students - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/studying-in-the-uk-guidance-for-eu-students)

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		<p>affect the classification of income and associated costs away from publicly funded to teaching to non-publicly funded teaching for these students.</p> <p>Students from Crown dependencies (Channel Islands and Isle of Man) will be treated the same as home students (new entrants and continuing students). This applies from 1 August 2021 for English institutions and from 1 August 2022 for institutions in Wales and Scotland.</p> <p>Please refer to the guidance on eligibility rules for home fee status and student finance for the 2021/22 academic year² for the full list of rules and requirements.</p>
1.3 TRAC Activity definitions	1.3.1.3	<p>Additional clarification on the treatment of new EU students enrolling for the academic year 2021-22.</p> <ul style="list-style-type: none"> • All students from the EU who do not have settled or pre-settled status and commence a new course on or after 1 August 2021³.
1.3 TRAC Activity definitions	1.3.2.1	<p>To reduce the risk of ambiguity the difference between the different types of Other activities has been emphasised.</p> <p>a) Can include clinical trials. Where clinical trials are considered by the NHS to be research then the academic staff time spent on them is allocated to research; otherwise it should be allocated to Other (income-generating);</p> <p>b) Does not include routine testing (this should be reported as Other (income-generating)).</p>
1.3 TRAC Activity definitions	1.3.3.1	<p>To reduce the risk of ambiguity the difference between the different types of Other activities has been emphasised.</p> <p>As well as the cost of academic time, costs attributable to Other (income-generating) activities include:</p> <p>Unfunded research activity, which satisfies the definition of Research, as set out in 1.3.2 should not be allocated to Other (income-generating) or Other (non-commercial).</p>

² [New eligibility rules for home fee status and student finance for the 2021/22 academic year \(publishing.service.gov.uk\)](https://www.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/101111/new-eligibility-rules-for-home-fee-status-and-student-finance-for-the-2021-22-academic-year.pdf)

³ [Student finance eligibility - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/student-finance-eligibility)

Guidance section	Reference	Updated TRAC guidance
1.3 TRAC Activity definitions	1.3.3.3	<p>Further clarification added regarding what should not be included under the heading of Other (non-Commercial activity)</p> <p>This category was introduced alongside the implementation of Financial Reporting Standard 102 to prevent the changes in accounting treatment, predominantly in respect of endowments, donations and investment gains and losses, from distorting the reporting of Teaching, Research and Other (income-generating) activities. This context is important in considering whether income and costs should be reported under the ‘Other (non-commercial)’ category. It is not expected that routine activities are reported under this heading.</p> <p>This category is not to be used for the following unless agreed in advance with the TRAC Support Unit and Funders/ Regulators:</p> <ul style="list-style-type: none"> • subsidies or loss-making services provided to students, such as catering or sports facilities. These activities should be allocated to Other (income-generating activity); • pension costs; • impairment write-down (of assets in operational use); • COVID-related costs/ bursaries to students; • costs relating to academic staff based on their time allocation survey / Workload plan should not be allocated to Other (non-commercial) unless it is clear that the activities the staff are undertaking are funded by endowments which have been allocated to this heading. • cost of academic staff time classified as ‘Support for Other’ should not be allocated to the Other (non-commercial) heading as part of the allocation process unless it is clear that the activities the staff are undertaking are funded by endowments which have been allocated to this heading. <p>Anything unusual which may fall under this heading should be discussed with Funders via the TRAC Support Unit.</p>

Guidance section	Reference	Updated TRAC guidance
1.3 TRAC Activity definitions	1.3.4.4	<p>Further clarification added as to activities to be included under this heading and how they should be allocated within the TRAC model.</p> <p>Support costs for Other should NOT be allocated to Other (non-commercial). The definition of Other (non-commercial) does not permit this.</p>
Governance and quality assurance	2.1.4.2	<p>Further details added to bring material from Annex 1.2a into the main guidance:</p> <p>Materiality is set at 10% on a cumulative basis. The materiality threshold applies to the following elements of the TRAC data:</p> <ol style="list-style-type: none"> <li data-bbox="587 824 1362 976">i. any individual charge-out rate for Research, i.e. the indirect cost rate, the laboratory estates rate, the non-laboratory estates rate, a facility rate, or a laboratory technician rate; <li data-bbox="587 999 1362 1352">ii. the total income or costs of any one of the following – Publicly Funded Teaching; Non-Publicly Funded Teaching; Research in total and Research at research sponsor level (institution/own-funded Research, Postgraduate Research students, Research Councils UK, other Government departments, European Commission, Charities, and Industry); Other (income-generating activity); or Other (non-commercial activity). <p>The following bullet has been updated:</p> <ul style="list-style-type: none"> <li data-bbox="619 1429 1378 1626">• Material errors should be subject to corrective action. If these are identified after submission, resubmission of the TRAC return should be agreed with UKRI and the OfS or the respective Funding Council, or for the TRAC(T) return, with the OfS or relevant Funding Council only.
Governance and quality assurance	2.1.4.3	<p>The following bullet points have been updated:</p> <ul style="list-style-type: none"> <li data-bbox="619 1709 1362 1821">• The TRAC process should comply with the additional requirements detailed in annex 1.1b, in relation to COVID-19. <li data-bbox="619 1843 1362 1995">• The TRAC process and results (the Annual TRAC return and charge-out rates and the TRAC(T) return) should be subject to review by the TRAC Oversight Group (or equivalent) and approval by a Committee

Guidance section	Reference	Updated TRAC guidance
		<p>of the Governing Body to confirm compliance with TRAC requirements before submission.</p> <ul style="list-style-type: none"> The TRAC process and any changes to the process as detailed in 2.1.5.22 should be reviewed by the Committee of the governing body. <p>The Annual TRAC return and charge-out rates should be subject to review by the TRAC Oversight Group prior to approval and sign-off by the Accountable Officer.</p>
Governance and quality assurance	2.1.5.1	<p>The role of the Committee of the governing body has been added to the hierarchy of the roles and responsibilities for TRAC.</p> <ul style="list-style-type: none"> A Committee of the governing body (e.g. Audit Committee, Finance and Resources Committee) is responsible for ensuring that the processes used to produce the TRAC return comply with the TRAC requirements. <u>The Committee is no longer required to approve the TRAC return prior to submission.</u> <p>The role of the TRAC Oversight Group has been amended to show it is responsible for approving the final TRAC return ahead of approval by the accountable officer, rather than just reviewing as had been the case previously.</p> <ul style="list-style-type: none"> – reviewing the sector benchmark data, understanding the institution’s data and identifying whether further development or changes to the TRAC model are required. It will then report on these activities to the Committee of the governing body, prior to review of compliance by the Committee of the governing body; – reviewing the final TRAC return and rates and recommend them for approval and sign-off by the Accountable Officer in the institution.
2.1 Governance and quality assurance	2.1.5.12	<p>This is not a new requirement. Based on feedback received the following text has been added to provide more detail in the main guidance in addition to Annex 1.</p> <p>Materiality is set at 10% on a cumulative net basis. The materiality threshold applies to the following elements of the TRAC data:</p> <ul style="list-style-type: none"> i. any individual charge-out rate for Research, i.e. the indirect cost rate, the laboratory estates rate, the

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		<p>non-laboratory estates rate, a facility rate, or a laboratory technician rate;</p> <p>ii. the total income or costs of any one of the following – Publicly Funded Teaching; Non-Publicly Funded Teaching; Research in total and Research at research sponsor level (institution/own funded Research, Postgraduate Research students, Research Councils UK, other Government departments, European Commission, Charities, and Industry); Other (income-generating activity); or Other (non-commercial activity).</p> <p>Materiality is used in two ways:</p> <p>i. to consider whether judgements taken in the design of the TRAC process lead to a material difference in the result (e.g. the selection of cost drivers); and</p> <p>ii. to consider whether compliance issues identified post submission (e.g. through an internal audit or UKRI review) lead to an error that is material.</p>
2.1 Governance and quality assurance	2.1.5.14	<p>UKRI have provided the email address which should be used to submit quarterly updates on action plans.</p> <p>Action plan updates should be emailed to ukrifundingassurance@ukri.org</p>
2.1 Governance and quality assurance	2.1.6	<p>Addition of the following ‘what could go wrong’</p> <p>Income and/or expenditure items are allocated to Other (non-commercial) that do not meet the definition outlined in 1.3.3.1.</p> <p>Removal of the following ‘what could go wrong’ points:</p> <p>The additional requirements detailed in annex 1.1b, in relation to the impact on operational arrangements during the coronavirus (COVID-19) pandemic, have not been complied with. The TRAC Oversight Group passes the TRAC return and TRAC(T) returns for sign-off by the Accountable Officer without gaining approval from a Committee of the Governing Body.</p> <p>The Committee of the Governing Body that approves the TRAC return and TRAC(T) returns for sign-off by the Accountable Officer does not meet before the submission deadlines.</p>

Guidance section	Reference	Updated TRAC guidance
2.1 Governance and quality assurance	2.1.7 – Annex 2.1b	The TRAC Assurance Reminders checklist has been updated following the most recent submission cycle and latest round of UKRI FAP visits.
3.1 Data required for TRAC	3.1.4.22	<p>Additional information has been included to assist institutions that use the in-year retrospective time allocation method and may have made adjustments to their methodology during the COVID-19 pandemic.</p> <p>Institutions that use the in-year retrospective method of time allocation, and collected time allocation data in 2020-21 and 2021/22 that contained a separate category to capture COVID-affected time, will need to consider how this/(these) category/(ies) of time should be allocated to Teaching, Research and Other, as it is likely that the category of COVID-affected time is not relevant for reporting TRAC data for 2021-22.</p> <p>If academic staff time allocation data has been rolled forward and contains time related to COVID-19 activities, this needs to be reviewed to determine whether it is material, and if so, which are the appropriate headings to reallocate this time to.</p> <p>Two scenarios are outlined below:</p> <ul style="list-style-type: none"> • If separate TRAC activities were created in the time allocation survey collection to understand the impact of COVID (e.g. COVID-affected Teaching, COVID-affected Research, COVID-affected Other (income-generating) then allocate this time back into the respective category (e.g. Teaching, Research or Other income-generating); or • If a single overall category of time was collected for COVID-affected time across all activities, reallocate this to the TRAC activities on the basis of the proportions of time already allocated to each TRAC activity, excluding Other non-commercial. <p>Institutions may also have used high-level adjustments to adjust academic staff time data over the previous two submission cycles. Any high-level adjustments used previously in relation to academic staff time and the COVID-19 pandemic should be reviewed, with a view to reversal or further adjustments due to operational changes.</p>

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		<p>Some scenarios for high level adjustment considerations are:</p> <ul style="list-style-type: none"> • Time allocation data may have been collected during the period affected by the COVID-19 pandemic; therefore as 2021-22 may not be affected by this, an adjustment may be needed to enable the time allocation data used in the 2021-22 TRAC return to reflect the activities undertaken in 2021-22. If this is not deemed material, such an adjustment may not be required. • A high-level adjustment may have been applied to time allocation data collected during 2019-20 to ensure the data reflected the activities that had been affected by the COVID-19 pandemic. As 2021-22 may not be affected by this, an adjustment may be needed to enable the time allocation data used in the 2021-22 TRAC return to reflect the activities undertaken in 2021-22. If this is not deemed material, such an adjustment may not be required.
3.1 Data required for TRAC	3.1.4.26a	<p>Additional information has been included to assist institutions that use the in-year retrospective time allocation method and may have made adjustments to their methodology during the Covid-19 pandemic.</p> <p>Institutions that use the in-year data collection method, and have collected data during the pandemic, may have adjusted their time allocation survey forms to allow staff to clearly show where their activities had to be realigned due to the pandemic. If this data is rolled forward, because the institution was not due to re-collect the data, consideration should be given to the re-allocation of the time affected by COVID-19 in the previous survey, where material. Further guidance is given in 3.1.4.22.</p>
3.1 Data required for TRAC	3.1.4.31	<p>Section updated to require reference to Annex 3.1c for the calculation of indexation.</p> <p>Calculated indexation rates for fEC charge-out rates should be indexed in line with Annex 3.1c</p> <ul style="list-style-type: none"> • reflect price changes for the two years broadly starting from the midpoint of the year being reported on the annual TRAC return;

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		<ul style="list-style-type: none"> • reflect both historical and future parts of the two-year period; and • reflect two types of indices – one for pay and one for non-pay.
3.1 Data required for TRAC	3.1.5.21	<p>To reduce the risk of ambiguity the difference between the different types of Other activities has been emphasised.</p> <ul style="list-style-type: none"> • Space dedicated to a single TRAC category is directly allocated to the relevant TRAC category e.g. Catering and Residences to Other (income-generating).
3.1 Data required for TRAC	3.1.5.28	<p>Institutions have flexibility (within the parameters set out below) about how to set indexation for the charge-out rates for indirect, estates, technicians and facilities, but the level of indexation should be consistent with the plans/ forecasts of the institution.</p> <p>Calculated indexation rates should:</p> <ul style="list-style-type: none"> • be appropriate, i.e. be used for planning purposes or be from an established source; • reflect price changes for the two years broadly starting from the midpoint of the year being reported on the annual TRAC return; • reflect both historical and future parts of the two-year period; and • reflect two types of indices – one for pay and one for non-pay – applied to the relevant proportion of indirect costs into pay and non-pay. <p>Indexation should be calculated using the worksheet is provided in annex 3.1c to inform the calculation of the institution's indexation value.</p>
3.1 Data required for TRAC	3.1.6	<p>Addition to 'What could go wrong'.</p> <ul style="list-style-type: none"> • Indexation is unlikely to be correct if it is close to zero. <p>Removal of the following 'what could go wrong' point:</p> <ul style="list-style-type: none"> • The additional requirements detailed in annex 1.1b, in relation to the impact on operational arrangements during the coronavirus (COVID-19) pandemic, have not been complied with.

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3.3 Direct cost attribution	3.3.6	<p>To reduce the risk of ambiguity the difference between the different types of Other activities has been emphasised.</p> <ul style="list-style-type: none"> Inappropriate allocation to Other when activity type should be Teaching or Research (Note: administration and support activity is not Other (income-generating) or Other (non-commercial)). <p>Removal of the following 'What could go wrong':</p> <p>The additional requirements detailed in annex 1.1b, in relation to the impact on operational arrangements during the coronavirus (COVID-19) pandemic, have not been complied with.</p>
3.4 Allocating academic department and central costs	3.4.6	<p>Removal of the following 'What could go wrong' points:</p> <p>The additional requirements detailed in annex 1.1b, in relation to the impact on operational arrangements during the coronavirus (COVID-19) pandemic, have not been complied with.</p> <p>COVID-related costs/ bursaries</p>
3.5 Income Allocation	3.5.5.11	<p>Definition of materiality added</p> <p>If any income category is not material (as defined in 2.1.4.2 and at annex 1.2a)</p>
3.5 Income Allocation	3.5.5.12	<p>Definition of materiality added</p> <p>If any income category is not material (as defined in 2.1.4.2 and at annex 1.2a)</p>
3.5 Income Allocation	3.5.5.13	<p>Definition of materiality added, along with clarification of which category of Other to use.</p> <p>If any income category is not material (as defined in 2.1.4.2 and at annex 1.2a), allocate to Other (income-generating), otherwise for:</p>
3.5 Income Allocation	3.5.5.19	<p>Definition of materiality added</p> <p>If any income category is not material (as defined in 2.1.4.2 and at annex 1.2a), allocate to Other (income-generating), otherwise for:</p> <ul style="list-style-type: none"> Erasmus, Turing and Tempus to Teaching (PFT);
3.5 Income Allocation	3.5.5.22	<p>Further clarification in relation to the allocation of donation income in relation to research has been provided.</p>

Guidance section	Reference	Updated TRAC guidance
		Allocate donations to the activity for which the donation is given, <ul style="list-style-type: none"> • to NPFT when related to Teaching; • to one or a combination of Institution own-funded Research, Postgraduate or EU other; UK industry; Other overseas Research when related to Research; or • Other (non-commercial activity) where there is no defined purpose for the donation.
3.5 Income Allocation	3.5.6	Removal of the following 'What could go wrong' point: The additional requirements detailed in annex 1.1b, in relation to the impact on operational arrangements during the coronavirus (COVID-19) pandemic, have not been complied with.
4.1 Annual TRAC Return	4.1.5.11	Institutions will need to ensure that NPFT costs include those relating to EU students who have commenced study from 1 August 2021 onwards. <ul style="list-style-type: none"> • EU students commencing a new course on or after 1 August 2021 and who do not have settled or pre-settled status will be classed as overseas and should be included within NPFT.
4.1 Annual TRAC Return	4.1.5.12	To reduce the risk of ambiguity the difference between the different types of Other activities has been emphasised. Note: Unfunded Research activity that fulfils the TRAC definition is incorrectly allocated to Other (income-generating or Other (non-commercial)).
4.1 Annual TRAC Return	4.1.6	To reduce the risk of ambiguity the difference between the different types of Other activities has been emphasised. <ul style="list-style-type: none"> • Unfunded Research activity that fulfils the TRAC definition is incorrectly allocated to Other (income-generating) or Other (non-commercial)).
4.2 Research charge-out rates	4.2.4.1	The flexibility to not implement new rates until as late as 1 August has been removed. All rates should be implemented from 1 February unless otherwise communicated. There should be a clear cut-off date and process that ensures that the updated rates replace the previous rates and are applied to project applications no earlier than 1

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		<p>February of each year, and no later than six months after this date.</p> <p>Following approval by the Accountable Officer and final submission of the TRAC return, the rates should be used from 1 February each year, unless the submission deadline is extended then a revised date will be published.</p> <p>Note: submission includes the sign-off sheet signed by the Accountable Officer, any commentary document required as well as any action plan that has been identified as part of the self-assessment process or as a result of any review (internal audit or UKRI).</p>
4.2 Research charge-out rates	4.2.4.8	<p>Clarification has been added in relation to the percentage of research time of academic staff being calculated separately (the end result may be the same percentage) for laboratory and non-laboratory departments.</p> <p>The percentage of research time of academic staff should be calculated separately for laboratory and non-laboratory academic departments. The same time allocation percentage in both estates laboratory and estates non-laboratory as a basis for calculating the research FTE is theoretically possible, but unlikely.</p>
4.2 Research charge-out rates	4.2.6	<p>Clarification has been added in relation to the percentage of research time of academic staff being calculated separately for laboratory and non-laboratory departments.</p> <ul style="list-style-type: none"> • Analysis of time spent on research for laboratory and non-laboratory departments is not undertaken resulting in the same percentage being used for indirect, estates laboratory and estates non-laboratory rates. <p>The following 'What could go wrong' points have been removed:</p> <ul style="list-style-type: none"> • The additional requirements detailed in annex 1.1b, in relation to the impact on operational arrangements during the coronavirus (COVID-19) pandemic, have not been complied with. • The research FTE used in the calculation of the charge-out rates has not been updated for any changes or high-level adjustments made to the time allocation data as a result of the profile of activities changing due to COVID-19.

Guidance section	Reference	Updated TRAC guidance
4.3 TRAC for Teaching Return	4.3.1 to 4.3.8	The TRAC for Teaching return is not being collected for the academic year 2021-22, so this whole section has been greyed out.
Glossary	-	<p>An additional definition has been added to the glossary:</p> <p>Other (non-commercial) – For TRAC, the ‘Other (non-commercial) activity category was introduced alongside the implementation of Financial Reporting Standard 102 to prevent the changes in accounting treatment, predominantly in respect of endowments, donations and investment gains and losses, from distorting the reporting of Teaching, Research and Other (income-generating) activities (see section 1.3.3 for full definition).</p>