Review of TRAC

2021

Final report

Contents

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1 Executive Summary

1.1 Background

This executive summary summarises the results of a review of the Transparent Approach to Costing (TRAC) that has been undertaken for the Regulators and Funders Group. Further information is provided in the full report. The TRAC process was initially developed in 1998 and introduced in 2000 as an activity-based costing system designed to meet government's emerging appetite for understanding the cost of research and use of public funds.

The higher education landscape in the UK has evolved since that time, seeing a divergence in the levels and basis of funding for teaching, increased investment in research and development both within universities but also within other organisations, and changes to the government agencies responsible for research funding and HE (higher education) providers in England. Alongside these changes increased fiscal challenges are facing government and the devolved administrations. Cost pressures and investment needs are also presenting increased challenge for HE providers.

A key observation is that the basis of funding in the sector and government priorities have evolved since TRAC was first introduced. The more recent reforms and the introduction of UK Research and Innovation (UKRI), the Office for Students (OfS), and significant reviews of HE in Wales and Scotland mean that the purpose of TRAC needs to be reaffirmed and made clear to institutions.

Given the level of change that has taken place since TRAC was introduced, it is necessary to review and challenge TRAC to assess both the benefits it provides and the burden it imposes, and to identify any simplification, rationalisation and/or improvement that can be made to benefit institutions and fulfil the needs of funders.

1.2 Scope for this review

The Regulators and Funders Group[1] (RFG) recognised that a joint review should be undertaken, given that TRAC is a national process. The RFG commissioned the review to understand the burden of TRAC and identify opportunities to reduce the burden without impacting disproportionately on value, credibility, and utility of the data. The review aimed to:

— identify improvements to the efficiency and effectiveness of the system in meeting the needs of the multiple stakeholders and users;
— evaluate ways to provide better information and utility from the TRAC system that can support higher education providers in delivering high-quality teaching and research, while encouraging efficiency and value for students and taxpayers; and
— engage with a comprehensive representative cross-section of stakeholders to seek to understand the information needs of stakeholders and any concerns that they have about burden.

The overarching aims of the review has been fulfilled through undertaking the following activities:

— Stakeholder engagement;
— Survey of institutions currently undertaking TRAC;

[1] https://www.officeforstudents.org.uk/advice-and-guidance/partnerships-and-collaboration/financial-sustainability-and-trac/review-of-trac/

— Understanding the uses of TRAC;
— Understanding the evolving needs of UKRI for cost information on research activity;
— A critical assessment of the current TRAC process and associated requirements;
— Review of the current approaches to academic staff time allocation and identification of where burden/inefficiency may exist and identify options to overcome these; and
— Identification of options to modify the TRAC(T) process to better meet the needs of institutions and funders.

As part of this review the TRAC for Teaching (TRAC(T)) process has been reviewed and options identified to enable the information needs of institutions and Funders to be better fulfilled. The review also explores the application of TRAC to the full range of HE providers in England.

A detailed scope of work was agreed that provides an evidence base gathered through substantial engagement with the sector and key stakeholders. The approach to the review is outlined in the next section. The scope of work excludes the governance of TRAC, and further details of the scope of the review are provided in Appendix 1.

1.3 Approach for the Review of TRAC 2021

The review of TRAC has included significant engagement with the sector and stakeholders to obtain a wide range of views and input. This has included:

— a sector-wide electronic survey;
— meetings with key sector stakeholders; and
— a number of virtual visits to institutions providing representation of different parts of the sector.

Further details of our approach are provided in section 2 of this report.

1.4 Use of TRAC by funders

The main uses of TRAC have been to provide information on the following activities:

- Serving as a basis for calculating charge out rates for research funding;
- Providing information to inform Comprehensive Spending Review advice on sustainability and cost activities;
- Informing the Higher Education Funding Council for Wales's (HEFCW) and Scottish Funding Council's (SfC) teaching funding method e.g., setting of supplements for high-cost subjects, or criteria to inform the review of specialist institution targeted allocations;
- Informing costing studies e.g. studies to inform understanding of Cost of PGT and costs of Nursing, Midwifery and Allied Health to inform funding decisions on transfer of this provision from health Education England;
- Assessment and reporting on the financial sustainability of institutions and their core activities. As an example, the Financial Sustainability Strategy Group used the TRAC data to assess the income cross flows between TRAC activities;
- Reporting on the financial health of the sector;
- Informing work on metrics for assessing efficiency and value for money; and
- Forming the basis for a DfE study on the costs of undergraduate teaching.

UK HE Regulators and Funding Councils, UKRI and Research Charities and Central Government departments have restated their main uses of Annual TRAC as consistent with the above list.

The DfE have also indicated that it wishes to gain a better understanding of the cost of teaching provision, particularly the cost of Level 4 and 5 across all providers, and because of Brexit and COVID there is increased interest in understanding the financial sustainability of the setor, but also increased pressure on government finances. Given the broad use of the TRAC data, the RFG outlined that the removal of TRAC should not be considered in this review, instead the focus should be on reducing the burden, and improving the effectiveness of the process and usefulness of the outputs.

1.5 Defining Burden

For the purposes of this review, 'burden' is defined as 'activities undertaken by institutions in order to meet the TRAC requirements which impose additional work that would not otherwise be necessary, and where the results of that work do not provide benefits to the Institution that justifies the time and effort expended'. (This includes where the institution uses an alternative approach to review their costs.) Therefore, using this definition, the effort required to produce TRAC is not pure burden as all HE providers need to understand the cost of their activities in order to operate and plan on a sustainable basis, but any inefficiencies or excessive requirements can be judged as burden. Additionally, we also recognise that not all institutions benefit from TRAC to the same extent and therefore the level of burden will be different for different institutions. We also need to acknowledge that the lack of understanding about the use and utility of TRAC data can also generate a perception of burden. Academics spoken to as part of the review consistently felt that the time recording process was burdensome.

From the work undertaken, it is suggested that the perceptions of burden and actual burden can be reduced by one or a combination of:

1	Regulators and Funders clearly communicating their requirement for TRAC more widely across current stakeholders to improve the understanding of how TRAC is used;
2	Institutions ensuring a more consistent understanding of TRAC internally;
3	Reducing the effort required to meet the TRAC requirements through simplifying certain requirements; and/or
4	Increasing the usefulness of the TRAC outputs to institutions.

1.6 Key highlights from the Review of TRAC

In the main body of the report, we have provided a comprehensive description of observations against the areas agreed within the scope of this review. In this section we have reported the key highlights from that work.

The overall key message is that on balance a majority of institutions recognise the benefit of having a national TRAC dataset and there is no equivalent data set. There is however an opportunity to increase the usefulness of TRAC to institutions, particularly through benchmarking, and simplify certain TRAC requirements.

1.6.1 Key messages

TRAC is viewed as a burden, but the majority of survey respondents viewed that the burden is justified	The survey responses outlined that TRAC and TRAC(T) are deemed burdensome. But 61% and 70% of respondents noted that the effort required to compile TRAC is justified, or somewhat justified, for institutional and funder use respectively. TRAC(T) is viewed differently. 60% and 51% of respondents stated that the effort required to compile TRAC(T) is *not* justified by institutional or funders' use of the data. The main reasons given for TRAC being burdensome is that the data is not useful internally; the data is not timely (TRAC is not normally returned until 6 months after the end of the year to which it relates); and the governance requirements for signing off the return are onerous. There is a general consensus that it is important and beneficial for the sector to have a national data set on the cost of core activities. 57% of HEI responses reported that there are no alternative data sources to provide sector-wide cost information.
The time taken to produce TRAC is broadly similar to the results of a survey in 2012	The survey of institutions outlined that the time taken to produce TRAC has reduced from 143 days to 125 days per year. Time spent by academic staff completing time allocation surveys has increased from 138 minutes per year in 2012 to 156 minutes in 2021. The time in 2021 does however include more institutions that are using workload planning, which is primarily use for academic management purposes and not just TRAC. The average time taken to administer time allocation has decreased slightly since 2012. More institutions in the 2021 survey declared that they did not consider the burden of time allocation requirements to be excessively high (80%).
TRAC is used by institutions, funders and the DfE	Institutions reported that TRAC is used for a range of purposes, beyond the main TRAC return, including supporting VAT partial exemption claims, to inform decision making, and for benchmarking. Indeed, institutions outlined that to calculate the fEC charge-out rates, if TRAC was not in place, another process would be needed. Funders and the DfE have also drawn on the TRAC data asset to support a range of policy work. No alternative datasets have been identified that could provide consistent and comparable costing information without further reworking.
There are opportunities to reduce the burden of TRAC	The review has identified several opportunities to reduce TRAC requirements and/or standardise parts of the process which should reduce the burden for institutions.
Not a sufficient understanding of the need for TRAC and its benefit to funders and institutions contributes to a perception of burden	An element of the burden outlined by institutions was found to be one of perception rather than actual burden. Funders and institutions both need to do more to increase the understanding of why TRAC is collected and how it is used. From an institutional perspective, those institutions that have engaged with their academic community internally to explain why TRAC is collected, how the data is used

	and the benefit it provides to the institution, experience greater buy-in and engagement with the TRAC and time allocation process.
The margin for sustainability and investment (MSI) is a barrier to gaining greater engagement with the TRAC data	The MSI has not gained widescale acceptance by the sector and other stakeholders. This was also the case with the previous cost adjustments. The sector has outlined that this is an area that needs to be addressed. RFG are overseeing a Review of MSI in parallel to this review to understand the issues and options for improvement. It should be noted that the there is agreement across Regulators and Funders for the application of a sustainability cost adjustment.
There is an opportunity to obtain greater insights from TRAC	Around 50% of survey respondents expressed an appetite for increased benchmarking of professional and student facing services. This would require additional effort and data to be collected and returned to funders. An assessment of burden and benefit should be undertaken.
TRAC(T) needs to be reformed to make the data more useful	It was reported that, TRAC(T) does not meet the needs of institutions and some have suggested that the collection in its current form should be removed. Funders do however use this data. The review has identified options to reform TRAC(T), drawing on past work by the TRAC Development Group, to change and improve the collection of data on the cost of teaching.
Improved levels of compliance with TRAC requirements could enable further reductions in burden	UKRI has recently identified a number of issues where institutions are not complying with all TRAC requirements. At the time of this review this has meant two actions that would reduce burden in response to institution feedback cannot be implemented. As levels of compliance improve, it may be possible to reconsider these.

1.6.2 Highlights on the time taken to deliver TRAC

For this review we analysed responses from 102 institutions which provided us with the opportunity to compare our results to the information gathered in the 2012 review of time allocation methods[2], institutions provided responses to a survey which contained similar set of questions across both. We have provided a comparison of responses to some key questions.

Table 1: Comparison of time taken to comply with TRAC

	2012 survey[3]	2021 survey*
Average time spent on completing TAS return (institutional average per academic staff)	2.3 hours (138 minutes)	2.6 hours (156 minutes) *Based on 88 responses*
Average time spent collating, reviewing, and processing time allocation data	42 days	41 days *Based on 98 responses*
Average FTEs spent on maintaining TRAC system and	143 days (Two returns were mandated at this time)	125 days

[3] https://www.trac.ac.uk/publications/review-of-time-allocation-methods/

[3] https://www.trac.ac.uk/publications/review-of-time-allocation-methods/

	2012 survey[3]	2021 survey*
producing TRAC returns for a given year (per institution)		*Based on 101 responses*
Views on the burden of time allocation	70% of institutions didn't feel burden to be excessively high.	80% of respondents didn't feel burden to be excessively high.
Respondents that took advantage of dispensation	3.6% (Threshold was £0.5m of publicly funded research income (calculated as a five-year rolling average))	18% (Threshold was £3.0m of publicly funded research income (calculated as a five-year rolling average))

***Note**: The need for data cleansing resulted in a small number of outlying responses being excluded from the analysis of the 2021 survey

In overall terms, taking account of more institutions utilising workload planning to provide academic staff time data for TRAC, the time taken to comply with TRAC requirements has remained the same as in 2012, or reduced. It now takes less time to administer TRAC than it did in 2012. There are likely to be several reasons contributing to this including that the TRAC guidance was re-written and simplified in 2014.

The average time estimated to be spent by academic staff in complying with the time allocation requirements has increased by 18 minutes per year to 156 minutes (in the 2012 survey there were only 5 institutions using workload planning for TRAC, compared to 30 institutions in the 2021 survey). Whilst the primary purpose for implementing Workload Planning (WLP) is to support the coordination of academic time, the collection time was assessed as 3.5hrs compared to 2.3hrs for the other methods. WLP is however an academic management process and is not undertaken for TRAC purposes only. It is therefore suggested that WLP institutions are able to offset some of the effort of time allocation by using WLP, which is maintained irrespective of TRAC.

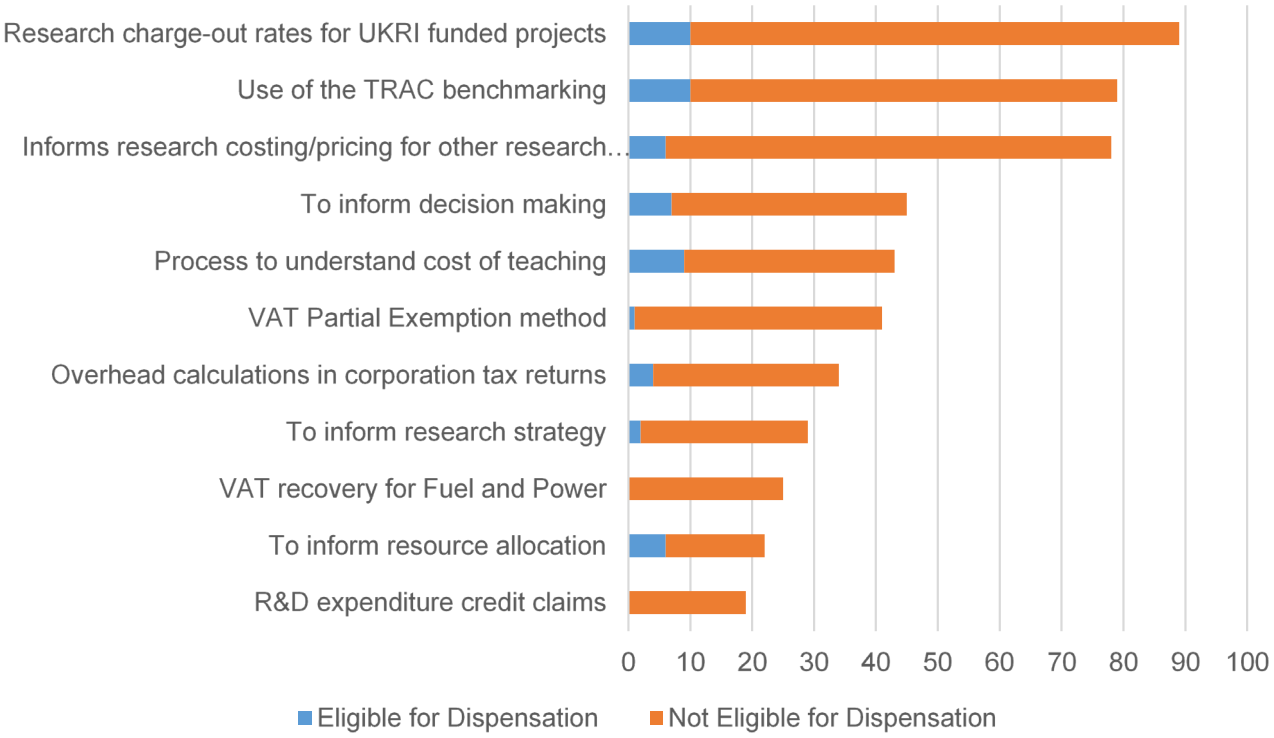
More institutions in the 2021 survey declared that they did *not* consider the burden of time allocation requirements to be excessively high (80%).

1.6.3 Use of TRAC

1.6.3.1 Institutional uses of TRAC

There is a general consensus that TRAC is important and it is beneficial for the sector to have a consistent national data set on the cost of core activities. The survey and stakeholder meetings also identified that with the exception of exploring the reporting of TRAC through the OfS/HESA Finance return, there are no alternative data sets that could provide comparative costings data.

Figure 1: Uses of TRAC by HEIs split by dispensation eligibility



Our interviews and survey responses identified the complexity of the TRAC return and the governance sign-off process as two of the most significant reasons for burden. Many stated that the governance requirements require a level of effort with insufficient benefit being provided in return. We noted in many responses a lack of awareness of the wider uses of TRAC by regulators and funders, which further contributed to the feeling that the required effort had an insufficient benefit.

Other issues cited regarding barriers to using TRAC more included:

— The timeliness of the data (i.e. it is reported six months after the end of the year to which it relates, and benchmarking data is not available until 3 months after that); and
— The lack of use TRAC(T) has internally for institutions.

1.6.4 Critical review of the TRAC process

Insights identified during the analysis of the survey responses were used to provide knowledge of the TRAC process has and this was reconciled to the information gained from stakeholder interviews and virtual visits.

It is widely accepted that the introduction of TRAC has been successful in enabling the Higher Education sector to benefit from a full economic costing (fEC) system that is trusted across UK government departments, providing them with robust sector-level financial data to meet their requirements for budgets and sector sustainability.

For those institutional staff who have been involved with TRAC since it was implemented, there is a common feeling that the original mandate for the development and use of TRAC has become outdated. This excludes the production of TRAC charge-out rates for UKRI funded research. It was reported that institutions are unclear about how the TRAC data is now being used by funders as the data, although used, is generally not widely recognised as being useful for internal use. The exception is the benchmarking data, which is reported as being of limited use. It is only relevant for

TRAC benchmarking and not useful for other activity comparisons, which are available via specialist benchmarking companies.

Key issues identified included:

— Process inefficiencies – the governance and oversight requirements are reported as being excessive and unjustified. Providers had also experienced difficulties understanding the relationship between the submission of the TRAC return and the Annual Finance Returns. An objective evaluation of these has been undertaken in the main body of the report.
— WLP is accepted as moving the burden of TAS away from academics. It has only been adopted by 18% of the HEIs surveyed, although a few of the interviewed institutions have plans for its introduction.
— Based on the survey, academic staff are reported to be the least confident in their understanding of TRAC, the majority see it as burden, and some have voiced concerns regarding the accuracy of the Time Allocation Survey data that they supply.
— A number of detailed changes have been proposed to the TRAC requirements to reduce burden.

1.6.5 Assessment of TRAC(T)

At the time of our review, two separate funding consultations had been announced by the OfS to allow universities and colleges to provide their views on proposed changes to how the OfS allocates funding.

The OfS has outlined three main priorities that it is seeking to meet through its allocations:

— To protect, and if possible, enhance, the rate of funding for high-cost subjects particularly where these support science, technology, engineering, and mathematics (STEM) subjects and healthcare disciplines;
— To enhance the total funding targeted at specialist providers; and
— To protect the total funding to support access and student success.

It is therefore crucial that funders have accurate information around the costs of teaching. (HEFCW and SFC have recently undertaken reviews of teaching costs)

In 2019 a TDG project, 'Rethinking TRAC(T)', involved the TRAC Development Group working alongside the British Universities Finance Directors Group (BUFDG) and the Higher Education Strategic Planners Associated (HESPA) to identify opportunities to increase the utility of TRAC(T). They identified:

— 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;
— The costs of undergraduate and postgraduate teaching should be separated;
— 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; and
— 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.

Many institutions outlined that access to more granular cost and benchmark data would increase the utility for them. Positive comments from institutions and sector representatives included the ability to be able to use the data to triangulate business planning and a sector body suggested that the data could be used to evaluate sustainability. Additionally, a number of institutions cited that the burden was offset by the ability to access benchmarking data which was valuable to them. The majority of

institutions who responded to our survey did not consider the effort required to compile the TRAC(T) return to be justified by either the institutions own use of the data (60%) or by the funders', regulator's, and government's use of the data (51%). It was considered more useful to funders', regulator's, and government's (49% institutions stated that the effort was justified or somewhat justified for their purposes, compared with 40% for use by the institutions).

1.6.6 TRAC for Other providers

The OfS and the DfE have identified an interest in accessing costing information produced from a standardised approach across FE and HE providers for Level 4, 5 and HE level provision. The OfS has indicated that, as it regulates all HE providers in England, it would be interested in understanding the cost of delivering Higher Education programmes across all higher providers including Further Education Colleges (FECs) and those Other Providers, previously identified as Alternative Providers (Aps). It recognises that a standard annual return may not be the only means for collecting this information, however.

Our review found that the Further Education College (FEC) sector and the Independent HE (IHE) sector does not currently have a centralised sector level approach for the costing of its curriculum including its HE provision. FEC Finance and Planning teams typically utilise in-house contribution spreadsheets or prescribed planning software to provide cost information for local management purposes. Staff teaching of HE programmes are likely to also teach on FE programmes and therefore capturing taught hours just on HE provision would be a significant challenge. It was also suggested that FECs do not routinely hold detailed data on the use of staff time. Both representatives of the FECs and IHE outline the existing burdens of OfS regulations and urged caution in increasing data collection requirements.

1.6.7 Consideration of dispensation options and criteria for providing TRAC data

TRAC already has a mechanism, referred to as dispensation, to reduce the number of requirements for institutions with publicly funded research income below £3m. Based on 2018-19 data there were 58 institutions eligible for dispensation, but 8 of these reported that they were opting to comply with full TRAC requirements. If the threshold increased to £4m based on 2018-19 data a further 9 institutions would be eligible for dispensation. If the limit were increased to £5m, a total of 73 institutions would be eligible for dispensation – an increase of 15.

The existing eligibility criteria for dispensation is only measured on the level of an institution's publicly funded research. If TRAC data on the costs of teaching is to be used more extensively, it will be important that the data is sufficiently robust and as such dispensation criteria may need to consider more than just publicly funded research. To assess options for this data on OfS teaching grants and funds from the Student Loans Company (SLC) has been used to assess what an appropriate threshold could be.

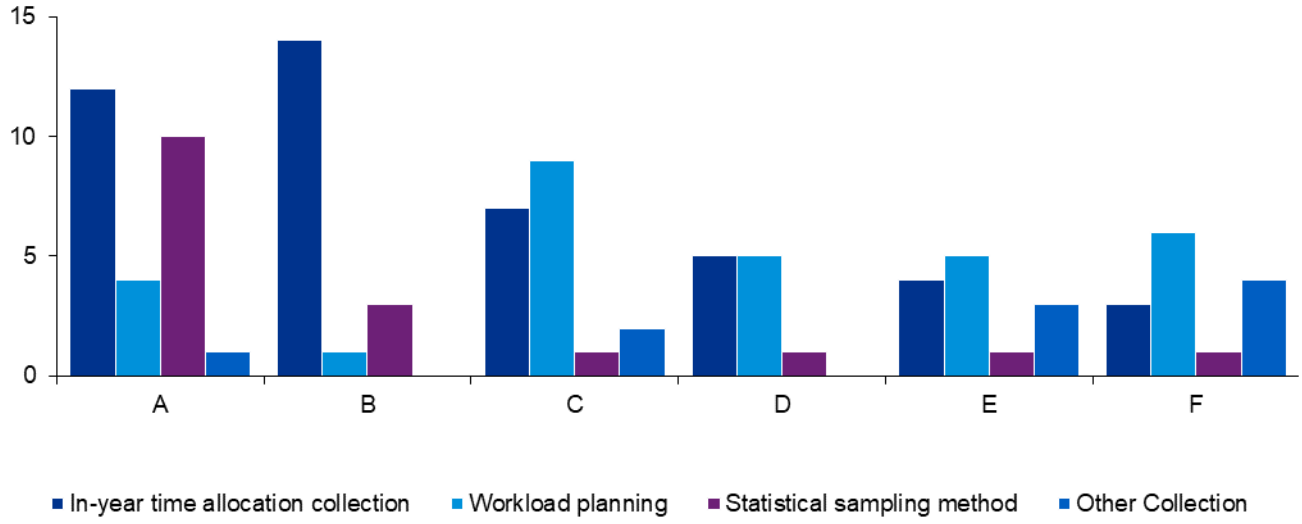
A suggested threshold based on SLC funding and recurrent teaching grant may need to be set at £1m to bring a meaningful number of providers into the scope of TRAC. This may not be appropriate or acceptable to those providers or the funders. Conversely setting a threshold of £5m combined SLC and funder's funding would release a small number of providers from needing to provide TRAC returns. This would however represent of a significant cumulative value of funding distributed to providers below this limit

This review has not considered the funders' appetite or accountability requirements for the funding that it and the SLC distribute. The funders would need to consider an appropriate limit relative to its and the SLC's accountability requirements for the total funding distributed.

1.6.8 Assessment of the approaches to academic staff time allocation

Based on the survey data received, details of the different approaches to time allocation are shown in the following chart.

Figure 2: Approach to time allocation by TRAC peer group



The chart above shows that 44% of respondents use in-year time allocation followed by workload planning which is 29% of responses.

Features of the different time collection approaches

In-year time allocation

- The number of institutions using this method was 71% of respondents in 2012, whereas the percentage of respondents using this methodology had decreased to 44% in 2021.
- Of those respondents 50% using this method of time allocation are going beyond the minimum TRAC requirements and are collecting data from all staff every year, instead of once every three years.
- The average response rate reported by respondents was 76% and 26 of the 44 respondents report a response rate greater than 80%. Therefore, additional burden is being created by some institutions choice about how frequently they are choosing to collect the data.

Workload Planning

- The number of institutions using workload planning has increased from 5% of respondents in 2012 to 29% in 2021.
- This approach has created an efficiency as any previous systems for collecting academic staff time data for TRAC have been removed.
- 31% of respondents suggested that their data is more accurate since adopting workload planning and 20% said that it is embedded and widely used.

Statistical sampling method

- In 2012 22% of respondents used statistical sampling.
- By 2021 17% of respondents were using this method. Institutions using this method, on average required three weeks to be returned by staff using the statistical sampling approach.
- One provider reported 13 weeks, but this was removed as an anomaly in the analysis.

1.6.9 Using TRAC to inform efficiency

When considering using TRAC to inform efficiency we have focussed on the potential to exploit the benchmarking data that could be provided by TRAC and/or an enhanced TRAC to provide insights into the levels of relative spend on key activities. Further details are given in the following sections:

1.6.10 Strengthening existing TRAC benchmarking

Benchmarking data provided by Annual TRAC and TRAC(T) is valued and used by institutions, but there are limitations due to the limitations in the benchmarking groups, the information that TRAC collects and is therefore available for benchmarking and the fact that there are no indicators to enable interpretation of how effective the spend is on key activities.

TDG delivered a report in 2016 on 'Enhanced benchmarking from TRAC[4]. This report made a number of suggestions for enabling greater value to be obtained from the TRAC benchmarking. These included:

— Developing additional benchmarking groups to enable institutions to compare themselves to a greater range of institutions with similar characteristics;
— Identifying some performance indicators to report alongside the cost data, as a way of adding context to the costs reported;
— Improving the visualisation of the TRAC benchmarking; and
— Improving the timeliness of the TRAC benchmarking.

The timing of the report above coincided with the structural reforms to the regulation and oversight of the sector, with the creation of the Office for Students and UKRI, which has affected the pace with which these recommendations could be taken forward.

An opportunity has also been identified for providing benchmarking from the existing TRAC return on the make-up of the indirect and estates cost pools.

1.6.10.1 Extending benchmarking data that is available from TRAC

Institutions were asked in the survey whether they would like to see the data extended to cover activities across professional services such as facilities costs and whether they would like to have access to more detailed subject specific data. Approximately, 50% of survey respondent would like to have access to TRAC benchmarking that was broadly similar to the benchmarking data provided by other external firms. (We have not undertaken a review of these tools as part of this review). In addition, they have stated that they would like to access benchmark data that more closely matches their institutional characteristics.

Our survey revealed that more granular benchmarking data was suggested to increase the usefulness of TRAC and TRAC(T) data. This supported findings from our desktop review that identified that benchmarking is vital to enable increased efficiency, but currently its practice is piecemeal and fragmented and would benefit from more effective sector-wide coordination. More granular benchmarking could include showing the different cost components that make up the overall cost (e.g. staff costs, consumables, estates, non-pay, indirect costs etc.)

Government departments are interested in accessing more granular cost information to allow them to gain a better understanding of institutional costs, efficiency and the cost drivers for efficiency across higher education. There are however concerns about establishing the correct balance between the benefits of additional granularity in reporting and increased burden of data collection.

[4] https://www.trac.ac.uk/publications/management-information-project-enhanced-benchmarking/

1.7 Options for TRAC that have been considered but are not taken forward

From information gathered through the survey, institutional visits, and critical assessment of the TRAC process a number of possible options were identified for reducing the burden of TRAC. However, consideration of these options in terms of their implications means it is not proposed that they are taken forward at this time. Further details are provided in the table below:

Table 2: Options for reforming TRAC that have been considered but are not taken forward

Option for reforming TRAC	Benefit	Implication of implementation
Utilise the OfS Finance return/HESA Finance return to replace TRAC	This would remove the need for the Annual TRAC and TRAC(T) returns. Taken at face value, this would reduce burden as the work involved in generating the returns could be removed.	To deliver the information provided by TRAC the HESA and OfS Finance returns would need to be made more complex and would still require a lot of the data collection and work that is currently undertaken to generate the TRAC returns. Two different bodies are involved in the Finance returns (the OfS and HESA), which creates a complexity for the maintaining the requirements. For these reasons this option is not considered beneficial. A recommendation is however made to assess the feasibility of incorporating TRAC reporting into the HESA and OfS Finance returns.
Remove the collection of the TRAC(T) return	This would remove the need for one return to be reported together with the work it entails.	Government and funders have a need to understand the cost of teaching, therefore in TRAC(T), or a variation therefore were not collected, an alternative data collection would be required. A recommendation is made for how the TRAC(T) collection should be changed to improve utility.
Reduce the frequency with which TRAC and TRAC(T) returns are collected.	The work involved to generate the TRAC returns would be reduced as it would need to be undertaken less frequently. Work required to collect academic staff time information would still however be required.	Annual TRAC and TRAC(T) information could potentially be collected less frequently as reviews of funding are not undertaken annually and charge-out rates could be indexed in the years the data is not collected. It would however mean that a time series and trends in costs and cost recovery could not be understood as well. If the year of collection coincided with other 'one-off' events (e.g. changes in accounting standards, Pandemic, other one-off implications for the cost base on institutions) it could reduce the validity of the data. In both cases institutions outlined that the effort and burden created by 'standing up' processes to meet periodic reporting requirements could be greater than continuing with an annual collection.
Remove the collection of academic staff time data and rely on Head of Department estimates	This would remove the need for any academic involvement in the generation of the TRAC returns, which would remove a perceived and actual burden.	Principles of TRAC are that it should minimise the scope for manipulation and bias, provide a consistent and fair basis for funding and be comparable, be auditable and facilitate collaborative research projects. Academic staff costs also account for significant proportion of expenditure. Removing academic staff from the process of reporting how their time has been spent makes it

Option for reforming TRAC	Benefit	Implication of implementation
		difficult to fulfil the principles above. Although the principles could be changed, it would be difficult to argue that any process should not align with those principles. Moving purely to a Head of Department estimate of how staff time is used is therefore not considered feasible.
Enable institutions to self-select the institutions with who they are able to benchmark their results	Institutions would get the greatest benefit from benchmarking of TRAC results as they would be comparing their data and performance to only institutions with who they believe they are similar to, or aspire to.	The anonymity of an institution's own data could not be ensured. This was a matter considered by a TDG project on enhanced benchmarking in 2016. For this reason, this is not being pursued further.
Simplify and reduce the number of TRAC requirements	If there are fewer steps required in the TRAC process, this could reduce the work required to complete the return, which in turn could reduce the burden of the process.	A number of simplifications are proposed in the recommendations in the following section. There are however limitations on how 'simplified' the TRAC requirements can be. The HE sector is diverse, and institutions are complex, undertaking a wide variety of activities. Simplifying requirements in a number of cases reduces the robustness, comparability, and reliability of the data, which could mean it is unable to fulfil the purposes for which the data is collected.
Remove the requirement for the full Statement of Requirements to be presented to the TRAC Oversight Group. This can be done on an exception basis. Remove the requirement for a self-assessment against the Assurance Reminders document in addition to the Statement of Requirements.	This would reduce the amount of work required.	Although this would reduce the level of reporting to the TRAC Oversight Group, the assessment would still be required to be undertaken. Assurance reviews undertaken by UKRI within the last two years have identified non-compliance with TRAC requirements, including concerns over the governance of TRAC. It is therefore not possible to implement this option until there are greater levels of compliance with TRAC requirements.

1.8 Recommendations

There is broad agreement that having a national dataset, based on a consistent method is important and beneficial to the sector. It is also commonly reported that TRAC is used by institutions beyond just TRAC reporting. We also recognise that from an institutional point of view that the perception of burden is as relevant as the burden created by inefficiencies within the system.

Our recommendations have been developed to mitigate the adverse observations documented within the findings section of the report. These areas are for consideration and further discussion.

It is widely accepted that **all** full economic costing approaches are required to balance complexity and accuracy with the effort required to access the data required. Institutions have reported that if TRAC didn't exist there would still be a requirement for the development of institutional internal

costing approaches which may not be accepted by all HE funders and UKRI without additional scrutiny.

We recognise that for institutions to produce compliant TRAC return which currently provides government with a robust estimation of the cost of Higher Education teaching and research activities across the sector requires effort. This effort is judged as burden where institutions or individual staff have concerns about the usefulness of the data to themselves and the requestor.

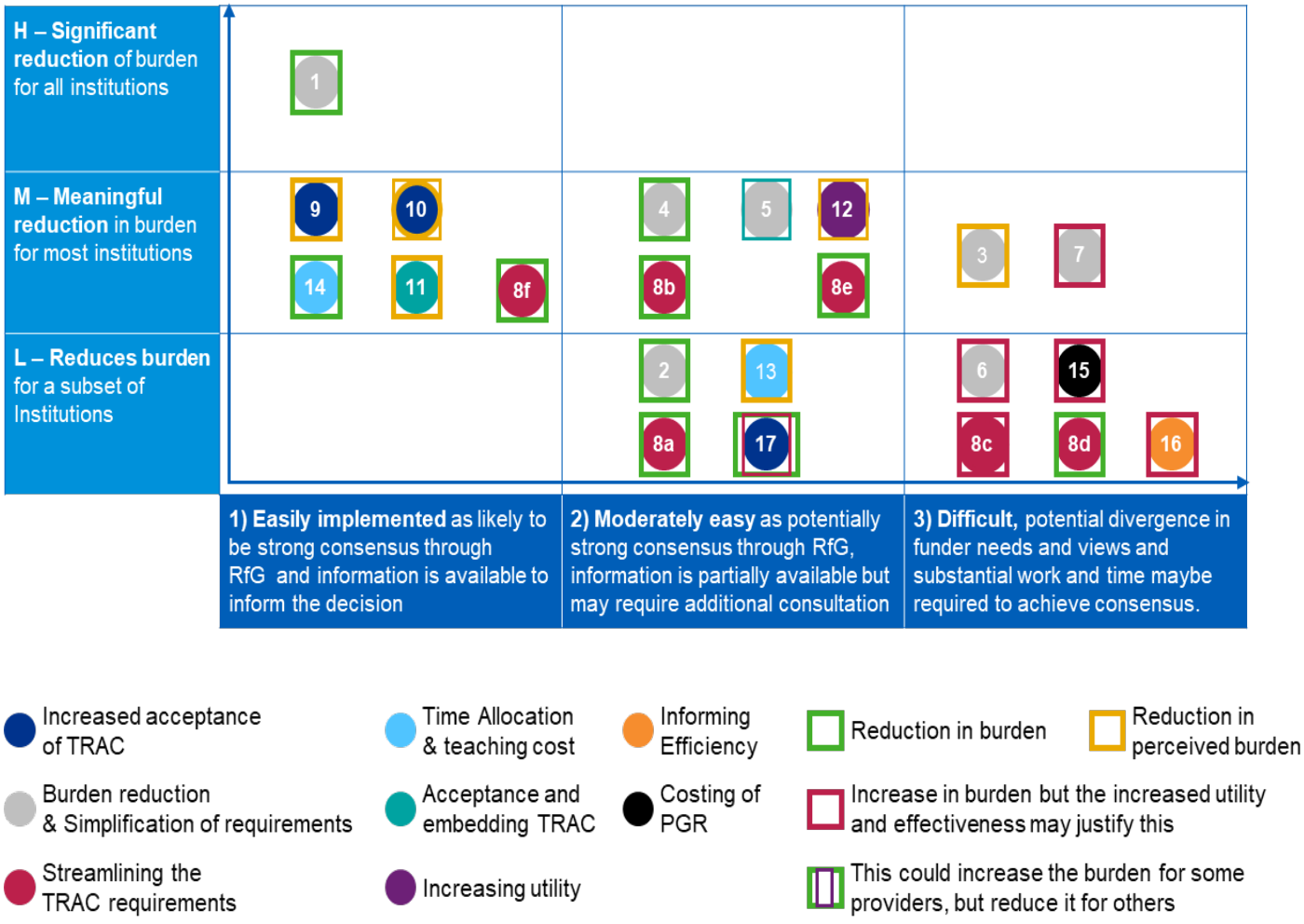
Our recommendations are designed to reduce burden through an increased level of sector awareness, optimising the TRAC requirements and/or increasing its utility.

1.9 Proposed recommendations arising from the Review of TRAC

The remainder of this paper sets out the proposed recommendations, starting with a ranking of their benefit and ease of implementation, followed by a summary of the recommendations themselves:

The following chart displays the relationship between the burden reduction type and the ease of implementation. More details are included in the main body of the report.

Figure 3: Illustration of the benefit and ease of implementation for the proposed recommendations



1.9.1 Recommendations for simplifying TRAC requirements

Identifying and quantifying the burden of TRAC has proven complex. We have considered burden in terms of the amount of time that TRAC takes to complete, the usefulness of the data that TRAC provides, and also any aspects of the TRAC process that are felt unnecessary or not value adding to those providing the data.

The recommendations are detailed below. At the end of each recommendation there is a prefix to identify whether this is mainly an action for regulators and funders (R&F), institutions (Inst) or a combination of the two e.g. where funders and regulators need to take action initially, but then implementation by institutions.

Recommendation 1 – Governance and sign-off requirements for TRAC and TRAC(T). The Regulators and Funders should consider changing the sign-off process such that the Accountable Officer and institutional Executive, supported by an effective TRAC Oversight Group, are responsible for signing off the TRAC returns. The need for governance oversight would be advisory. **(R&F)**

Recommendation 2 – Remove or reform research facility requirements in TRAC. It is recommended that further data is collected and analysed to clarify the actual materiality of the research facility charge-out rates when collapsed back into the estates charge-out rate. This, together with the information needs of UKRI should inform the evaluation of whether the requirement for TRAC research facilities can be removed from TRAC. If research facilities are retained, the TRAC guidance in this area should be overhauled and updated. **(R&F)**

Recommendation 3 – Reform the Margin for Sustainability and Investment. Regulators and Funders should consider the issues raised in this review in its consideration of the separate Review of MSI that is being undertaken. Consideration should be given to how the two pieces of work interact. **(R&F)**

Recommendation 4 – Simplifying and standardising certain cost drivers. A one-off data collection should be made with a representative sample of institutions to understand the sensitivity of how different, more standard cost drivers affect the allocation of costs in the TRAC return. This could then enable TRAC guidance to require specific cost drivers for certain cost pools, thus simplifying TRAC requirements and reducing work required by institutions. This could be by exception allowing institutions to use their own values where they thought this was more accurate. **(R&F)**

Recommendation 5 – Standardised indexation and estates weightings. Funders, Regulators and UKRI should consider developing a standard rate of indexation for the whole sector to use on an annual basis. Furthermore, consideration should be given to publishing sector level estates weightings to reduce the workload for institutions. **(R&F)**

Recommendation 6 – Information on the relative cost of research – UKRI should determine whether it requires TRAC to report on the relative cost of research in different disciplines. This would require further development of the TRAC method, but would not need to be mandated for all institution. If implemented this could produce more useful data for research intensive institutions. **(R&F)**

Recommendation 7 – Use of OfS and HESA Finance returns to provide TRAC data – Almost a third of respondents to question 6 in the survey stated that the OfS and HESA Finance returns should be used to provide the TRAC data. As currently designed the Finance returns do not provide the equivalent of the TRAC data, but it may be possible to further develop these returns to enable this.

There are a number of factors that would need to be evaluated such that a decision could be made on reporting TRAC as part of the Finance returns. These are as follows:

— The Finance returns are normally collected in December each year, which is earlier than the end of January and end of February deadlines normally used for TRAC and TRAC(T). Earlier reporting of TRAC would make the data more useful for some, but not all;
— The Finance Returns would need to change to incorporate the reporting of TRAC and would still require a number of the processes that are in place to enable the TRAC returns to be produced. Consideration of whether this provided a net reduction in burden would need to be made;
— There could be complexities in protecting the confidentiality of the TRAC data as to whether HESA would be required to publish or share the data it collects;
— Consideration would need to be given as to the feasibility of gaining consistent agreement from the devolved administrations, the OfS and HESA for the collection of the TRAC data.

Regulators and Funders should consider evaluating the use and timing of existing Finance returns to provide the TRAC data, taking account of the issues identified above. **(R&F)**

1.9.2 Streamlining TRAC requirements

Recommendation 8 – Actions to streamline TRAC requirements. In addition to the recommendation made above, the following opportunities should be considered for simplifying the TRAC requirements:

— (Recommendation 8a) RfG to consider its materiality threshold to inform certain TRAC requirements;
— (Recommendation 8b) Further promote the benefits of utilising WLP for TRAC and highlight the existing TDG guidance that is available to assist institutions in doing this;
— (Recommendation 8c) Update TRAC Guidance on the treatment of other clinical services, to ensure it reflects current charging arrangements between HEIs and NHS bodies;
— (Recommendation 8d) Regulators and Funders to consider the merits of providing a complete TRAC model for institutions to use, to replace the need for individual institutions to develop their own models;
— (Recommendation 8e) Combining the reporting of Annual TRAC and TRAC(T) and consider the feasibility of requiring TRAC reporting earlier in order to increase the utility of the data;
— (Recommendation 8f) Remove chapter 5 of the TRAC Guidance relating to the calculation of research project costs as there is some duplication with other UKRI guidance.

1.9.3 Recommendations to increase the acceptance and understanding of TRAC

Recommendation 9 – The RFG and other government stakeholders need to define and communicate the purpose and needs from TRAC and consider how these might evolve in the future (R&F)

Government policy and the way in which institutions are funded has changed since TRAC and TRAC(T) were implemented. The bodies funding and regulating party of the sector have also changed. TRAC has continued to be collected throughout this period and institutions reported that they are not now clear why the TRAC data is required in some cases, which is contributing to a perception of burden.

The RFG need to determine their medium term needs in terms of cost information. For England the DfE also outlined their interest in having more detailed cost information to inform policy. Clarity is needed as it will enable clear communication and engagement with the sector regarding the role and purpose of TRAC. In turn this will assist institutions in communicating internally the requirement and use of the data. Together this will enable a different view of the burden of TRAC. These decisions will also inform certain recommendations made in this report.

Once clarified, where needed, steps should be undertaken across the OfS, Funding Councils, UKRI and DfE to ensure that awareness and understanding of TRAC is sufficient for the purpose to which it will be used. As understanding within Regulators and Funders increases, this will enable the data to be used and discussed with institutions to a greater extent, which will reinforce the purpose, use and importance of the data.

Institutions also have responsibilities to ensure data is of sufficient quality to enable funders to meet assurance requirements for use of public funds, consideration should be given to re-enforcing this responsibility.

Recommendation 10 – Publication and commentary of the TRAC data The Office for Students publish the annual TRAC results for England and also include UK data. This is a factual publication with minimal commentary and there is no detail about how the data has or will be used. The other Funding Councils also communicate the TRAC data, but the numbers of institutions in Scotland, Wales and Northern Ireland limit how much analysis can be provided publicly in order to protect institutional anonymity.

To date, communication of TRAC data has been very factual and has not been expanded to offer context or more strategic messages and implications of the data. This affects the audiences that are likely to engage with the information, which in turn can affect the level of engagement, acceptance and understanding of TRAC.

Regulators and Funders should consider how it can communicate the TRAC data, the issues that it raises and matters for institutions, Regulators and Funders to consider the different audiences for the information should be considered and communications targeted to them accordingly. This step will provide an important opportunity for increasing awareness of TRAC within institutions and reinforcing the use and importance of the data by Regulators and Funders. **(R&F)**

Recommendation 11 – Increasing institutional understanding of TRAC – A significant contributing factor to the perceived burden of TRAC has been found to be the lack of understanding of TRAC and its use amongst academic staff in a number of cases. From the institutional virtual visits, we found that tone at the top and sponsorship of TRAC by PVC Research or equivalent generally improves acceptance and understanding.

Aligned with recommendation 9, and noting that this is already a TRAC requirement, institutions should be reminded of the importance of ensuring good and regular communication with academic staff to ensure there is a sufficient understanding of TRAC and how Regulators and Funders use the data, in addition to the benefit the institutions receive from it. Institutions reported that having a senior academic Chair and having academic staff represented on the TRAC Oversight Group enable more successful communication and understanding of TRAC.

Further resources should be made available for example updating the 'TRAC – A guide for senior managers and governing body members[5].' The promotion of the online training provided by the British Universities Directors Group (BUFDG) 'Introduction to the Transparent Approach to Costing (TRAC)'[6]. Identified good practice should be promoted including providing templates for information to be provided to governing bodies and TRAC Oversight Groups. **(Inst)**

1.9.4 Recommendations to time allocation methods

Institutions reported that unless workload plans are maintained, there is no alternative data held on the use of academic staff time, therefore the TRAC process needs to include a collection of

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

[6] www.bufdg.ac.uk/Resources/News/View?g=e9c4afbb-3e26-4ef0-9438-b1d8a7fa7f52&m=10&y=2020&t=Spotlight%20on%20Introduction%20to%20TRAC

information on the use of academic staff time. TAS has be cited as a reason for some hesitation to accept the TRAC results. Academic staff reported that in a number of cases any administration is deemed a burden as it diverts time and focus away from the delivery of teaching and research. We therefore suggest that any method of time collection will attract criticism.

Recommendation 12 – Reducing the time allocation requirements and clarification of data quality requirements Regulators, Funders and UKRI should consider the level of precision they require in the TRAC data, as this will determine a minimum standard for any time collection process. At one extreme this could signal a move towards timesheets and at the other a lessening of requirements such that Head of Department estimates are used as the basis for the time allocation returns. **(R&F)**

Other suggestions for improving the time allocation process include:

— Increase the level of detail and parameters in the TRAC Guidance in relation to a statistical method of time allocation model to increase standardisation and a known minimum quality threshold;
— Removal of the requirement for approval of workload plans by academic staff at the start of the year. This is seen as very difficult for institutions to achieve and the benefit it provides is not understood. Removing this step would assume that academic staff and indeed Unions would make representative of workload plans were not reasonably representative of the work required and undertaken by academic staff. Academic staff sign-off of the workload plans should be retained at the end of the year;
— Further promote the use of workload planning for TRAC;
— Consideration of a maximum as well as a minimum response rate for time allocation returns could be specified, as this will support the overall consistency of the data collected and direct institutions where no further effort is needed in chasing further responses;
— Refresh and clarify communication of the requirement.

1.9.5 Collection of teaching cost information

Throughout the stakeholder engagement, institutions were critical of TRAC(T) in its current form as it is not useful to institutions internally and it is not clear how it is used by funders. Funders and the Department for Education have identified they have a need to understand the cost of teaching and therefore the following recommendations are proposed.

Recommendation 13 – The RFG and other government stakeholders need to outline their medium-term needs for information on the costs of teaching. This should then inform the data collection. (R&F) In line with Recommendation 9 there needs to be clarity from the OfS, Funding Councils and DfE on their information requirements for understanding teaching costs. This should then inform the data collection.

Subject to the above, based on the feedback received during this review, the following changes to the current TRAC(T) process are recommended:

— Ensure the method collects all costs and not ‘funding council fundable, subject related’ costs;
— Split the collection to separate undergraduate and postgraduate teaching costs;
— Collect teaching costs at subject level. To enable this, have a model that enables module level costs to be calculated, even if this level of data is not reported to the OfS and Funding Councils;
— Report the contribution delivered by different subjects;
— Consider whether costing can be reliably split between full and part time;
— Have a breakdown of what is making up the reported teaching cost e.g. academic staff costs, non-staff costs, equipment etc.)

— Over time identify the cost of distance learning, apprenticeships, and other forms of provision;

Separate to this, there is a policy interest in the cost of Level 4 and Level 5 provision. It is understood however that this is not always aligned with years of study. Feasibility work should be considered to clarify whether this data can be reliably obtained.

1.9.6 Increasing the utility of TRAC

In addition to the points already made, some other opportunities were identified to improve the usefulness of the TRAC process, these are as follows:

Recommendation 14 – Actions to increase the benefits and utility of TRAC to institutions (R&F). To improve the benefit and utility that institutions get from the TRAC process, the following steps are recommended:

— Update the TRAC Peer Groups and provide additional sub-groupings of institutions as this will improve the usefulness of the TRAC benchmarking. The TDG Report on Enhanced Benchmarking provides good evidence and recommendations for the additional groupings that could be beneficial.

— Improve the language and naming conventions used in TRAC to better align to institutional language and understanding of academic staff (i.e. replace publicly funded and non-publicly funded teaching).

— Subject to confirming that costs can be robustly allocated, adjust the Research sponsor categories to split out industry more clearly, possibly break out the research sponsor type by research council. In the presentation of the TRAC results a secondary allocation of QR funding could be made to make the surplus/deficit results more reflective of how the funding is actually used;

— Evaluate the potential value in breakdowns by other public funders, particularly as new funders are created or funds through other parts of government are introduced.

— Revise the income allocation requirements such that income from Regulators and Funders is allocated in line with funder expectations (e.g. income from UKRI does not get allocated to institution own funded);

— Redefine ‘Other’ into student related, income generating and Non-Commercial in addition to Other Clinical Services;

— Re-assess the guidance regarding Other Clinical Services to take account of the changed recharging arrangements between institutions and the NHS; and

— Research and revise the weightings applied to postgraduate research students in the calculation of the charge-out rates.

1.9.7 Improving the data on the cost of Postgraduate Research students

The TRAC data suggests significant under recovery against the fEC of PG research. UKRI is actively considering this issue, but does not have adequate information on the costs of training PGR students across different disciplines. Furthermore, although the TRAC guidance encourages the separation of PGR income and costs this is not a requirement and therefore there is variability in the numbers of institutions doing this and the methods and rigour that underpin the reported costs of PGR. It is understood that UKRI does not hold any additional information of the costs of PGR training. Therefore, there is an opportunity for TRAC to be adapted to meet this information need.

Recommendation 15–Clarify the requirement for the treatment of PGR costs aligned to the emerging needs for UKRI. This year UKRI will begin long-term work on a New Deal for postgraduate research students. UKRI are keen to understand the full cost of PGR students in addition to practices in students being deployed on projects. Through cross-sectoral consultation

this work will consider how these students are supported and developed both practically and financially. Subject to finalisation of the scope of that review, and reflecting the complex nature of PGR, further work should be undertaken to understand the feasibility, information requirements and pilot the data collection of PGR costs in TRAC. **(R&F)**

1.9.8 Using TRAC to inform efficiency

The review sought views and explored whether it would be helpful to institutions to have increased benchmarking information on the costs of professional services, through TRAC. Half of the survey respondents were in favour of this and a further 24% would consider it, subject to some concerns being overcome. 26% were not in favour.

Broader stakeholder conversations identified that it may be more relevant to define efficiency as understanding cost and spend patterns. A number of survey respondents stated that other metrics should sit alongside the cost information to contextualise the costs reported.

Recommendation 16 – Establishing how TRAC can inform efficiency Taking account of institution, regulator, funder and government interests, develop an outline benchmarking specification and method to enable the feasibility of a student services and professional services benchmarking data set to be assessed. Some of this could be achieved by increasing the benchmarking that is produced based on the existing TRAC return. This will enable an objective assessment of whether of the complexities identified can be overcome and also whether the likely effort required to deliver the benchmarking data is justified. More detailed benchmarking data may not be required annually and this should be considered as part of this review.

Alongside this mapping of non-financial indicators such as size of estate, number of sites, NSS results, Research Excellence Framework ratings, student population and academic staff mix or grade against the existing TRAC benchmarking could be undertaken as this would provide additional context to the financial data reported. **(R&F)**

1.9.9 Dispensation and institutions in the scope of TRAC

Within England, the OfS oversees a range of providers including traditional HEIs, FECs and Private HE providers. The scale of provision in these different types of providers varies and collection of TRAC from all providers may not be appropriate or proportionate.

Recommendation 17 – Dispensation and institutions in the scope of TRAC A suggested threshold for participating in TRAC, based on SLC funding and Funders recurrent teaching grant may need to be set at £1m to bring a meaningful number of providers into the scope of TRAC. This may not be appropriate or acceptable to those providers, however. Conversely setting a threshold of £5m combined SLC and Funders funding would release a small number of providers from needing to provide TRAC returns.

Funders could consider whether to raise the dispensation limit, although this would not release a substantial number of providers from complying with full TRAC requirements and as outlined a number of those already eligible for dispensation choose to comply with the full requirements

The Funders should consider the materiality thresholds and requirements for cost information from providers not currently in the scope of TRAC and use this alongside the analysis in this report to determine whether other providers should come into the scope of TRAC, or whether periodic costing studies would be more appropriate. Additionally, Funders and Regulators should consider the proportionality of requirements applicable to dispensation institutions and consider whether specific guidance should be provided to support those institutions in compiling TRAC and research bids. **(R&F)**

2 Introduction

In this section of the report we describe the context to this review including the arrangements for the oversight of the work undertaken. It also sets out the approach taken, the scope, and presents the format of the report.

2.1 Scope of this review

The United Kingdom's Higher Education Regulators and Funders jointly commissioned this review with UKRI. They stated the overall desire to:

— Understand the concerns that some stakeholders have about burden of TRAC and identify opportunities to reduce burden of TRAC without impacting disproportionately on value, credibility and utility of the data.

— Establish the context of developments to TRAC over the years, identification of opportunities to improve the utility and efficiency of TRAC including:

— Review and identify how to reform TRAC(T) to provide better information on the costs of HE teaching provision to inform the approach to teaching funding.

— Review the approach to and use of TRAC to accurately and efficiently capture the true costs of research and innovation to enable UKRI to act in a sustainable and informed manner.

— Support the information needs of UK HE funding and regulatory bodies in providing evidence on the sustainability of activities and provision of data to inform spending reviews and policy making.

— Provision of information to support and encourage efficiency and effectiveness in delivery of publicly funded teaching and research activity.

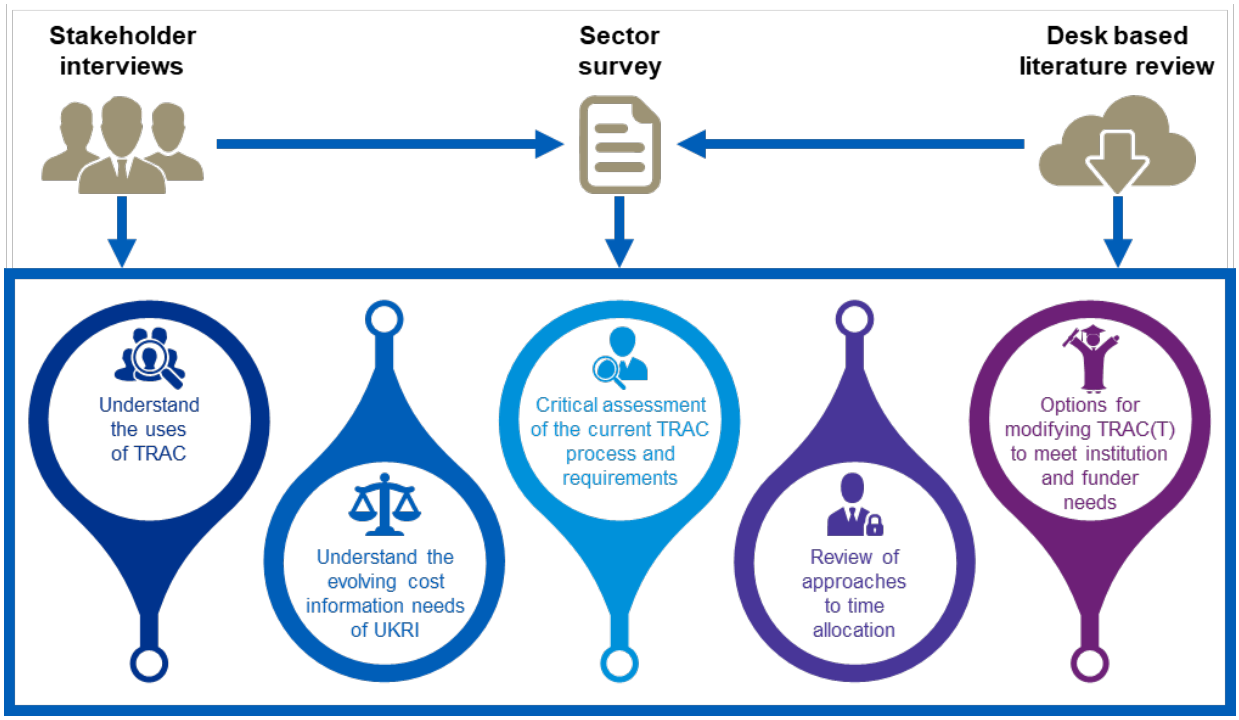
To meet this aspiration, the commissioners agreed on a scope of work that provides an evidence base developed through substantial engagement with the sector and key stakeholders, undertaking a critical assessment of the TRAC process and the time allocation process in particular, alongside a desk-based review of existing and past material, as appropriate. Additionally, the TRAC(T) process was included in the scope with options identified to enable the information needs of institutions and Funders to be better fulfilled. The review also considers if TRAC should be applied to the full range of HE providers in England, beyond those providing TRAC returns at present.

The governance of this review is delivered through the RFG[7].

2.2 Our Approach

The commissioning group was required to approve and agree on the stakeholder list and the questions used in the sector survey before its release. This group was also provided with regular progress reports against the project plan along with presentations of emerging findings throughout the review period.

Approach overview diagram



2.2.1 Stakeholder Engagement

Great care was taken to ensure that the stakeholders consulted would be representative of the whole Higher Education sector and wider TRAC community. Where representative members of mission groups or sector representative bodes were consulted, KPMG were not involved in the selection of attendees to reduce any potential risk of bias. The full list of stakeholders is included in Appendix 2.

The engagement was undertaken remotely and was delivered through a combination of 1:1 meetings, focus groups, workshops and virtual visits. It was agreed that equal weighting would not be given to each group.

2.2.2 Sector survey

An electronic based survey was issued to the sector. It was reviewed and approved by the governance group and had been designed with input from the desktop research and from the information gained from interviews. The survey was circulated through the Higher Education Regulators and Funders and the survey was marketed via the OfS TRAC website and BUFDG. Providers were given approximately 6 weeks to complete the survey and our analysis included a small number of manual returns for institutions who experienced technical difficulties.

This approach provided us with feedback from over 60% of the providers in-scope for TRAC across all peer groups. The survey responses have been analysed and presented below. Whilst we have applied basic credibility checks we have not attempted to audit this data.

A summary of the responses is documented in the following table.

Table 3: Summary of responses review

Peer[8] Group	Total Population	Total Responses Received	Percentage of population	England	Scotland	Wales	Northern Ireland
A	33	27	82%	20	4	2	1
B	23	18	78%	13	2	2	1
C	23	19	83%	14	5	0	0
D	15	11	73%	11	0	0	0
E	45	13	29%	13	0	0	0
F	22	14	64%	12	2	0	0
Total	**161**	**102**	**64%**	**83**	**13**	**4**	**2**

The findings from the sector survey were also used to inform other areas of scope in terms of any issues that are understood to create burden, in addition to identifying options for improving and streamlining the TRAC process. Details of the survey questions are provided in appendix 5.

2.2.3 Use of TRAC

A factor that could contribute to the view of TRAC being disproportionately burdensome relates to how widely the data is or is not used by funders and institutions and its relative importance to them. Data has previously been collected on the use of TRAC. Therefore, together with feedback from the TRAC Development Group and the survey, updated information is provided on how TRAC is used. This will also assess other options that may exist for using TRAC data to a greater extent, whilst understanding the principle barriers to achieving broader use.

2.2.4 Understand the evolving needs of UKRI for cost information on research activity

UKRI has a commitment to BEIS to 'identify and implement improvements to ensure they accurately capture the true costs of research and innovation and act in a sustainable and informed manner'. We have therefore engaged across UKRI to understand its forward agenda for research funding and the associated information requirements. Consideration has then been given to the extent to which TRAC fulfils these needs and what potential changes may be necessary. This stage will encompass a consideration of the cost information available on postgraduate research activity.

2.2.5 A critical assessment of the current TRAC process and associated requirements

We have engaged with a range of HEIs in scope for the TRAC return including representation from each TRAC Peer Group and devolved region when nominated by the Funders to understand their approach to complying with the TRAC requirements. These virtual visits provided each institution with the opportunity to provide their experiences of TRAC against key aspects of the TRAC requirement. The meetings held had a focus on burden and burden reduction including the identification of potential opportunities to change TRAC so that it could be more useful to their institutions.

[8] https://www.officeforstudents.org.uk/data-and-analysis/trac-data/published-data-2018-19/

2.2.6 Review of the current approaches to academic staff time allocation and the identification of where burden/inefficiency may exist and identify options to overcome these

Using the information gathered in the sector survey, data collected through the TRAC returns, existing knowledge and meetings with institutions we have consider the approaches that institutions have adopted to academic staff time allocation. This included capturing any issues or difficulties that are experienced and seeking views on its robustness and utility. Consideration was given to the extent to which technology is, or could be, used in the process and whether alternative data sources exist as other options for collecting data on the use of academic staff time.

We also engaged across UKRI to understand their minimum requirements and expectations for information on the use of academic staff time.

2.2.7 Identification of options to modify the TRAC(T) process to better meet the needs of institutions and funders;

In addition to assessing the information gathered in the sector survey and insights shared via interviews, we met with funders, regulators and the DfE and BEIS to understand their future information requirements on the costs of teaching, particularly in light of ongoing funding policy reviews across the UK. This was combined with the outcomes from the TDG project assessing TRAC(T) and the DfE costing study undertaken on the costs of undergraduate teaching in the English HE sector to identify options for obtaining more useful and relevant data on teaching costs.

2.2.8 Scope exclusions

The respective Higher Education Regulators and Funders who are collectively responsible for this engagement agreed that the review would exclude an assessment of sector level governance of TRAC and excluding international benchmarking of TRAC or equivalent processes. The review has also not validated or verified the accuracy of data and information provided to us as part of the review.

2.3 Structure of the report

The report is laid out with the following sections:

- **Section 1 – Executive Summary**
- **Section 2 – Introduction**
- **Section 3 – Background**
- **Section 4 – Survey Results**
- **Section 5 – Findings**
- **Section 6 – Recommendations**
- **Appendices**

3 Background

3.1 The history of the Transparent Approach to Costing for UK Higher Education Institutions

Initially developed in 1998, TRAC was introduced in 2000 as an Activity Based Costing system designed to meet the Governments emerging appetite for understanding the use of public funds.

This approach had been jointly designed to inform the Government of the full economic cost of HEIs' research activities. This was the first higher education, sector-wide process developed to calculate the full economic cost of selected activities across HEIs.

It has been widely reported that in its early years the institutions benefitted from the introduction of TRAC by more than £1bn of funding per year.[9] **At that time, it was judged that the benefits and financial advantages of TRAC greatly outweighed the costs and burden of its implementation.** It reduced the need for institutions to develop and agree their own individual costing approaches with stakeholders and sponsors, as TRAC was quickly adopted as the standard approach for costing HEI activities by the majority of Government Regulators and Funders.

The activities originally covered by TRAC were "Teaching" (analysed into publicly and non-publicly funded), "Research" (split between the main research sponsor types), and "Other" (the other primary income-generating activities such as commercial activities, residences, and conferences).

JCPSG had the initial aim that all HEIs would be able to integrate costing and pricing processes with their existing financial and academic decision-making processes. Underpinning the development of TRAC were five important principles:

Scope of TRAC	TRAC, the Transparent Approach to Costing, provides a single costing method for use by HEIs, for both internal and external purposes.
All activities	TRAC covers the costing of research, teaching, and all other activities of institutions.
Costs, not income	The TRAC approach covers costs, not income or funding. It does not attribute income or funds to activities nor require any reporting of bottom-line contributions or surplus/deficit positions. However, these are required for benchmarking, by the Funding Councils when reporting annual TRAC costs, and by institutions when costing (and pricing) research projects. Such calculations are of use to institutions for their own purposes. At an institutional level they are a valuable tool in assessing the 'fairness and reasonableness' of the cost figures being derived and, at project level, provide important information on sustainability and cost recovery. The HE Funding Councils require information on funding to be reported alongside costs. This requires income to be reported alongside costs for each of the five activities, plus a further analysis by source of funding, at an institution level.

[9] this funding includes the Science and Research Infrastructure Fund (£500m p.a.), Quality-Related funding from the Higher Education Funding Councils (increased from 05/06 and 07/08 by a total of £480m p.a. in England, with funds provided for proportionate/equivalent increases in Scotland, Wales, and Northern Ireland), funding from Research Councils (increased from 05/06 and 07/08 by a total of £200m p.a., with no increase in volume), and charity partnership funding (£90m p.a. from 07/08). This excludes additional income that will be receivable from better cost recovery and more appropriate pricing on Other Government Department or industrial projects.

Scope of TRAC	TRAC, the Transparent Approach to Costing, provides a single costing method for use by HEIs, for both internal and external purposes.
Costs that can inform pricing	Costs are different from prices. The focus of TRAC is costing, not pricing. However, costs derived from TRAC can inform prices
Institutions' wider costing strategies	Costs provided under TRAC can provide helpful information for internal processes such as resource allocation, and strategic planning.

> The strength of TRAC is that it is broad and flexible enough to accommodate all these challenges, and that it allows HEIs a good deal of discretion about the precise methods they use. Crucially, it does not require a much greater administrative burden, which 'full commercial costing systems' could, nor does it require academic staff to complete timesheets. At the same time, TRAC has been accepted by Government and the major public funders of Research and Teaching (chiefly the Funding Councils and Research Councils) as an appropriate and robust method for costing in higher education. Much of the funding of research is now based on TRAC costs (known as full economic costs – fEC).
>
> **Assessment of the Regulatory Burden of TRAC (by J M Consulting), March 2005.**

3.2 What does TRAC do?

TRAC allocates income and costs to the following categories of activities:

Teaching (T)	Analysed between publicly and non-publicly funded activity;
Research (R)	Analysed between the main sponsor types: Research Councils, Government Departments, charities, European Commission bodies, and so forth;
Other (O)	The other primary income-generating activities such as commercial activities, residences, and conferences; and
Support activities (S)	Such as preparation, proposal-writing and administration, which are costed separately but are attributed, as appropriate, to the three core activities – Teaching, Research and Other.

Since 1998/2000 circa 160 institutions in the UK have provided an Annual TRAC return to funders. Through TRAC, HEIs have the flexibility to disaggregate costs to lower levels to meet their institutional needs. The process overview in included in Appendix 3.

3.3 Key developments of TRAC

From 2005 Institutions were required to implement full economic costings (fEC). The fEC is the total cost to an HEI of an activity or project. It includes all direct and indirect costs, therefore incorporating the costs of all staff time spent on the activity, and an appropriate share of the costs of maintaining and developing relevant aspects of the research infrastructure.

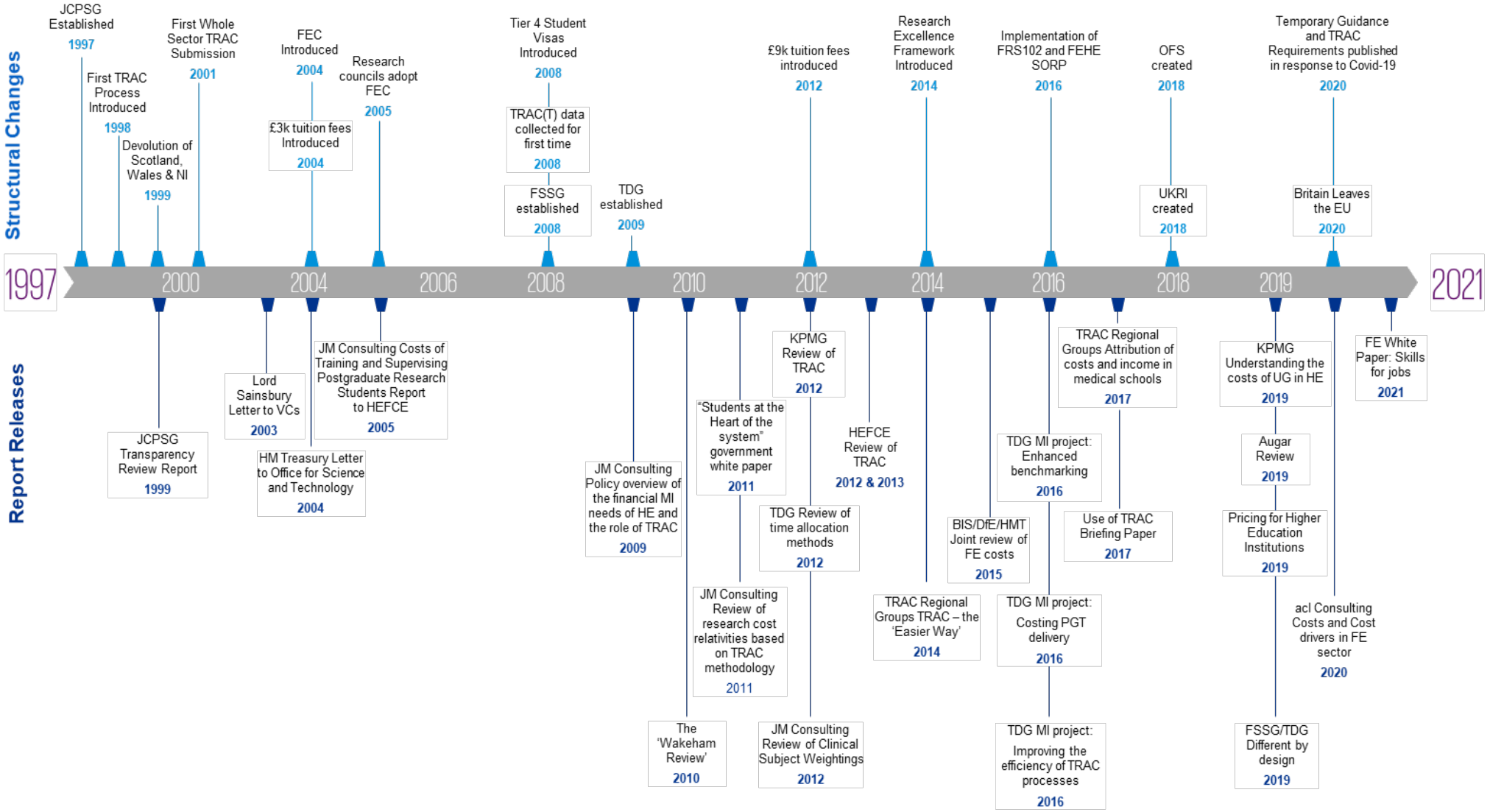
From 2007 TRAC for Teaching (TRAC(T)) was introduced in 2007 and undertakes further analysis of teaching costs to derive the average subject-related costs of teaching a funding-council fundable student in a Higher Education Statistics Agency (HESA) academic cost centre (known as "Subject-FACTS" or Full Average Cost of Teaching a Student). This implementation was mirrored in Scotland and Northern Ireland[10].

2017 Replacement for the sustainability adjustments Up to and including 2015-16, the TRAC methodology used two cost adjustments, the Infrastructure Adjustment (IA) and the Return for Financing and Investment (RFI), to present the 'full economic cost' (fEC) of activities. These sustainability adjustments have been developed to provide the 'full economic cost' of activities and had not been updated since 2006. In November 2017 the MSI replaced two cost adjustments that were built into the TRAC methodology previously. Following a series of pilot studies, in November 2017 the FSSG recommended to the UK higher education funding bodies that the MSI be adopted to replace the IA and the RFI in TRAC from 2016-17.

A detailed timeline of how TRAC has evolved since it was implemented is provided in the following timeline:

[10] https://www.jcpsg.ac.uk/guidance/2008/

TRAC Timeline



3.4 Governance of TRAC

TRAC was originally developed through significant collaboration with funders and institutions across the sector via Joint Costing and Pricing Steering Group (JCPSG). This successfully co-development approach has continued and evolved across the years. The current governance arrangements are summarised below.

3.4.1 Regulators and Funders Group (RFG[11])

This key decision-making group comprises of the Higher Education Regulators and Funder from across the devolved nations together with representatives from UKRI. They meet regularly to discuss TRAC and issues of financial sustainability across Higher Education. Membership includes representation from the Office for Students, Scottish Funding Council, Higher Education Funding Council for Wales, Department for the Economy (Northern Ireland) and UK Research and Innovation

3.4.2 TRAC Development Group (TDG[12])

The TRAC Development Group (TDG) supports the development and promotion of TRAC and co-ordinates and provides support to the sector through the TRAC Support Unit. This includes the annual review and production of the TRAC Guidance and liaising with BUFDG to organise the TRAC Conference. The TDG is an advocate for the principles of the 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. TDG is a sector organisation that aims to serve the interests of TRAC practitioners, policy and strategic managers at institutions, and funding organisations. TDG forms part of a two-tier structure that governs financial sustainability in the HE sector, supporting the RFG. Nine TRAC Regional Groups have been established as local practitioner networks to support the sector with sustainability and TRAC issues, on a 'self-help' basis. TDG and its associated Regional Groups are currently the main opportunities for the sector to be involved with and influence the development of TRAC.

3.5 Current Strategic HE Context for the Sector

In the sections below we describe some of the key changes that have taken place in higher education policy and landscape since the introduction of TRAC.

Education and Training became the responsibility of each devolved government from 1999 with four distinctly different approaches to funding Higher Education across the UK.

3.5.1 In England

— Undergraduate student fees – Higher education tuition fees of £1,000 per year were first introduced by the Labour Government in 1998 with fees being increased each year thereafter. In 2006 fees were raised to £3,000 and fees rose gradually by inflation until 2012 when, under the Coalition Government, tuition fees were raised to £9,000 per year following an independent review of the student finance system by Lord Browne. The student finance reforms at this time also included raising the repayment threshold to £25,725 and introducing a variable tiered rate of interest on student loans.

— The Office for Students (OfS) was established as a regulator for England replacing the Higher Education Funding Council for England (HEFCE) with the purpose of regulating the HE market

[11] https://www.trac.ac.uk/contact/contact/

[12] https://www.trac.ac.uk/about/tdg/

The TRAC Development Group (TDG) works to develop and advocate the Transparent Approach to Costing (TRAC) and provides support to the sector through the TRAC Support Unit.

without undermining the core principles of autonomy and co-regulation by the Higher Education and Research Act 2017. This was to support the English Higher Education Landscape in response to the rapid growth of new types of providers in higher education, including FE colleges and alternative (private) providers, regulation had become fragmented with responsibilities lying between HEFCE, OFFA, the Department for Education and the Privy Council.

3.5.2 In Wales

— Undergraduate student fees for all home and eligible EU students studying at a Welsh University are currently £9,000 but if Welsh domicile students chose to study outside of Wales this increases to £9,250. The repayment threshold is the same as for English students.

— Higher Education Funding Council for Wales was established in May 1992 under the Further and Higher Education Act 1992. It receives its funding from and is accountable to the Welsh Government. In August 2021, HEFCW launched the review of teaching funding: Stage One Consultation[13]. This consultations requests views on proposed changes for implementation in academic year 2022/23. The review will also be used to gather additional views to inform their full funding review, current planned to be launched later in 2021. In July 2021 HEFCW announced a consultation on implementing new research funding method. The new method will replace the current method used to allocate HEFCW's QR and PGR support funding streams.

3.5.3 In Scotland

— Undergraduate student fees – Scottish undergraduate students who study at a Scottish University do not pay tuition fees, if they choose to study elsewhere within the UK they are required to take out a student loan to cover the fees charged i.e. £9,250. The threshold for re-paying student loans is £25,000.

— Scottish Funding Council came into being in 2005 through the Further and Higher Education (Scotland) Act. In 2020 The Scottish Funding Council published a review of Scotland's Colleges and Universities Phase One Report[14]. The Review was conducted in three phases and the first phase report identifies considerations for how the sector should collaborate to develop sustainability for quality and responsiveness of the provision. It includes an ambition to reduce unnecessary bureaucracy to focus on this public health emergency and front-line delivery of student education and training, research and innovation. The work has identified 10 Key themes and the SFC acknowledges that research funding does not cover the full costs of performing research and cross-subsidy is mainly from international student fees.

3.5.4 In Northern Ireland

— Undergraduate student fees – Students from Northern Ireland pay £4,395 if they remain in Northern Ireland for their studies but are charged £9,000 to study in Wales and up to £9,250 in England and Scotland, with the threshold for repayment being lower at £19,390.

— The role of the Higher Education division of the Department for the Economy is to formulate policy and administer funding to support education, research and related activities across the Northern Ireland Higher Education sector. The division has recently undertaken a consultation about the Review of the NI Postgraduate Tuition Fee Loan[15]. This review aims to ensure that the loan reflects the needs of the Northern Ireland economy, the higher education sector and individual students, and to ensure that access to higher education at postgraduate taught level is based on the ability to learn, not the ability to pay. The results of the consultation had not been published when this report was developed.

[13] https://www.hefcw.ac.uk/en/publications/circulars/hefcw-review-of-teaching-funding-stage-one-consultation/

[14] http://www.sfc.ac.uk/web/FILES/corporatepublications_sfccp052020/Review_of_Coherent_Provision_and_Sustainability_Phaae_1_Report.pdf

[15] https://www.economy-ni.gov.uk/sites/default/files/consultations/economy/Consultation-document-review-ni-postgraduate-tuition-fee-loan.pdf

3.5.5 Review of Post-18 Education and Funding and the Education White Paper

In 2018, the government launched a Review of Post-18 Education and Funding, with the aim of ensuring that Post-18 education gives everyone a genuine choice between high quality technical and academic routes, that students and taxpayers are getting value for money, and that employers can access the skilled workforce they need. The FE white paper and the Governments response to the report were both issued in January 2021.

In 2019, the Government published a report called Review of Post-18 Education and Funding from its Post-18 review panel, led by Dr Philip Augar, which made 53 comprehensive recommendations for the reform of the further and higher education sectors and presented detailed proposals to reform higher and further education funding. In the Interim Conclusion of the Review of Post-18 Education and Funding report published in January 2021 the government signposted its commitment to the Lifetime skills guarantee and movement towards the modularisation of higher education provision.

As part of this Post 18 review, KPMG were commissioned to undertake research on the cost of teaching which underpinned many of the Augar recommendations. Which this was underpinned by TRAC. However, it did not just use TRAC(T) as this was designed to inform what the funding councils should reasonably fund. TRAC(T) does not include all of the costs of teaching but does include all levels of publicly funded teaching (e.g. postgraduate taught provision). For instance, the costs related to overseas students, and provision funded by other public sources (e.g. medical courses funded by the NHS) are excluded in TRAC(T). TRAC(T) also focuses on "subject related" costs, therefore "non-subject related" costs are removed. These include the cost of bursaries, scholarships, and hardship payments – as well as costs associated with activities for which separate grants are received (e.g. widening access, accelerated and intensive provision).

The study undertaken for the DfE needed to reflect that there is now a different basis of funding HE in England to that in 2006 and that this may change again in the future.
Therefore, the need to understand all of the costs involved in delivering undergraduate provision. It was not possible to use TRAC(T) data for the reasons outlined above.

The methodology used the "Teaching" costs (publicly and non-publicly funded) from TRAC, adjusted to remove the costs of teaching that were not on undergraduate or foundation degrees (e.g. postgraduate taught provision) and deducted discrete costs related to international students. Costs were collected at course level, but then aggregated to HESA cost centres, which were further aggregated to eight subject groups.

3.5.6 FE white paper: Skills for Jobs for Lifelong Learning for Opportunity and Growth[16]

This White Paper aimed to strengthen links between employers and further education providers. It places employers at the heart of defining local skills needs and explores a new role for Chambers of Commerce and other Business Representative Organisations working with local colleges and employers.

The case for Change is driven by skills gaps at technical levels. There are currently significant skills gaps at higher technical levels[17]. The evidence base developed throughout the review suggests that there are a number of interrelated challenges within the current system that are likely reducing the effectiveness and take-up of level 4-5 education. Across a range of sectors, there is growing employer demand for the skills that higher technical education provides[18]

[16] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/957856/Skills_for_jobs_lifelong_learning_for_opportunity_and_growth__web_version_.pdf

[17] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/907144/Higher_technical_education_-_the_current_system_and_the_case_for_change.pdf

[18] https://www.gov.uk/government/publications/labour-market-and-skills-projections-2017-to-2027

3.6 Current Research Policy Context for the Sector

3.6.1 Research Policy context

The recent Autumn Budget and Spending Review highlighted the Government's commitment to R&D. It announced an increase in public investment in R&D over the next three years to £20 billion per year by 2024-25 on the way to achieving the economy-wide target to invest 2.4% of GDP in R&D in 2027.

The past year has also seen the publication of several key government strategies. The Plan for Growth and Integrated Review highlighted the importance of investment in R&D for the economy in a global context. The Innovation and People and Culture strategies have set out Government ambitions in more detail (see 5.5.1).

3.6.2 The role of UKRI

UK Research and Innovation (UKRI) was also established as part of the Higher Education and Research Act 2017. This brought together the seven Research Councils, Research England, which is responsible for supporting research and knowledge exchange at higher education institutions in England[19], and the UK's innovation agency, Innovate UK. UKRI is the UK's largest public funder of research and has a UK wide remit. Its mission is to convene, catalyse and invest in close collaboration with others to build a thriving, inclusive research and innovation system that connects discovery to prosperity and public good. UKRI is a non-departmental public body sponsored by the Department for Business, Energy and Industrial Strategy (BEIS).

[19] The respective devolved funders listed in section 3.5 are also responsible for supporting research and knowledge exchange at higher education institutions within the devolved nations.

4 Insights from the sector survey

In this section we have summarised the insights provided by the sector survey. A full analysis of the survey results is provided in appendix 5.

4.1 Definition of Burden

The main reason for this review being commissioned was due to views being expressed regarding the burden created for institution by TRAC and TRAC(T). Therefore, for the purposes of this report, 'burden' is defined as 'activities undertaken by institutions in order to meet the TRAC requirements which impose additional work that would not otherwise be necessary, and where the results of that work do not provide benefits to the Institution that justify the time and effort expended.

Therefore, using this definition, the effort required to produce TRAC is not pure burden, but any inefficiencies or excessive requirements can be judged as burden. Additionally, we recognise that not all institutions benefit from TRAC to the same extent and therefore the level of burden will be different for different institutions.

From the work undertaken it is suggested that burden can be reduced by one or a combination of:

— Reducing the effort required to meet the TRAC requirements;
— Increasing the utility of the TRAC outputs; and/or
— Communicating the benefits of the use of TRAC more widely across current stakeholders to improve the understanding of how TRAC is used and promoting its wider use where appropriate.

Institutions were asked to state how justified the effort required to compile TRAC and TRAC(T) for funder, regulator and government purposes, and separately for institution purposes. The responses are provided in the following two tables:

Table 4: Analysis of whether the effort required to compile the TRAC returns is justified by institutional use of the data

Given the effort required to compile the Annual TRAC/TRAC(T) return compared to how the information is used by the institution	TRAC	TRAC(T)
The effort required to compile the Annual TRAC/TRAC(T) return is justified by the institution's use of the data	14%	16%
The effort required to compile the Annual TRAC/TRAC(T) return is not justified by the institution's use of the data, but could be reduced by reforming the process	39%	60%
The effort required to compile the Annual TRAC/TRAC(T) return is somewhat justified by the institution's use of the data, but could be reduced by reforming the process	47%	24%
Total	**100%**	**100%**

Key points are as follows:

— 61% and 40% of institutions reported that they felt the effort required to compile the TRAC and TRAC(T) returns is justified or somewhat justified.

— 39% and 60% of respondents do not believe that the effort required to produce TRAC and TRAC(T) is justified with how the institution use the data.

Table 5: Analysis of whether the effort required to compile the TRAC returns is justified by funders', regulator's and governments' use of the data

Given the effort required to compile the Annual TRAC return compared to how the information is used by funders, regulators and government	TRAC	TRAC(T)
The effort required to compile the Annual TRAC/TRAC(T) return is justified by funders', regulator's and governments' use of the data	20%	17%
The effort required to compile the Annual TRAC/TRAC(T) return is not justified by funders', regulator's and governments' use of the data	30%	51%
The effort required to compile the Annual TRAC/TRAC(T) return is somewhat justified by funders', regulator's and governments' use of the data, but could be reduced by reforming the process	50%	32%
Total responses	**100%**	**100%**

Key points from the table are:

— 70% and 49% of the respondents respectively viewed the effort to compile TRAC and TRAC(T) based the use by funders', regulators and governments was reported as being justified, or somewhat justified.

— 30% and 51% of respondents did not believe that the effort required to compile TRAC and TRAC(T) was justified by funders, regulators and government's use of the data.

There is slightly greater acceptance that the burden of TRAC is justified by funders', regulators' and governments' use of TRAC than this is for institutional use of TRAC. The effort required to compile TRAC(T) is not deemed justified by the majority of institutions for institutional or funder, regulator and governments' use.

4.2 Time taken to comply with TRAC requirements

A primary measure of the burden created by TRAC is to understand the time taken by institutions to comply with TRAC requirements. Institutions have estimated the time taken for three core activities: the time taken by academic staff to complete the time allocation process; the time taken to administer the time allocation process; and the time taken to administer the core TRAC model. Taken together this is an estimate of the time taken to comply with TRAC requirements.

Given the impact of COVID-19 on academic year 2019-20 (the most recent TRAC submission) institutions were required to provide estimates of time taken for a normal TRAC cycle.

4.2.1 Comparison to the results from the 2012 survey

As part of the 2012 review of time allocation methods[20], institutions provided responses to a survey which contained similar questions to those asked in the survey undertaken as part of this review, we have provided a comparison of responses to some key questions.

Table 6: Comparison of time taken to comply with TRAC

	2012 survey[21]	2021 survey
What are the key sources of burden?	Time required to complete returns for their institution, costs to HEI administrators charged with implementing TRAC, costs to funders of managing and using TRAC.	Usefulness of the information TRAC generates, Timeliness of TRAC data, Governance requirements for return sign-off and Time Allocation Process.
Average time spent on completing TAS return (institutional average per academic staff)	2 hours (138 minutes)	2.6 hours (156 minutes) *Based on 88 responses*
Average time spent collating, reviewing, and processing time allocation data	42 days	41 days *Based on 98 responses*
Average FTEs spent on maintaining TRAC system and producing TRAC returns for a given year (per institution)	143 days (Two returns were mandated at this time)	125 days *Based on 101 responses*
Views on burden	More than 70% of institutions didn't feel burden to be excessively high.	80% of respondents didn't feel burden to be excessively high.
Respondents that took advantage of dispensation	3.6% (Threshold was £0.5m of publicly funded research income (calculated as a five-year rolling average))	18% (Threshold was £3.0m of publicly funded research income (calculated as a five-year rolling average))

Note: A small number of outliers have been excluded from the analysis of the 2021 survey.

[20] www.trac.ac.uk/publications/review-of-time-allocation-methods/

[21] www.trac.ac.uk/publications/review-of-time-allocation-methods/

Key observations from the table above are as follows:

— The average time estimated to be spent by academic staff in complying with the time allocation requirements has increased by 18 minutes per year to 156 minutes. It is important to note however, that in the 2012 survey there were only 5 institutions using workload planning for TRAC, compared to 30 institutions in the 2021 survey. Isolating the time spent by academic staff where workload planning is used, finds that the time is higher for these institutions at 3.5 hours. A key point though is that workload planning is not undertaken only for TRAC, it is a management process used for coordinating the work of academic staff. This time would therefore be incurred even if TRAC were not in existence. It also means that institutions using workload planning has achieved an efficiency saving as they have been able to stop operating a time allocation process just for TRAC. The average time spent by academic staff following the other methods of time allocation has remained consistent at 2.3 hours per year.

— The time taken to administer the time allocation process has reduced marginally from 42 to 41 days.

— The time spent administering the TRAC process has reduced from 143 to 125 days per year. There are however 15% more respondents in the survey that are taking dispensation from TRAC requirements

— More institutions in the 2021 survey declare that they did not consider the burden of time allocation requirements to be burdensome (80%).

Summary – Time taken to comply with TRAC requirements

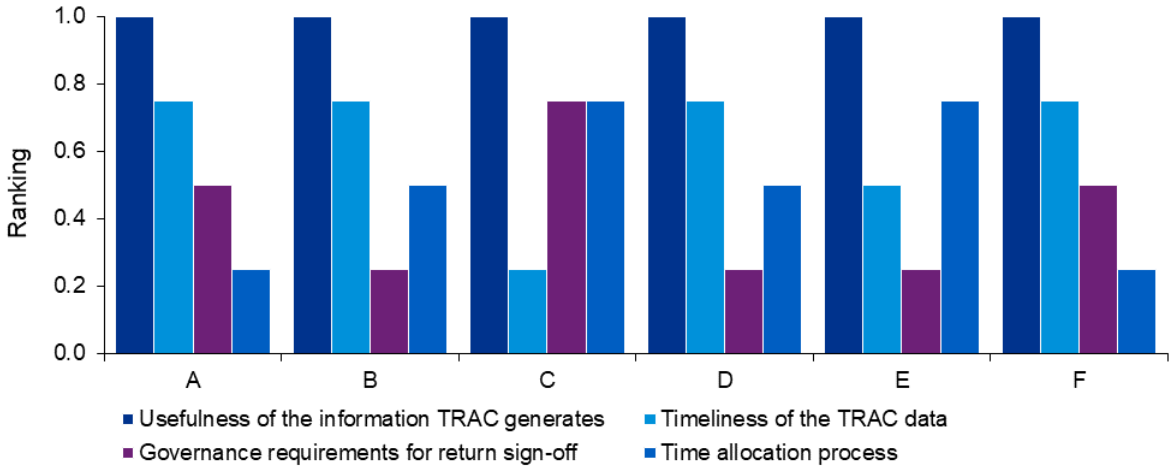
In overall terms, taking account of more institutions utilising workload planning to provide academic staff time data for TRAC, the time taken to comply with TRAC requirements has remained the same as in 2012, or reduced. It now takes less time to administer TRAC than it did in 2012. Although the reasons for this cannot be proven, the TRAC guidance was re-written and simplified in 2014, so that may be a contributing factor.

Workload planning is a process that is established for academic management purposes and it would be maintained irrespective of TRAC. WLP is therefore being used for more than one purpose and means these institutions do not have to maintain a separate time allocation process, which is likely to provide an efficiency.

4.3 What makes TRAC and TRAC(T) burdensome?

The survey invited institutions to outline the reasons for TRAC and TRAC(T) being unnecessarily burdensome. The results are illustrated in the following chart:

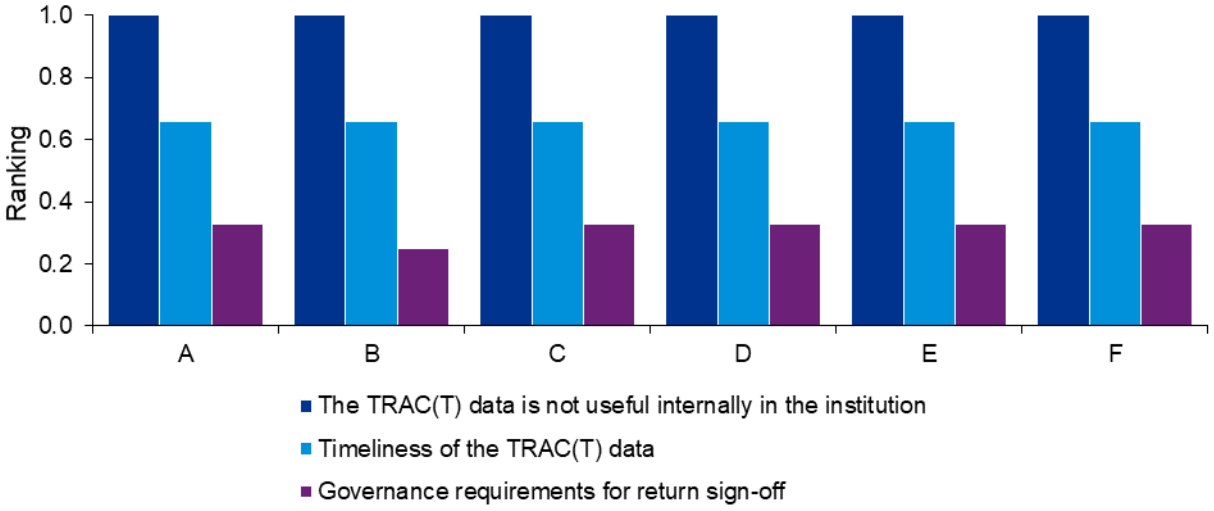
Figure 4: Analysis of HEIs factors that lead to TRAC being unnecessarily burdensome (Q18)



100% of respondents across all peer group identified the usefulness of TRAC as the primary reason for TRAC being deemed unnecessarily burdensome. This was followed by the timeliness of the data for most institutions. Time allocation was a contributing factor for several institutions and governance was a concern for institutions in peer groups A, C and F. (Usefulness is defined as the use of TRAC data internally beyond the external requirements).

Institutions were asked to outline 'other' reasons for TRAC being viewed as burdensome. The complexity of the process and the time taken were the main issues identified. Reducing the flexibility of the submission through the standardisation of a streamlined return is the main solution cited across all peer groups with 26 responses whilst reduced governance and removing the MSI are the next two popular with 3 and 4 responses respectively.

The survey sought similar feedback from institutions on the burden of TRAC(T). The following chart outlines the response received: Figure 5: Analysis of HEIs factors that lead to TRAC(T) being unnecessarily burdensome by TRAC peer group (Q23)



Consistent with TRAC, 100% of respondents across all peer group identified the outputs of TRAC(T) as not being useful, as the primary reason for the burden of TRAC(T), with the timeliness of TRAC(T) in second position and Governance requirements in third.

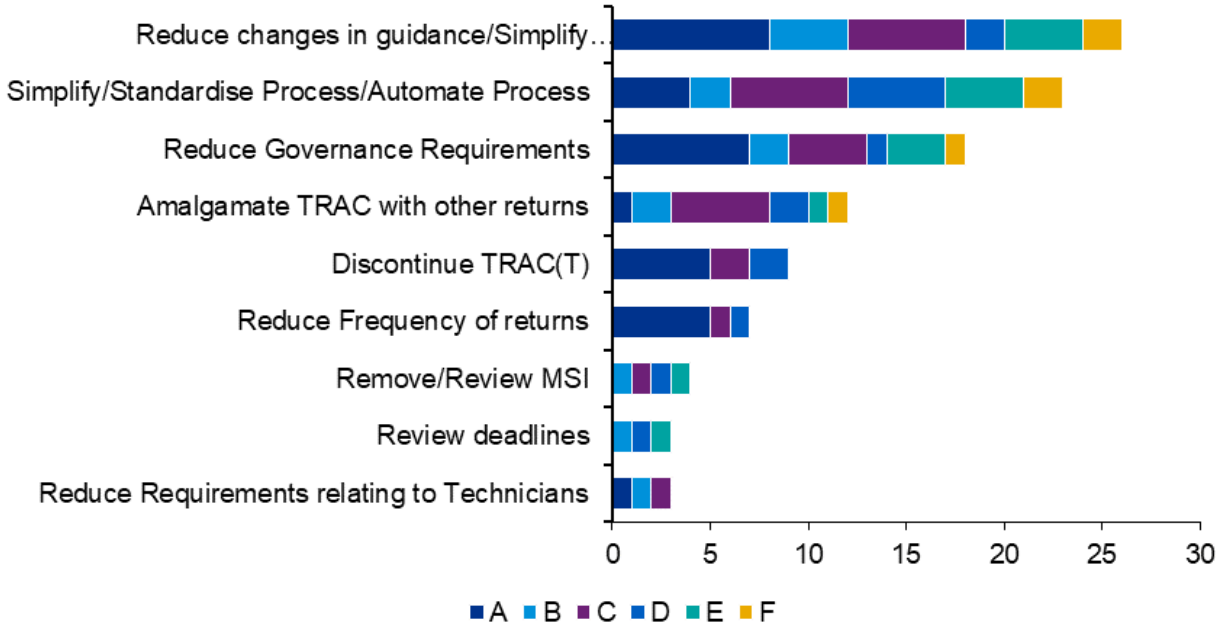
Institutions were also invited to outline other issues and solutions for TRAC(T). The two key points were:

— For TRAC(T) the use of HESA cost centres was cited as a limiting factor (43% of submissions); and,
— The complexity of TRAC(T) leads to it being a time-consuming activity (33% of the responses).

4.4 Opportunities to reduce the burden of TRAC and TRAC(T)

Institutions were asked to provide suggestions for how the burden of TRAC and TRAC(T) could be reduced. The following chart summarises the result by TRAC peer group:

Figure 6: Opportunities to reduce the burden of TRAC and TRAC(T) by TRAC peer group (Q31)



Simplification through standardisation (11%) and simplification of the guidance (13%) represents 24% of the response; reducing governance represents 9% of submission and amalgamating TRAC with other HEI returns received 6%. All three of these categories were supported across the peer groups.

Institutions were also asked to outline how the utility of the TRAC data could be improved. The following responses were provided:

— More granular and timely data represented 42% of responses with 35% specifically requesting more granular benchmarking data to increase the usefulness of TRAC and TRAC(T) data.

— The next most significant response was a simplification of the guidance with 19%.

4.4.1 Understanding the time taken to produce the TRAC and TRAC(T) returns

Using the survey, we asked institutions to estimate the time spent to produce the annual TRAC and TRAC(T) returns. We suggested that an estimate could be submitted as we are trying to provide a broad indication for our review.

Table 7: Summary of average effort by TAS method

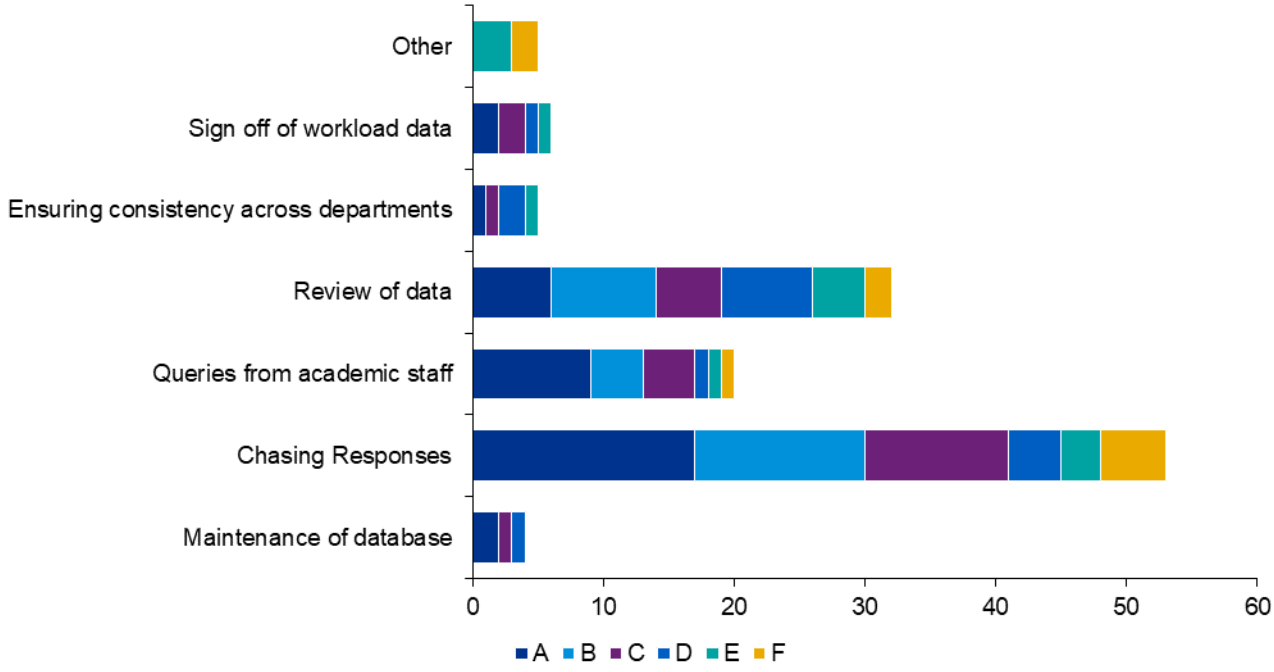
TAS Approach	Time in Days 2021	Time in Days 2012	Person Days Per Year 2021	Person Days per Year 2012	TRAC Maintenance 2021*	TRAC Maintenance 2012*
Statistical method (SM) Collect some returns each year, estimate the time of academic staff for a single year	1.4		29		181	
In-year retrospective method (RM) Time collected all staff in one year, but no returns for the following two years, you should estimate the total time, but divide it by three to give an annual effort. If you follow in-year retrospective, but cover all staff over a three-year period, estimate the time for a single year in this three year period.	2.2		29		134	
Workload planning (WLP) Estimate the time of academic staff of a single year.	3.5		70		101	
Other and dispensation Institutions undertaking time allocation under the dispensation requirements.	5.8		21.2		58.6	
Average	**2.6**	**2.3**	**41**	**42**	**125**	**143**

*TRAC Maintenance is the management and development of the TRAC return

We also asked a question regarding the typical length of time taken to undertake a fEC costing for a UKRI bid. The average time taken to finalise the costing for a typical fEC based bid in a non-COVID year was estimated as an average of 4.3 days. This was representative across all peer groups for all respondents. We reviewed the submissions by those institutions eligible for dispensation and those not eligible. This showed that the average time to generate a fEC costing for dispensation providers is approximately 56% more than that reported by providers who are not eligible for dispensation. (6.1 days compared to non-dispensation which is 3.9 days.)

Questions were asked in the survey to understand what aspects of academic staff time create burden. The results are provided in the chart below:

Figure 7: HEIs' views on the aspects of TAS that are most onerous by TRAC peer group (Q52)



The chart shows that institutions reported that the most onerous part of the process was chasing academic staff for their time allocation returns, followed by reviewing the TAS data and addressing queries raised by academic staff. This would suggest that a lack of compliance with institution's rules for time allocation is creating an element of burden, rather than the requirements of the process itself.

4.4.2 Summary

Understanding the Burden of TRAC

61% of institutions stated that the effort required to compile the TRAC return for institutional purposes was justified or somewhat justified, but only 40% stated that to be the case for TRAC(T). 70% of institutions stated that the effort required to compile the TRAC return for funder and regulator purposes was justified or somewhat justified, but 30% did not believe that the effort required was justified for funder and regulator use of the data. 51% of respondents did not believe that the effort required to compile TRAC(T) for funder and regulator use was justified. In respect of time allocation 80% of respondents didn't view the burden of the process to be excessively high.

Notwithstanding the views above, responses to other survey questions suggest that institutions in all peer groups believe TRAC and TRAC(T) is a burden to some extent. The main reason stated for both returns is that the TRAC information is not sufficiently useful, relative to the effort required to generate the data. The lack of timeliness for both returns was the second most common factor for TRAC being viewed as burdensome. The governance and sign-off requirements were the third most common reason for TRAC and TRAC(T) being viewed as a burden. Time allocation was also cited as a reason for annual TRAC being a burden.

Estimates captured of the time taken to produce the annual TRAC and TRAC(T) returns suggest that WLP requires the most effort to capture and collate albeit WLP is undertaken for academic management purposes and not just TRAC. Whilst this provides other benefits to the 30 institutions who utilise this method it requires significant effort to implement. Against each method

the statistical method requires the lowest level of effort. Within each measure there is general consistency across the peer groups.

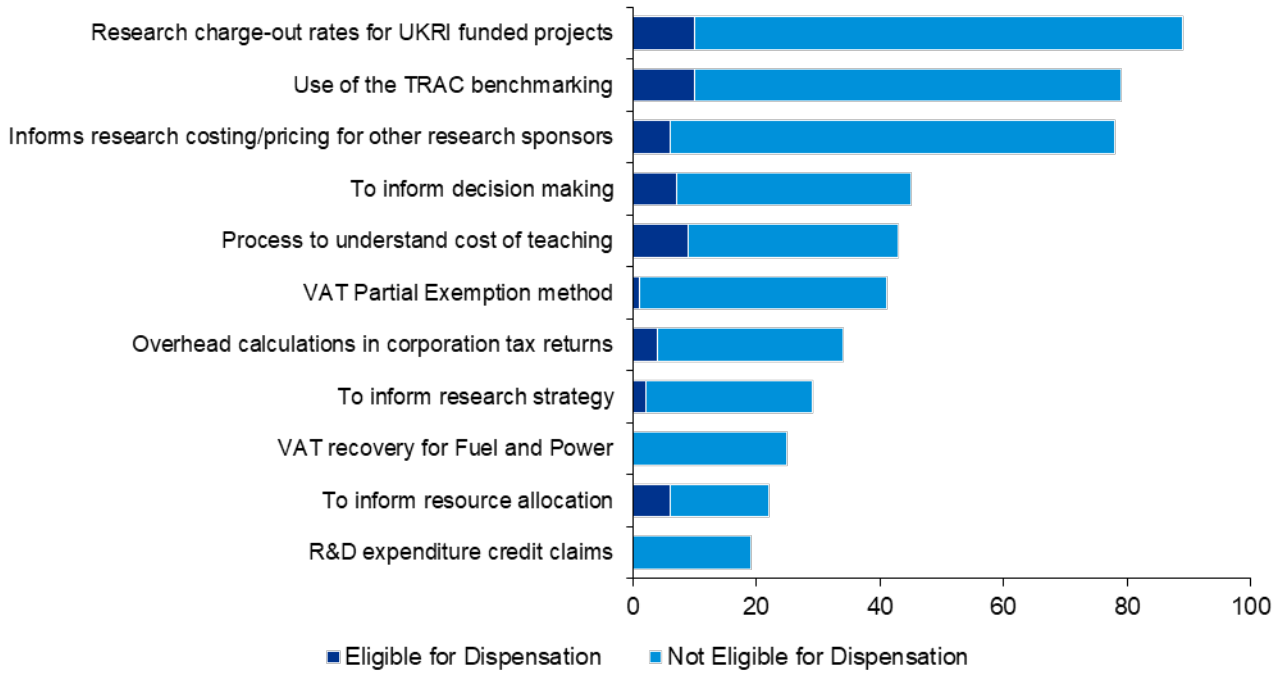
In understanding what causes the greatest burden in undertaking time allocation, chasing responses from academic staff was the most commonly cited cause. This could suggest that increased compliance within institutions could contribute to a reduction in burden.

Additional granularity was often mentioned as an institutional requirement for a more relevant costing approach that would provide more utility.

4.4.3 Uses of TRAC

We asked institutions to outline the different uses that are made of the TRAC data. The responses received are detailed below:

Figure 8: Uses of TRAC by HEIs split by dispensation eligibility (Q6)



Note: Institutions were able to select more than one answer in the analysis above.

Key points from the chart above are:

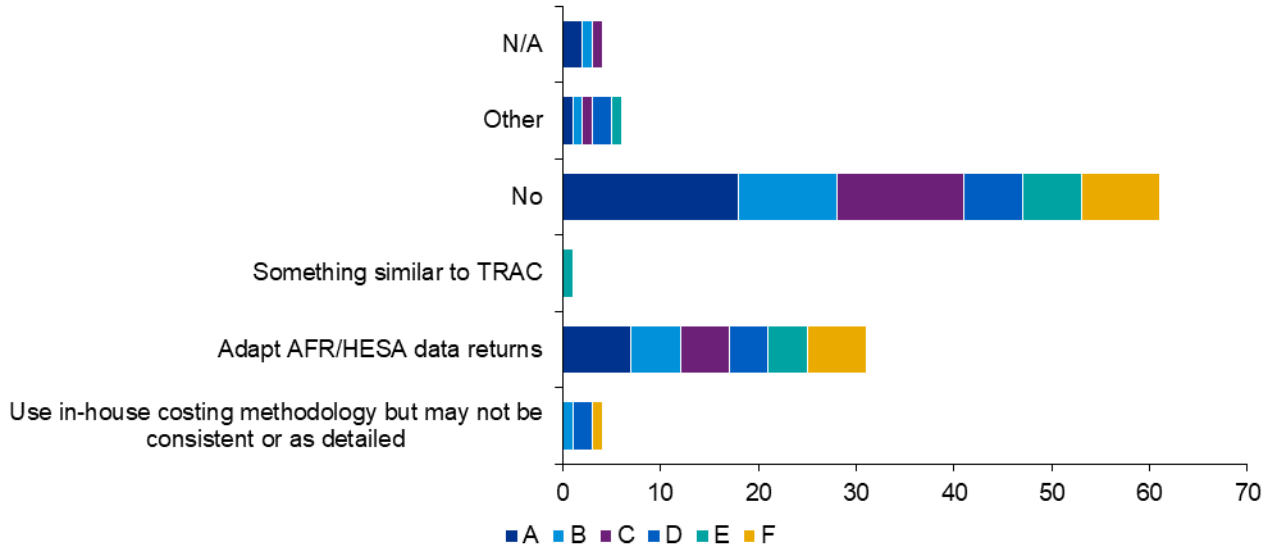
— TRAC is of greatest use to institutions that do not take dispensation.
— Outside of the production of research charge our rates and the associated costing of research activities the next most reported use of TRAC is the benchmarking data.
— There are four different tax matters that TRAC data is used to inform.
— Over a third of respondents are using TRAC to inform decision making and to understand the costs of teaching.

The response suggests that TRAC is a useful data set beyond meeting the core requirements of making TRAC returns and generating the research charge-out rates. The broader uses may not benefit or be relevant to all institutions however.

4.4.4 Alternative data sources

The chart below summarises the responses to whether alternative data sources could be used to inform TRAC:

Figure 9: HEIs' views of alternative data sources to provide consistent sector-wide cost information on Research, Teaching and Other activities at the levels currently reported in TRAC, by TRAC peer group (Q7)



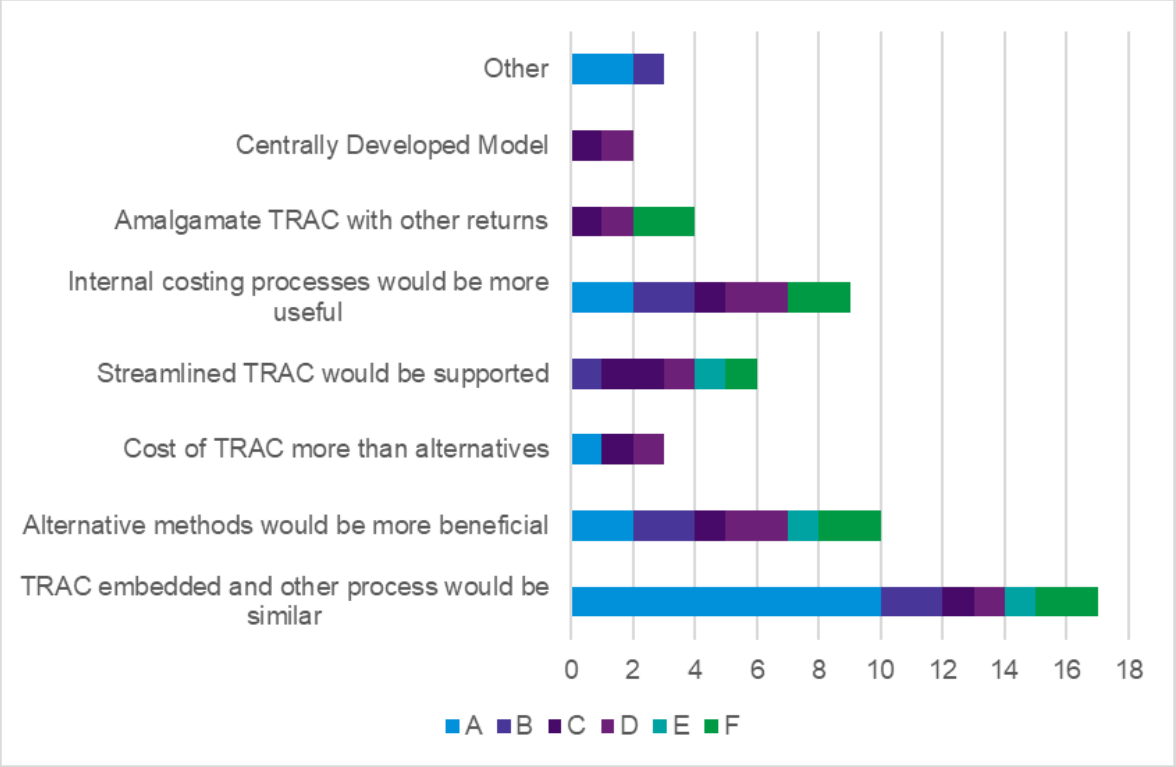
The majority of respondents (57%) suggested that there are no alternative data sources that can be used to meet the current requirements of TRAC. 29% of the respondents suggested that the Annual Finance Return (AFR) and or HESA data returns should be utilised.

Comments made in interviews suggests that the AFR and HESA returns could be used to reduce the burden of TRAC. This could be as refinement to the current approach by providing centrally developed partially completed TRAC returns or could be delivered by the merger of the AFR and TRAC return into a single return. This is however the approach that was in place prior to TRAC and one that caused concern about research being appropriately funded.

Simplification and alternative approaches are the most common answers when requesting alternatives to the current TRAC approach. The detailed responses revealed that the majority of respondents would prefer to have an approach that provides rates based on their own costs rather than a generic rate as only 3% suggested dispensation as a way forward and 26% suggested a combination of an overhead percentage rates and standard rates.

Responses to question 8 in the survey, which asked if TRAC were not in place, how could fEC charge-out rates be calculated. Overall, the survey identified that institutions overwhelming suggest that a simplified or alternative approach could be applied to generating charge-out rates. The main suggestions include, using the AFR, 'explore an overhead based on percentage of direct cost', 'reduce the frequency of TRAC submissions and the calculation of rates to every 5 years', 'keep the requirement for TRAC but remove the guidance i.e. a localised approach' and 'standard charge out rates'. Simple methodology suggestions included 'simpler TRAC guidance', 'more flexibility' and 'restricting the requirement to research. Some of these suggestions are unlikely to be acceptable to funders given the lack of consistency across institutions. It also further suggests that the reasons for a national framework such as TRAC is not understood by all.

Figure 10: HEIs' views regarding alternative approaches to TRAC by peer group (Q56)



Note: Institutions responded by outlining the alternative approaches they would seek to use.

Key points from the chart above are:

— 29% of responses suggested that they are satisfied with TRAC as it is embedded and other processes would be similar.

— 16% of respondents suggested that Alternative methods would be more beneficial examples of these included simpler approaches or institution developed approaches.

— 15% of respondents suggested that internal costing processes would be more useful.

The responses reveal that many institutions are developing their own internal costing models using existing financial data and are generating more granular costings at course or module level. It would however be very difficult to have a standard sector approach where individual institutions internal models were used.

Uses of TRAC and alternative data sources to reduce the burden summary

The responses to the use of TRAC demonstrate that despite the diversity of the sector the majority of institutions are gaining benefits that do not relate to research costings alone. These uses are led by the use of benchmarking data and supporting management decision making.

Alternatives to TRAC are relatively limited and the majority of respondents accepted the need for a common 'less complex' central approach that is reliant on the institutional individual characteristics. A range of suggestions were made for alternative way of generating the charge-out rates for research.

The responses suggests that TRAC is a useful data set beyond meeting the core requirements of making TRAC returns and generating the research charge-out rates. However, this does not seem to be acknowledged by all providers as an appropriate offset for their perception of the burden that the data collection creates.

4.4.5 Impact of Dispensation

58 institutions are technically eligible to access dispensation rates as they have publicly funded research income of less than £3,000,000, which exempts them from a number of TRAC requirements. The OfS has reported that 50 of the eligible institutions are taking dispensation. The responses to the survey (which are not from the whole sector) identified 26 who stated that they are eligible, but 11 of the 26 choose to comply with the full TRAC requirements anyway.

Dispensation Summary

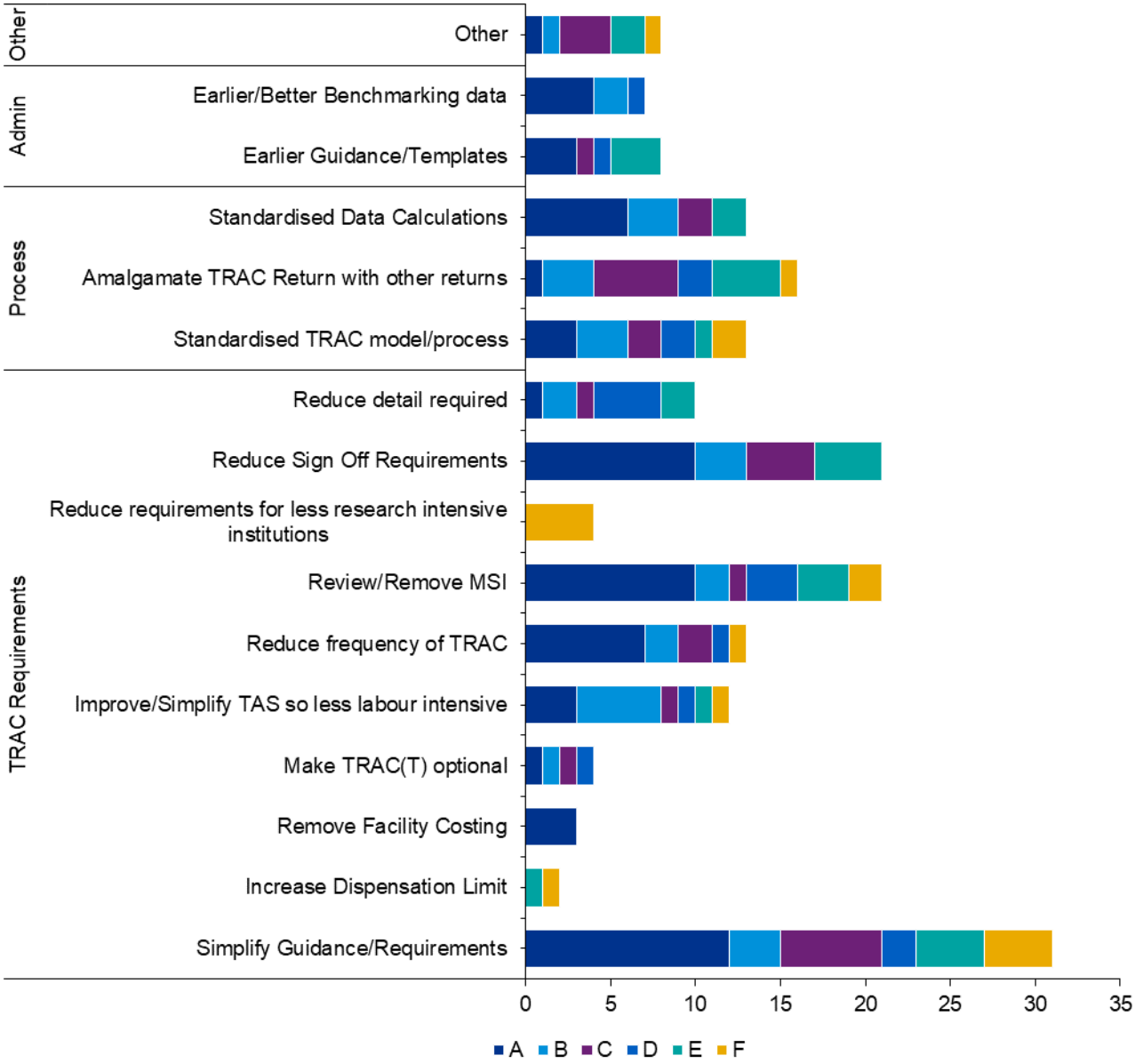
Of the 26 respondents who have declared that they are eligible for dispensation 11 have stated that they have chosen to comply with the full TRAC requirements, even though that is not required.

The use of Dispensation rates does appear to significantly reduce the burden on the eligible institutions. Additionally, our interviews with institutions revealed that many of them felt that too much work was required to substantiate the use of dispensation rates.

4.4.6 Improving the Annual TRAC process

The following figure summarises the suggestions made by institutions for improving the TRAC process. We have grouped the suggestions for reforming TRAC into four main categories:

Figure 11: HEIs' suggestions for reforming Annual TRAC by peer group (Q12)



Changes to the TRAC requirements represent a significant majority of responses:

— **TRAC Requirements – 65%**
Modifications to the TRAC requirements, suggestions to optimise the process

— **Process – 23%**
Changes to the way that TRAC is produced, reducing burden by reducing the effort required

— **Administration – 8%**
Central processors to be implemented to offset burden

— **Other – 4%**
Miscellaneous suggestions.

4.4.7 Suggestions for improving TRAC(T)

We have followed a similar approach for grouping the suggestions for reforming TRAC(T) into four categories. Further details are provided in Appendix 5:

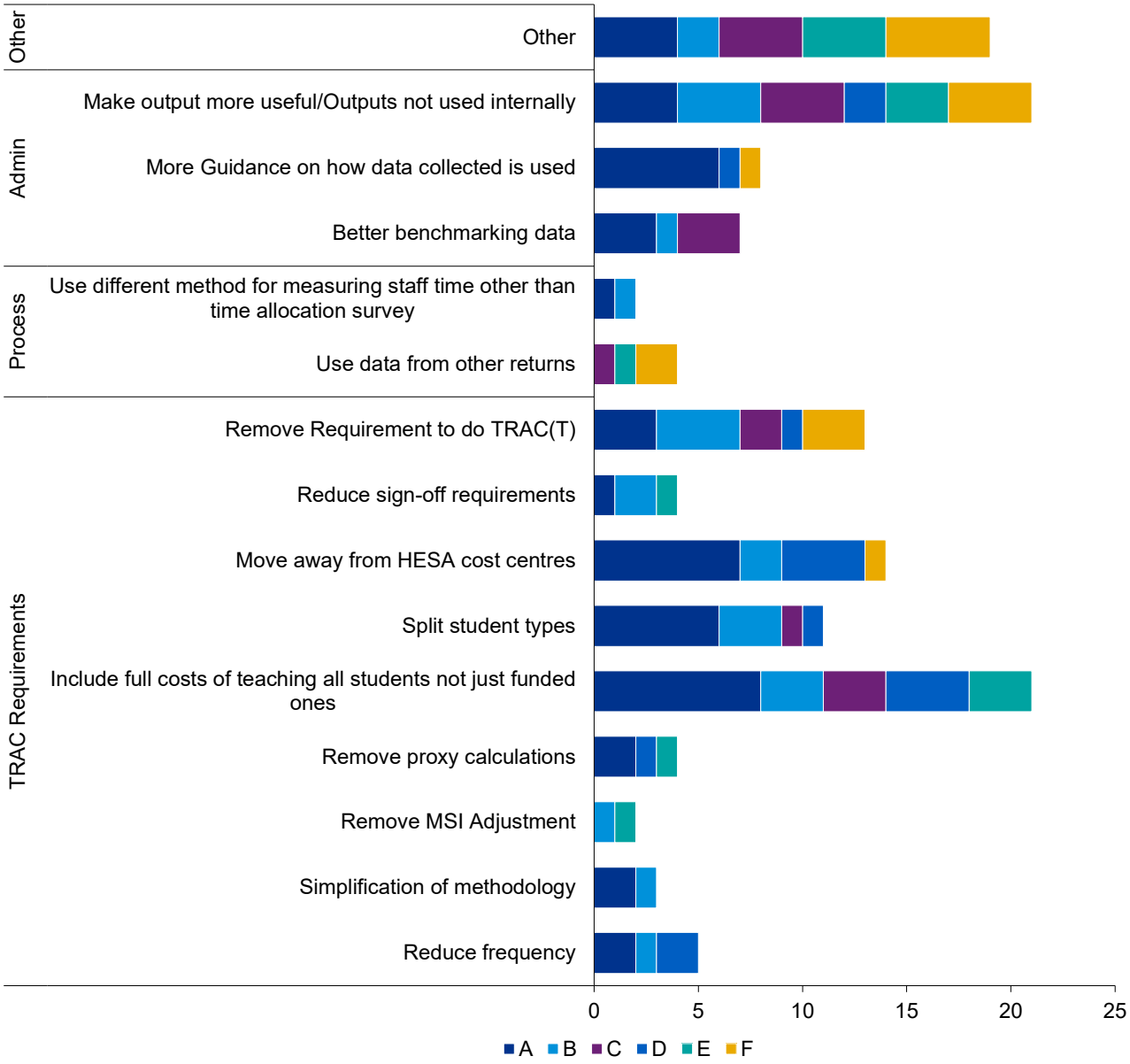
— Administration – 26% – central processors to be implemented to offset burden

— Process – 4% – changes to the way that TRAC is produced, reducing burden by reducing the effort required

— TRAC Requirements – 56% – Modifications to the TRAC requirements, suggestions to optimise the process

— Other – 14% – miscellaneous suggestions.

Figure 12: HEIs' suggestions for reforming TRAC(T) by peer group (Q15)



The most significant comments are presented below:

— Include full costs of teaching all students not just funded ones (15%)

— Make output more useful as they are not used internally (15%)

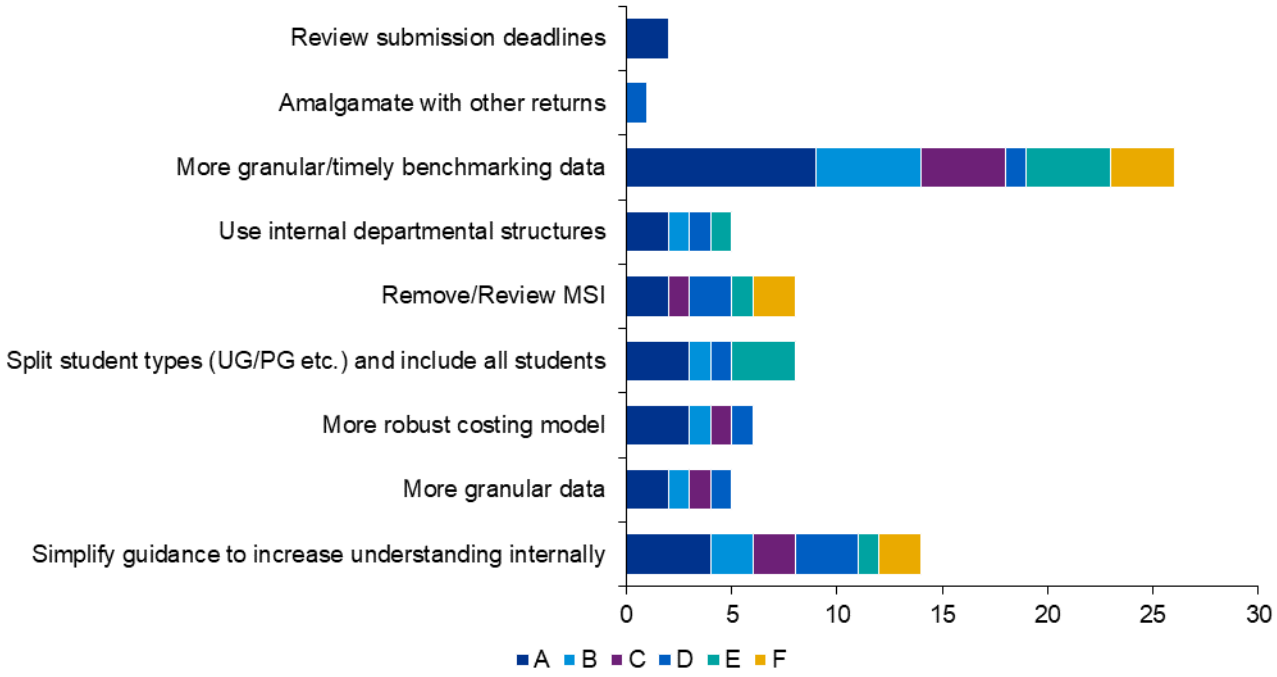
— Other (14%) consisted of a wide range of suggestions including the development of a single return that included TRAC and TRAC(T)
— Move away from HESA cost centres (10%)
— Removing the requirement for TRAC(T) returns as every HEI is unique and therefore comparisons are difficult
— Separate the reporting of costs by student types

Institution were asked for their views on what requirements should be removed from TRAC and how the utility of TRAC and TRAC(T) could be improved. The results are summarised below:

The most common suggestions were:

— Streamlining the Statement of Requirements (24%). From the stakeholder meetings this is understood to include reducing the frequency of review and/or limit the level of detail that has to be reported on the self-assessment to the Committee of the Governing Body
— Reduce the governance requirements (which includes the sign-off process) 20%
— Remove or reform the MSI adjustment
— Provide standard estates space weightings

Figure 13: What actions do you believe should be taken to increase the utility to the institution of the data and information produced by annual TRAC and TRAC(T)? (Q32)



Peer Group A and B have generated over 50% of the specific responses suggesting that they will require more granular costing information in the future. Additional suggestions for improving TRAC included, the simplification of requirements and the removal of the MSI. Other popular responses are the standardisation of Space Weightings and changing the MSI.

Improving the TRAC Process Summary

Simplification of the TRAC and TRAC(T) requirement is the main suggestion by the majority of Institutions. However, as the majority of respondent accept that costing is a complex and complicated process they suggest that the burden of TRAC and TRAC (T) can be reduced by increasing the utility of the return through ensuring that is more closely aligned with their institutional needs by exploring the alignment to more standard codes such as replacing HESA Cost centres with the Higher Education Classification of Subjects (HECoS) codes or incorporating PG/UG.

Benchmarking is widely accepted as a benefit to offset burden, but respondents have reported several options for improvement that include the timing of the submission and the transparency and granularity of the data to provide more useful comparisons.

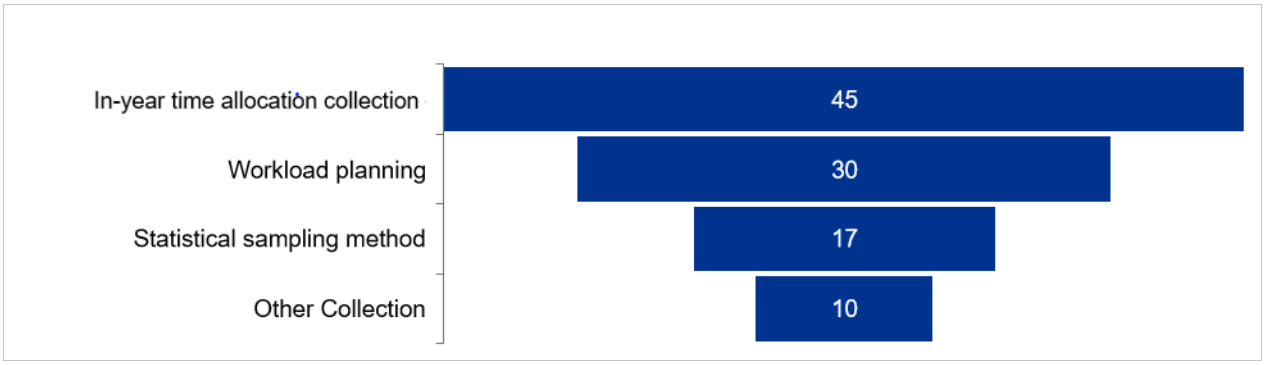
MSI has been mentioned as an area of burden and opportunity for simplification

Respondents have suggested that meeting the mandated governance requirements for the return has been raised a significant burden to institutions, as the requirement for governance isn't commensurate with other data returns provided to funders.

4.4.8 Time Allocation method

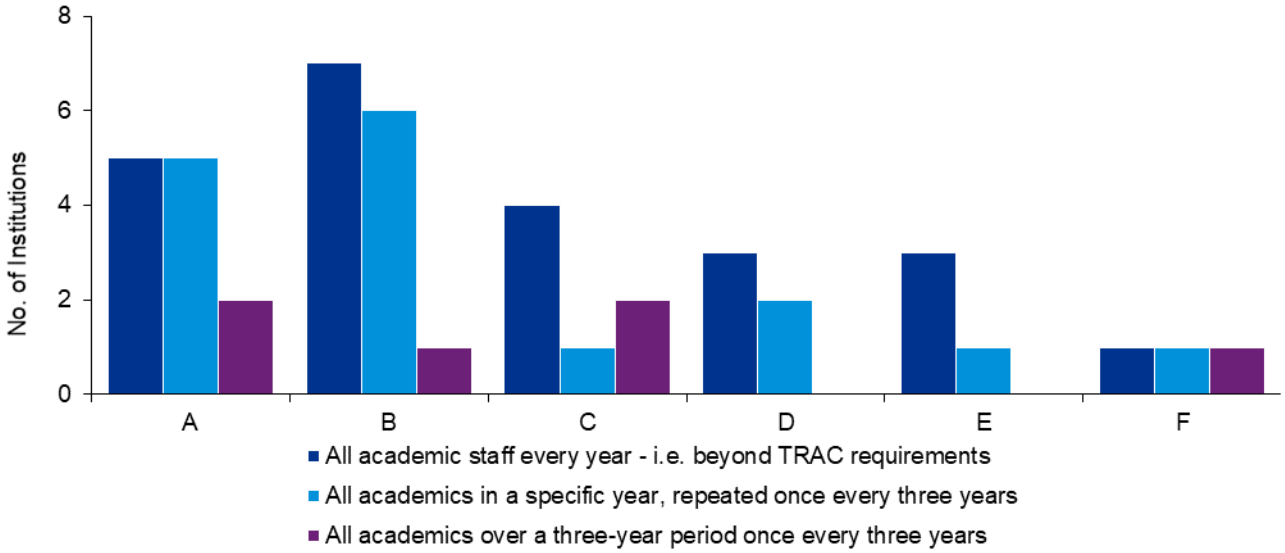
The Survey captured a number of details to understand how institutions' approach the collection of academic staff time information. The results are presented in this sub-section.

Figure 14: Approach to time allocation (Q33)



In-year time allocation collection is the most popular approach across all peer groups (44%) followed by workload planning which represents 29% of responses. Statistical collection was the least popular method (17%). Institutions that stated 'Other' were generally referring to them being dispensation institutions and therefore not requiring robust time allocation data that follows one of the accepted methods

Figure 15: HEIs' frequency of collection for in-year time allocation by TRAC peer group (Q35)



The chart shows that in 50% of cases institutions are going beyond the minimum TRAC requirements and are collecting time allocation data from all staff every year. This could be viewed as creating burden and the additional collections may contribute to the academic perception of burden. However, it is of the institutions choosing rather than being a TRAC requirement. All academics in a specific year, repeated once every three years was next with 35% of responses.

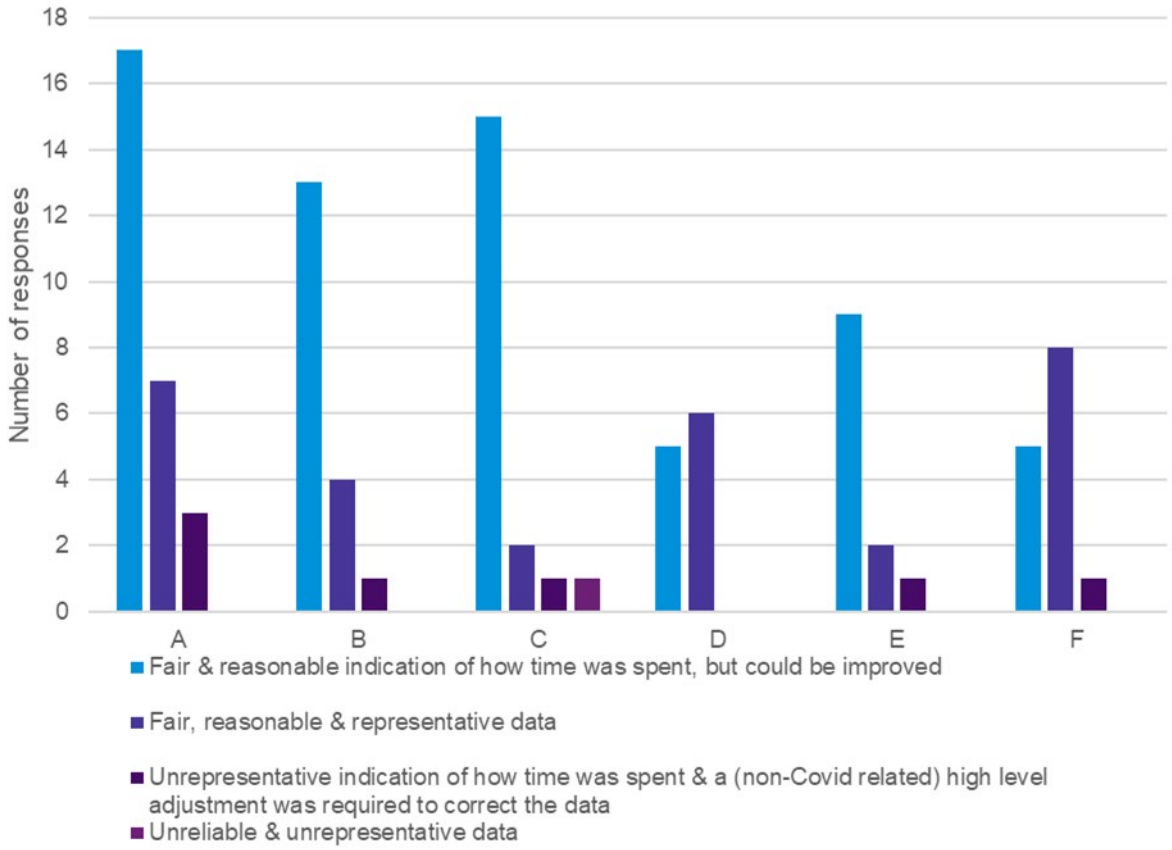
We further asked institutions how many returns are required each year from academic staff. 62% of responses identified that they use three collection schedules to support their in-year time allocation. A minority of institutions require four returns form staff annually, two institutions collect 12 returns from all staff.

The average response rate reported by respondents is 76% and 26 of the 44 respondents reported a response rate higher than 80%. It has already been reported that the time taken to collect time allocation returns to deliver the required response rates contributes to burden.

67% of survey respondents stated that they do not believe TRAC should use alternative methods to collect data on academic staff time.

The following chart outlines institutional views about the reliability of the time allocation data:

Figure 16: Do you believe your method of time allocation provides: (selected options are below) (Q42)



Only one institution declared that their time allocation data is unreliable and unrepresentative. Four institutions detailed that it is unrepresentative, but that a high-level adjustment had been made to correct the data.

30% of respondents suggested that a review by management was important in their production of fair and reasonable data. Other important features included a good response rate (15%) good internal guidance (13%), regular communication and data collected annually at 9%. The 'Other' category includes five peer group F intuitions who have suggested that being small with low numbers of teaching staff contributes to their confidence in the reliability of the data capture. It also includes 4 institutions who have cited that workload planning provides them with this confidence

For the small number of institutions outlining concerns regarding the academic staff time data, 33% of respondents cited lack of accountability and 28% academic bias as the top two reasons for poor data. The detailed responses revealed that academics often cited difficulties categorising their time as part of their experience of burden.

Summary of Time Allocation

Approximately 44% of the respondents stated that they had adopted In-year time allocation. Although the minimum requirements is that this covers all academic staff covering a whole year at least once every three years is the most popular approach across all peer groups, 50% of institutions confirmed that all academic staff are asked to complete the process every year. Workload planning was reported by 29% of respondents and is proportionately more popular in peer groups D, E and F. Two thirds of all institutions suggested that they used three collection schedules and the average response rate reported is 76%.

For the statistical sampling method the average proportion of academic staff providing returns is 59%, over three weeks.

For institutions using WLP peer groups C & D have the most mature cohorts, but overall institutions have been using this approach for an average of 5 years and therefore these systems should be well embedded 31% cited that it generated more accurate data.

Peer Groups A-C reported a higher satisfaction with their time allocation data but agreed that there are opportunities for improvement. 30% of respondent across all peer group suggested that incorporating management review with a good response rate (15%) good internal guidance (13%) were the top three approaches to achieving the TAS requirement. (see Appendix 4)

The majority of survey respondents outlined that their time allocation data was either fair and representative or fair and representative, although improvements could be made. 67% of institutions responding to the survey stated that they do not believe TRAC should use other sources of data on academic staff time.

WLP represented 50% of the responses to access more robust data.

4.4.9 Other highlights from the survey

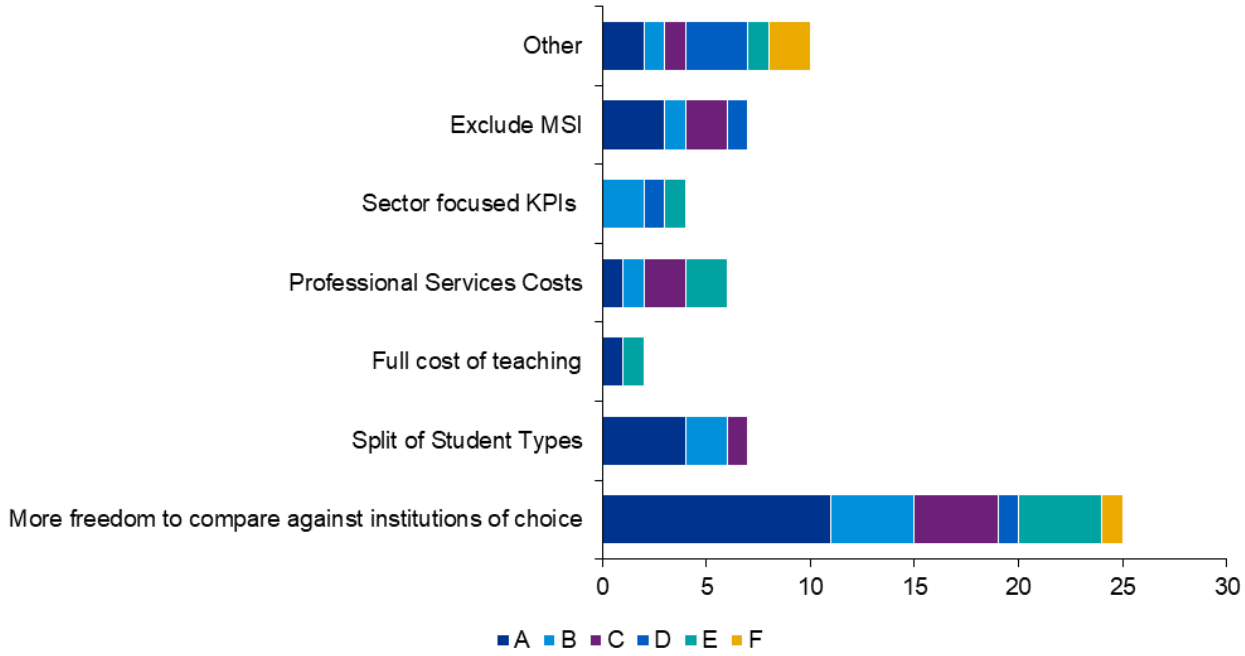
4.4.9.1 Technology

Almost 50% of respondents reported that they use locally developed spreadsheets to develop their TRAC returns and the request for some sort of central model has been captured to offset this burden. Providers who have implemented Corporate Planner or Agresso have reported some burden reduction, but the complexity of the return appears to result in minimal burden reduction.

4.4.10 Future information needs

Institutions were asked to respond to a series of questions that sought to better understand future cost information needs. 76% of all respondents suggest that cost activity information is essential only 4% suggest that it not essential or not required.

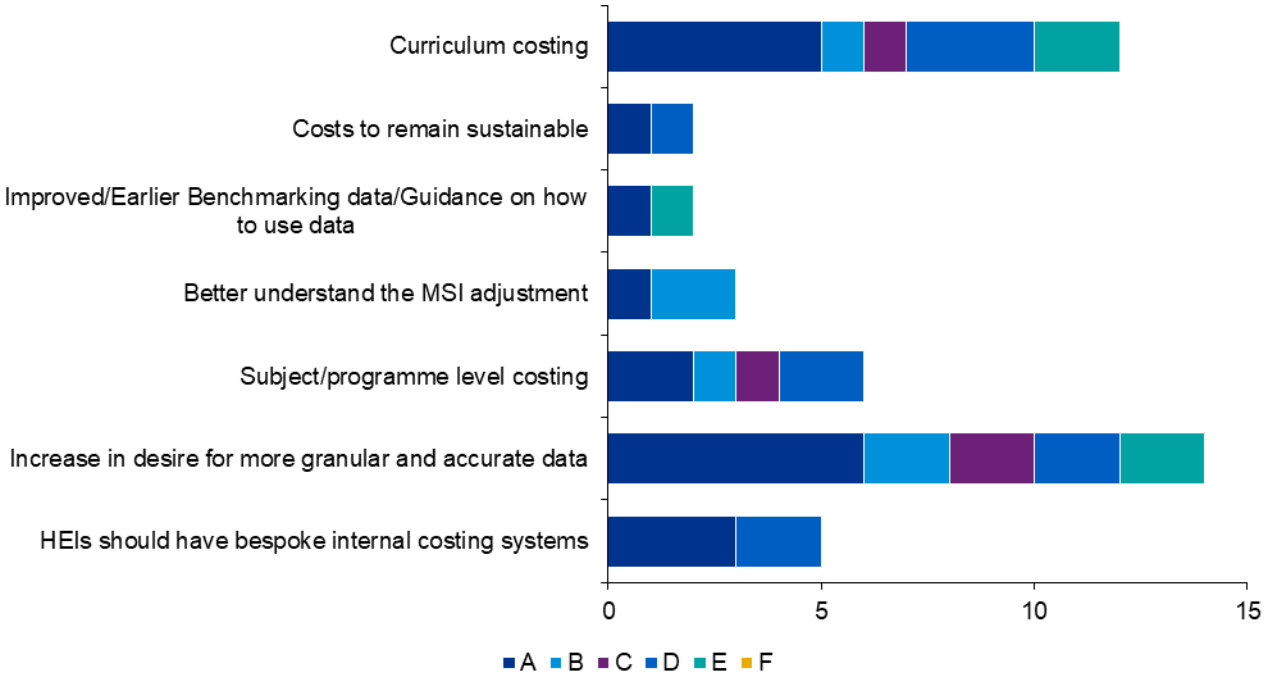
Figure 17: Analysis of institutions' requests for additional information and benchmarking data by TRAC peer group (Q58)



41% of respondents would like the ability to benchmark against of institutions of choice, splitting student types, professional service costs and excluding MSI are jointly the next three responses at 11%. The options for benchmarking were explored in a study undertaken by the TRAC Development Group 'Management Information Project – Enhanced Benchmarking'[22]. This report referred to how institutions would value being able to self-select the institutions against which benchmarking could be undertaken. However, due to protecting the anonymity of institutions this was not deemed possible. The report did however make suggestion for how more benchmarking/peer groups could be introduced, which would increase the usefulness of the benchmarking data. 47% of respondents across all peer groups requested more granular data in the benchmarking.

[22] www.trac.ac.uk/publications/management-information-project-enhanced-benchmarking/

Figure 18: Institutions' views regarding future cost information requirements by TRAC peer group (Q61)



In the future 32% of respondents will require more granular information and 27% express a need for module or course level cost information to allow for the management of their curriculum offer. There was not however a consensus view across the different per groups.

Future information needs summary

96% of respondents suggest that cost information is essential or important and 41% would like the ability to benchmark against institutions of choice and have access to more granular benchmarking that provided information regarding the costs of the curriculum in the future

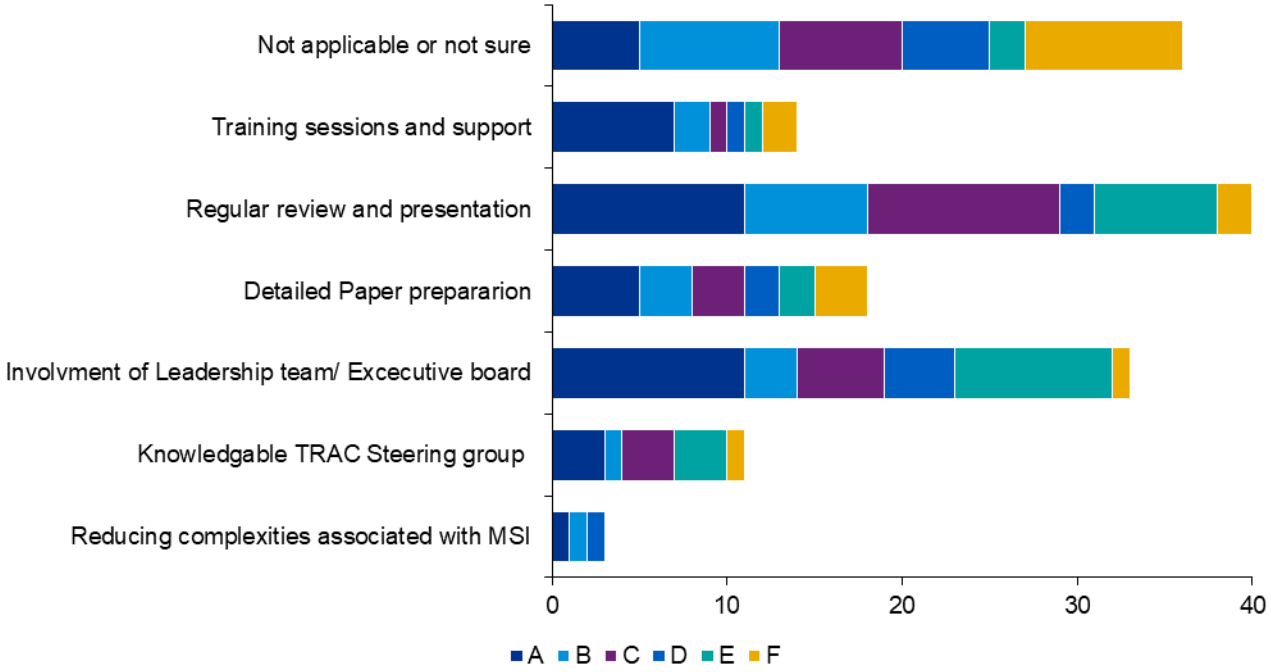
There is consensus that costing information is essential (specifically curriculum costing) across all peer groups. Improved benchmarking by increasing the granularity of the data provided and the freedom to choose comparators is also a major aspiration of intuitions. Subject/programme level information is requested although the HEIs recognise that this may require more effort.

4.5 Communication

It has been previously identified that the level of understanding of TRAC by institutional leadership can have a positive impact on the institution's engagement with TRAC as a whole. The survey therefore sought to understand the level of understanding that institutions believe they have of TRAC. Respondents recorded that Leadership teams have 63% rate for understanding the TRAC requirements compared to Governing bodies at 30% and academics at 4%

The survey then asked for information on what has enabled institutions to achieve the levels of understanding they have of TRAC. The results are in the next chart:

Figure 19: Actions taken to enable TRAC to be understood by institutional leadership, Governing Body and Academic staff (Q63)



At 26% and 21% of responses the use of regular reviews and involvement of leadership and executive board are reported as the most common methods of increasing understanding of TRAC.

Overall 75% of respondents suggested that gaining a better understanding of TRAC does offset some of the burden experienced (Excluding not applicable and MSI). This was also a common area of feedback form the stakeholder engagement. Since the changes in funding and fees across the UK, and also since the introduction of the OfS and UKRI, there has not been a re-statement of why TRAC is required or how it is and will be used. This is therefore a contributory factor as to why institutions view TRAC and TRAC(T) as a burden.

Communication summary

Compared to Governing Bodies (30%) and academics (4%), leadership teams (63%) are reported to have the best understanding of TRAC and this is due to their involvement in the process through regular review and reports.

Common strategies to improve the understanding of TRAC include incorporating academic staff into the process and additional training. However, institutions reported that the most effective approach for reducing burden would be for there to be a better understanding of the uses of TRAC across the sector.

4.6 Overall summary

This section has provided some highlights from the survey and further detail is provided in Appendix 5. The next section explores the issues and opportunities identified in respect of TRAC.

5 Findings

In this section of the report, we have summarised the results of the work against the areas within the scope. This information has been gathered through stakeholder interviews, literature review and the survey. We have incorporated additional detail into the Appendices where appropriate.

The results of the 2021 survey were reported in section 4 and our recommendations will draw on the evidence gathered from the survey. The level of co-operation of the sector with the survey demonstrates that it has been an effective way to obtain significant volumes of information of the impact of TRAC on institutions.

5.1 Definition of Burden

As the main reason for this review being commissioned was due to views being expressed regarding the burden created for institution by TRAC. Therefore for the purposes of this report, 'burden' is defined as 'activities undertaken by institutions in order to meet the TRAC requirements which impose additional work that would not otherwise be necessary, and where the results of that work do not provide benefits to the Institution that justify the time and effort expended. Therefore, using this definition, the effort required to produce TRAC is not pure burden, but any inefficiencies or excessive requirements can be judged as burden. Additionally, we recognise that not all institutions benefit from TRAC to the same extent and therefore the level of burden will be different for different institutions.

From the work undertaken it is suggested that burden can be reduced by one or a combination of:

— Reducing the effort required to meet the TRAC requirements;
— Increasing the utility of the TRAC outputs; and/or
— Communicating the benefits of the use of TRAC more widely across current stakeholders to improve the understanding of how TRAC is used and promoting its wider use where appropriate.

5.2 Literature review

To support this review, we have undertaken a literature review, utilising the documents listed in Appendix 4. These documents are not an exhaustive list of all the documentation that references Higher Education costing or are related to TRAC, but they have been selected as a representation of previous work undertaken. Where relevant we will consider these past findings relative to the findings arising from this review.

The 26 documents reviewed cover the period 2005 to 2020 and they have been summarised in Appendix 4. Many of these were instigated by stakeholder bodies such as JCSPG, or TDG or directly by the funder or regulator.

5.3 Time taken to comply with TRAC requirements

A primary measure of the burden created by TRAC is to understand the time taken by institutions to comply with TRAC requirements. Institutions have estimated the time taken for three core activities: the time taken by academic staff to complete the time allocation process; the time taken

to administer the time allocation process; and the time taken to administer the core TRAC model. Taken together this is an estimate of the time taken to comply with TRAC requirements.

Given the impact of COVID-19 on academic year 2019-20 (the most recent TRAC submission) institutions were required to provide estimates of time taken for a normal TRAC cycle.

5.3.1 Comparison to the results from the 2012 survey

As part of the 2012 review of time allocation methods[23], institutions provided responses to a survey which contained similar questions to those asked in the survey undertaken as part of this review, we have provided a comparison of responses to some key questions.

Table 8: Comparison of time taken to comply with TRAC

	2012 survey[24]	2021 survey
What are the key sources of burden?	Time required to complete returns for their institution, costs to HEI administrators charged with implementing TRAC, costs to funders of managing and using TRAC.	Usefulness of the information TRAC generates, Timeliness of TRAC data, Governance requirements for return sign-off and Time Allocation Process.
Average time spent on completing TAS return (institutional average per academic staff)	2 hours (138 minutes)	2.6 hours (156 minutes) *Based on 88 responses*
Average time spent collating, reviewing, and processing time allocation data	42 days	41 days *Based on 98 responses*
Average FTEs spent on maintaining TRAC system and producing TRAC returns for a given year (per institution)	143 days (Two returns were mandated at this time)	125 days *Based on 101 responses*
Views on burden	More than 70% of institutions didn't feel burden to be excessively high.	82% of respondents didn't feel burden to be excessively high.
Respondents that took advantage of dispensation	3.6% (Threshold was £0.5m of publicly funded research income (calculated as a five-year rolling average))	18% (Threshold was £3.0m of publicly funded research income (calculated as a five-year rolling average))

Note: A small number of outliers have been excluded from the analysis of the 2021 survey.

Key observations from the table above are as follows:

— The average time estimated to be spent by academic staff in complying with the time allocation requirements has increased by 18 minutes per year to 156 minutes. It is important to note however, that in the 2012 survey there were only 5 institutions using workload planning for

[23] www.trac.ac.uk/publications/review-of-time-allocation-methods/

[24] www.trac.ac.uk/publications/review-of-time-allocation-methods/

TRAC, compared to 30 institutions in the 2021 survey. Isolating the time spent by academic staff where workload planning is used, finds that the time is higher for these institutions at 3.5 hours. A key point though is that workload planning is not undertaken only for TRAC, it is a management process used for coordinating the work of academic staff. This time would therefore be incurred even if TRAC were not in existence. It also means that institutions using workload planning have achieved an efficiency saving as they have been able to stop operating a time allocation process just for TRAC. The average time spent by academic staff following the other methods of time allocation has remained consistent at 2.3 hours per year.

— The time taken to administer the time allocation process has reduced marginally from 42 to 41 days.

— The time spent administering the TRAC process has reduced from 143 to 125 days per year. There are however 15% more respondents in the survey that are taking dispensation from TRAC requirements

— More institutions in the 2021 survey declare that they did not consider the burden of time allocation requirements to be burdensome (80%).

Summary – Time taken to comply with TRAC requirements

In overall terms, taking account of more institutions utilising workload planning to provide academic staff time data for TRAC, the time taken to comply with TRAC requirements has remained the same as in 2012, or reduced. It now takes less time to administer TRAC than it did in 2012. Although the reasons for this cannot be proven, a development in this period was the rewriting and simplification of the TRAC guidance which together with may be a contributing factor.

5.4 Use of TRAC

5.4.1 Previous work undertaken on the use of TRAC

Our desktop review identified that in 2005 and 2017, work has been undertaken to understand the use of TRAC by key stakeholders. The 2017 review was prepared to assist those responsible for developing the OfS's new regulatory framework for HE providers in England, and to be useful to inform those working to establish UKRI and Research England and the joint arrangements between UKRI and the OfS.

The reports identified three main purposes for TRAC.

— **The primary purpose (benefitting to the government and the taxpayer) –** To provide greater assurance to Treasury and other stakeholders that public funds voted for research were being devoted to publicly-funded research, and also that institutions had good information on the costs of their activities and so were able to take this into account in their plans.

— **The secondary purpose (which was a benefit to research funders and HEIs) –** To ensure that HEIs applying for research grants and contracts were doing so using robust and acceptable cost information, prepared on a consistent basis across the sector and on which research funders could rely without having to institute their own separate systems of audit for accountability purposes.

— **The third purpose (which was a benefit to HEIs) –** To help institutions by providing suitable costing methodologies to support management decision-taking, which they could use in the knowledge that these were appropriate for higher education and were being used consistently across the sector.

5.4.2 Current uses of TRAC

This section summarises how TRAC has been used. In summary TRAC has been used to provide information on the following activities:

— Providing information to inform Comprehensive Spending Review advice on sustainability and costs of activities;
— Informing the Funders' (OfS, SFC and HEFCW) teaching funding method e.g. setting of supplements for high cost subjects, or criteria to inform the review of specialist institution targeted allocations;
— Informing costing studies e.g. studies to inform understanding of Cost of PGT and costs of Nursing, Midwifery and Allied Health to inform HEFCE funding decisions on transfer of this provision from Health Education England;
— Assessment and reporting on the financial sustainability of HEIs and their core activities;
— Used in reports on the financial health of the sector; and
— TRAC cost data has also been used to inform work on metrics for assessing efficiency and value for money.

Further details are provided below of how different stakeholders use the TRAC data:

5.4.2.1 UK HE Regulator and Funding Councils

The UK HE Regulator and Funding Bodies continue to use the data from the Annual TRAC and TRAC(T) returns. Both the OfS and the SFC use data from TRAC(T) to inform the funding rates and allocation to subject price groups for undergraduate teaching and postgraduate teaching. The Annual TRAC data is also used by the OfS and all Funding Council to monitor the level of funding and income relative to the full economic costs report by TRAC activity. More recently, HEFCW has begun to collect TRAC(T) data. Information from the UK-sector TRAC(T) data has been used to inform reports to the Welsh Assembly and the review of student support arrangements in Wales. This collection commenced in 2018/19 and HEFCW now using TRAC(T) data to inform a review of its teaching funding methodology. UK Research Councils' and UK Charities depend on the TRAC system to varying degrees, for the calculation of project grant funding to HEIs (and Research Council-funded non-HEI research institutes) as funding is based on full economic costs and charge-out rates derived from TRAC. More details of the current and future requirements of TRAC data can be seen in the following section. The TRAC methodology is also accepted as a basis for project proposals funded by UK Charities, other Government Departments and underpins HEIs' pricing of research contracts for commercial sponsors of research.

5.4.2.2 Central Government

HM Treasury, DfE and BEIS use TRAC data to inform Spending Review submissions and provide evidence about the costs of HE activity to inform policy decisions.

5.4.2.3 Institutions' uses of TRAC

Through the stakeholder engagement there was a general consensus that it is important and beneficial for the sector to have a national data set on the cost of core activities. The survey and stakeholder meetings also identified that with the exception of exploring the reporting of TRAC through the OfS/HESA Finance return, there are no alternative data sets that could provide the TRAC data.

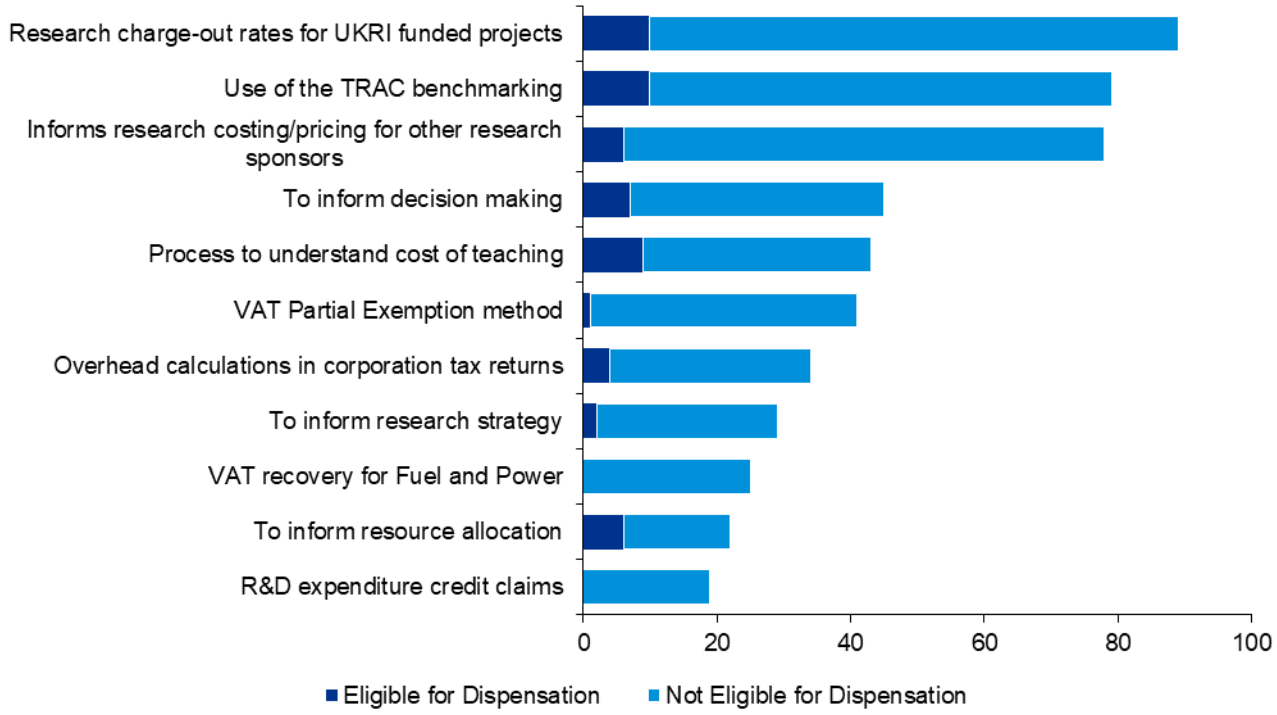
Drawing on the results of the survey, the majority of institutions in scope for TRAC identified the primary purpose of TRAC as providing the research charge-out rates for research projects. A significant number of institutions have stated that they are not aware of the uses of the TRAC data beyond that primary purpose. A small number of stakeholders suggested that TRAC is also used by Regulators and Funders to justify Comprehensive Spending Review (CSR) sector budgetary decisions.

Excluding the stakeholders who are responsible for the submission of TRAC returns (TRAC practitioners) there were a significant number of stakeholders who stated that they did not have a good awareness of TRAC and are unclear as to how the TRAC data is used outside of its primary purpose. This has been outlined in other parts of this report also.

It has been previously reported that the TRAC system also supports HE institutions by providing a costing system that can provide internal management information, inform decision-making and pricing of projects and contracts. The TRAC methodology is also accepted by HMRC as a basis for HEIs' corporation tax calculations, and as a valid method for VAT partial exemption and VAT recovery purposes.

Our survey has identified further uses of TRAC by institutions which are analysed by Peer Group in the chart below. We also discussed the utility of TRAC in stakeholder interviews, with responses summarised below.

Figure 20: Uses of TRAC by HEIs split by dispensation eligibility



Outside of the production of research charge-out rates and the associated costing of research activities the next most commonly reported use of TRAC is the benchmarking data. However, combining research strategy and informing decision making into a 'use by management' response would provide a fourth area of common usage. We have provided a view of dispensation providers and we can see that the profile of their use excludes VAT recovery and Research and development expenditure credit claims.

5.4.3 Future requirements from TRAC

Through engagement with the OfS and the other UK HE Funding Councils we identified that there is a common need for information on the cost of teaching. This is required at subject level, and to be disaggregated between undergraduate and postgraduate levels in order to inform funding and also provide a dataset to inform policy developments.

In Wales the cost of part time provision is important information, given the extent of this provision. Government policy in England is also promulgating that in the future higher education maybe delivered in more flexible, bite-size modules, whereby a degree or other qualification is achieved over a period of time, rather than in a continuous course. It will be important to consider this in any re-development of the TRAC(T) process.

The DfE are interested in understanding the cost of teaching and what makes up the cost of delivering provision at subject level. There is interest in understanding the cost of Level 4 and 5 provision. The surplus/deficit information reported in TRAC is also of interest as it informs the policy decisions.

Changes faced by the sector due to Brexit, COVID and pensions have also heightened interest in the extent to which the higher education sector is financially sustainable. However, given increased pressure on government finances more detailed understanding of the sector's costs is required in order to inform policy and input to funding settlements with HM Treasury.

5.4.4 Barriers to the use of TRAC and TRAC(T)

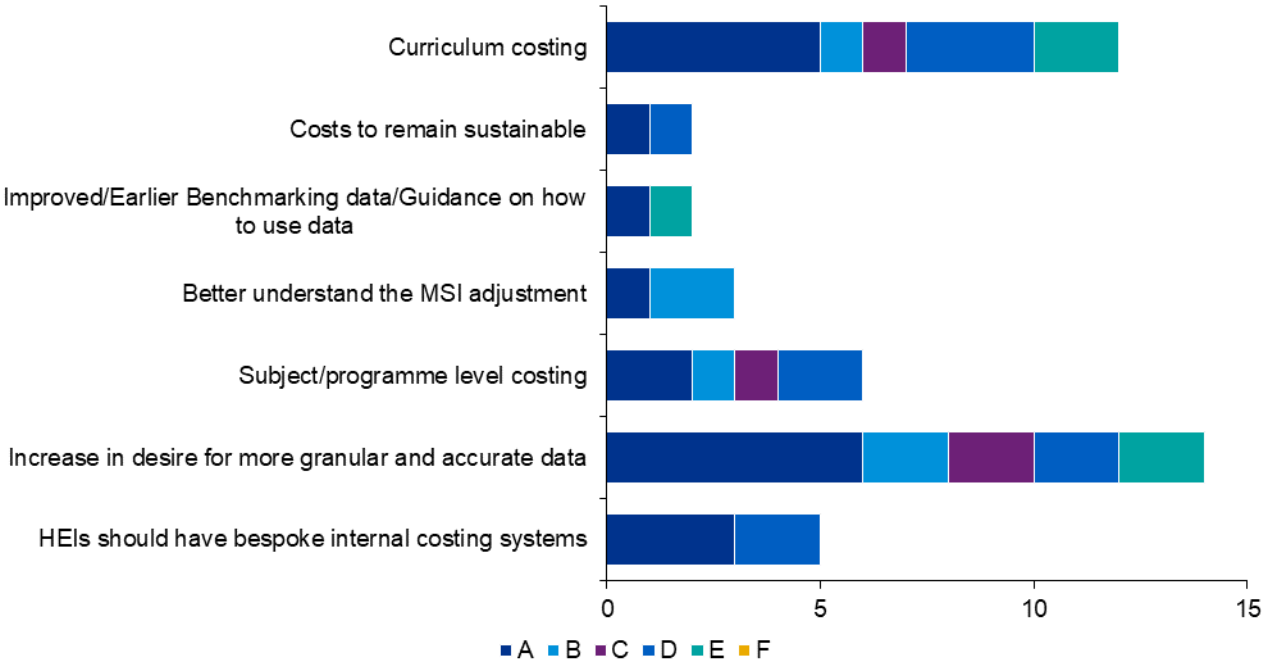
Through the survey and stakeholder interactions we sought feedback on the barriers to TRAC and TRAC(T) data being more useful. The common barriers for both returns and data sets were:

— The information not being relevant to internal needs; and

— The lack of timeliness of the TRAC outputs, specifically benchmarking data.

The survey sought to understand the future cost information requirements of institutions such that these can be considered in how TRAC is constructed and designed in the future.

Figure 21: Institutions' views regarding future cost information requirements by TRAC peer group (Q61)



Detailed costing information is a common requirement across institutions, Regulators and Funders. However, as suggestions for more granular and timely data will require more effort it will be important to evaluate if it can be implemented without creating additional or unjustified burden. For institutions

the need to understand the differentiated contributions of courses is becoming an increased priority and there is increased need to understand the breakdown of those costs. The focus for Regulators and Funders is to understand the 'true costs' of teaching and research to inform policy decisions and monitor the sustainability of the sector. The increasing divergence in funding methods for teaching and tuition fees across the devolved administrations suggests that there will be better comparability if gross (total) costs are considered.

5.4.5 Opportunities to increase the use of TRAC and TRAC(T)

The survey and interviews identified the following main areas to increase the utility of TRAC and therefore off-set the burden as:

5.4.5.1 More granular and timely benchmarking data (42% of respondents)

Based on the feedback from the survey together with a review of the existing TRAC return the following suggestions have been identified for how additional benchmarking can be obtained from the data already submitted in TRAC, and other opportunities for additional benchmarking that would be facilitated by the collection of additional data:

Additional benchmarking from data already submitted in TRAC

— Provide benchmarking of table F1 of the TRAC return 'Analysis of support costs'. Although there are differences in how institutions are organised, this would enable institutions to better understand the drivers behind their charge-out rates compared to peer groups. The cost headings in table F1 are shown below:

Estates costs
EBITDA for MSI allocated to estates
Indirect costs
Support time of academic staff
Central services
Support staff in academic departments
Non-staff costs in academic departments
EBITDA for MSI allocated to indirect costs
Total indirect costs

— More flexibility for creating benchmarking groups using institutional characteristics and or the approaches used to meet the output (size, activities, research, TAS approach, other established sector groupings etc

— Earlier access to benchmarking data so that it can be used to inform next year's planning and enhance financial management reporting

Additional benchmarking that could be facilitated by the collection of additional data:

— Incorporating benchmarking on professional and central services (IT, Marketing, Library, Finance etc

— Estates data comparisons

— Include additional data supporting the charge-out rates in benchmarking (cost pools, FTE's)

— Option to exclude the current MSI adjustment in the benchmarking

— Better alignment with internal departmental structures removing HESA cost centres and exploring the alignment to HECoS codes

5.4.5.2 Remove/Review MSI (11% of respondents)

To overcome MSI being a barrier to TRAC data being used internally, the TRAC methodology should report the data and the benchmarking both with and without the MSI. This would allow for consistency with the audited accounts and provide greater transparency.

5.4.6 International costing approaches

Whilst a review of international costing was outside of the scope for this review, we have provided below a high-level overview based on limited research we have undertaken for information:

— **Full-costing models** – These models identify and calculate all the direct and indirect costs per activity and/or project that need to be considered to accomplish the activities
— **Cameralistic accounting** – Single-entry bookkeeping, traditionally used accounting method in public administration in Germany and still obligatory for universities in some German states today
— **Full Economic Costing (FEC**) – Full Economic Costing (FEC) is a government-directed standard costing methodology used across the UK Higher Education sector for the production of consistent and transparent research project costs.

Table 9: Summary of Higher Education International approaches to costing

Country	Costing technique	Comments/Details
South Africa	Traditional costing	Most of the private universities have been using traditional costing methods. However, the shift to Activity Based Costing is being emphasised
Australia	Activity-based costing	In a survey conducted in 2011 on all the 38 universities of Australia, out of the 26 respondents, 13 universities responded that they have already implemented Activity based costing and 11 universities expressed their plan to implement it in coming years (7 in next 2 years)
Austria	Full-costing models	Partly adopted
Finland	Full-costing models	Adoption began in 2009
Ireland	Full Economic Costing (FEC)	The full costing project started in early 2007 and was completed in June 2011
Netherlands	Full-costing models	Despite a very high degree of financial and organisational autonomy, the Dutch Government has not required universities to implement full costing. Nevertheless, most universities in the Netherlands have implemented full costing methodologies
Turkey	Activity-based costing	Implemented in four pilot universities in 2012 and then followed by other universities

Country	Costing technique	Comments/Details
Germany	Cameralistic accounting	Obligatory accounting method for universities in German states

5.4.7 Summary of the uses of TRAC

It is recognised that it is important for there be a national consistent data set for the costs of key activities. The TRAC data is being used by a number of institutions beyond the core reporting requirements, especially in support of certain tax calculations and decision making. The use of TRAC does however diminish the less research intensive and specialist institutions.

TRAC is being used by all Regulators and Funders and there is growing interest from DfE in understanding the cost of teaching to a greater extent. This desire to understand costs in more detail is matched by the feedback from many institutions who outlined that more detailed and granular cost information would increase the utility of the TRAC data.

There are clear opportunities to reduce some areas of burden such as reducing the governance that would provide additional efficiency for institutions. Equally there are opportunities to increase the benchmarking that might be possible from TRAC, further develop the TRAC peer groups, such that benchmarking data can be more relevant.

5.5 Understanding the evolving needs of UKRI and Research

5.5.1 Current Policy Context

The recent Autumn Budget and Spending Review highlighted the Government's commitment to R&D[25]. It announced an increase in public investment in R&D over the next three years to £20 billion per year by 2024-25 on the way to achieving the economy-wide target to invest 2.4% of GDP in R&D in 2027.

The past year has also seen the publication of several key government strategies. The Plan for Growth[26] and Integrated Review[27] highlighted the importance of investment in R&D for the economy in a global context.

The Innovation Strategy[28] set out plans against 4 key pillars to enable the UK to be a global hub for innovation:

- Pillar 1: Unleashing business
- Pillar 2: People – making the UK the most exciting place for innovation talent
- Pillar 3: Institutions and places – ensuring research, development and innovation institutions serve the needs of businesses and places across the UK
- Pillar 4: Missions and technologies

The People & Culture Strategy[29] set out priorities against three key areas:

- People: Redefining what it means to work in R&D in the 21st Century

[25] Autumn Budget and Spending Review 2021: documents - GOV.UK (www.gov.uk)

[26] Build Back Better: our plan for growth - GOV.UK (www.gov.uk)

[27] Global Britain in a Competitive Age: the Integrated Review of Security, Defence, Development and Foreign Policy - GOV.UK (www.gov.uk)

[28] www.gov.uk/government/publications/uk-innovation-strategy-leading-the-future-by-creating-it

[29] Research and development (R&D) people and culture strategy - GOV.UK (www.gov.uk)

- Culture: Co-creating a vision of the culture we want to see within the sector
- Talent: Renewing the UK's position as a global leader in R&D in attracting, retaining and developing talented people, making sure careers in UK R&D are attractive to talented individuals and teams both domestically and internationally.

And committed to creating a new deal for funding postgraduate research to attract and retain talented people within the sector and support the flow of people and ideas across the R&D system.

5.5.2 Background to UKRI

Part 3 of the Higher Education and Research Act 2017 established UKRI bringing together the seven Research Councils, Research England, which is responsible for supporting research and knowledge exchange at higher education institutions in England, and the UK's innovation agency, Innovate UK. UKRI is the UK's largest public funder of research and has with a UK wide remit.

UKRI's budget for the financial year 2021-22 was £7,908 million which is 10% higher than in the first year of operation in 2018-19. Total UK public investment in Research and Development has also increased over this period, rising from £13.2 billion in 2020-21 to £14.9 billion in 2021-22, an increase of 13%. UKRI's budget for future financial years will be determined as part of the follow up to the recent Spending Review.

UKRI funds a range of institutions alongside Higher Educations Institutions that include individual researchers, specialist research organisations, businesses, NHS bodies, charities, NGOs and other institutions.

5.5.3 Observations on the use of TRAC from UKRI stakeholder meetings

5.5.3.1 Current uses of TRAC data

Research Councils use cost-based pricing based on TRAC full economic costs estimates as the basis for funding research grants. TRAC data is used to calculate appropriate charge-out rates for grants. At the time of this review there were no plans to move away from a grant funding system based on an estimate of full economic costs. Beyond the information provided by institutions in their bids or through reporting for the HESA and OfS Finance Returns no other information is held on the costs of research.

Annual TRAC data from HE institutions is also an essential source of information for UKRI and its Councils to support the understanding of the financial sustainability of research activity undertaken by HE providers. The extent to which research costs are supported by higher education institutions as well as by funders has grown in recent years; and research funders are increasingly turning to TRAC data to understand how research is supported in HE.

Given the importance of the TRAC data for the calculation of charge-out rates there is limited appetite in UKRI for reducing the accuracy or robustness of TRAC, but a strong interest in simplifying processes and requirements were possible and justified.

5.5.3.2 Assurance requirements

The UKRI Funding Assurance team provide independent assurance for the Research Councils and the UKRI Accounting Officer to confirm that public funds employed are used as intended. Compliance with TRAC requirements is one element of their work when they undertake Funding Assurance Programme (FAP) reviews.

The UKRI assurance team provide annual updates about gaps in compliance with TRAC requirements that are identified through FAP reviews by updating the Assurance Reminder

Checklist[30], presenting at the Annual TRAC Practitioners conference and through attendance at TRAC regional group meetings.

The UKRI Funding Assurance Team have provided us with their observations and summary findings from their recent rounds of Funding Assurance Programme (FAP)[31] reviews which have identified incidences of non-compliance related to time allocation collection, research charge-out rates calculation and governance amongst other themes. The area of most significant weakness being the Governance process, and in particular the operation of TRAC Oversight Groups.

Given UKRI's assurance focus is greater in the more research-intensive institutions, the number of issues identified suggests that institution's familiarity and focus on the TRAC requirements needs to increase, especially given the length of time the requirements have been in place.

5.5.3.3 Possible future uses of TRAC

Understanding the differential costs of research

UKRI also has an interest in gaining a more detailed understanding of the differential costs of research. This would require greater information on the differential costs in different research disciplines, which TRAC does not currently provide.

In 2011 a project was undertaken with the sector to use TRAC to provide data on the differential cost of research. There could be an opportunity to explore whether a similar method would provide the data now required.

TRAC for non-HEI organisations

There is the need to explore how all Research Organisations can be better supported to provide consistent and sufficiently accurate data about their costs. UKRI operate a fEC validation process for non-HEI research organisations that is built upon TRAC principles. There could be an opportunity to develop TRAC further to collect and validate research charge-out rate and financial performance data for a broader range of research organisations. The benefits of aligning approaches could include reduced burden for non-HEI research organisations, increased consistency of charge-out rate calculations and opportunities for enhanced benchmarking.

Postgraduate Research costs

Postgraduate research (PGR) students are critical to the future research capability of the UK. Many institutions are recruiting growing numbers of PGR students, but the TRAC data suggests that less than 50% of the full economic cost of these students is recovered. UK Research and Innovation (UKRI) is the UK's largest single funder of postgraduate research students, with between 20-30% of the UK's approximately 100,000 doctoral students supported directly through the research councils.

The issues affecting the costing of PGR students are consistent with those affecting the capturing of costs research activities as these activities are often supported by a complex number of funding streams with varying expectations of leverage (funding from other non-institutional sources and mandatory match funding included). A UKRI project, New Deal for Postgraduate Research, will commence later this year and current expectations suggest that UKRI will need to gain a better understanding of the true costs of funding PGR students as part of this work.

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[30] Annex 2.1b Assurance Reminders Checklist

[31] UKRI Funding Assurance Programme. Further details of this work can be found at : Funding assurance programme – UKRI

5.5.4 Summary of UKRI's evolving needs

Research policy context is rapidly evolving to meet the needs of the Government's ambition to invest 2.4% of GDP in R&D in 2027.

TRAC data forms the basis of UKRI's ability to calculate charge out rates for research grants issued through the Research Councils. It is also vital in building the evidence around financial sustainability of research activity undertaken by HE providers. There are no current plans to move away from funding research grants on the basis of fEC but there is a need for institutions to improve compliance with TRAC requirements to meet requirements on use of public funds.

There could be an opportunity to explore whether TRAC could be adapted to enable the differential cost of research to be reported. There is also likely to be a need for the true cost of postgraduate research students to be better understood.

Recommendation – 15 Clarify the requirement for the treatment of PGR costs aligned to the emerging needs for UKRI. This year UKRI will begin long-term work on a New Deal for postgraduate research students. UKRI are keen to understand the full cost of PGR students in addition to practices in students being deployed on projects. Through cross-sectoral consultation this work will consider how these students are supported and developed both practically and financially. Subject to finalisation of the scope of that review, and reflecting the complex nature of PGR, further work should be undertaken to understand the feasibility, information requirements and pilot the data collection of PGR costs in TRAC. **(R&F)**

We have listed recommendations that that have been considered not feasible in section 6.2

5.6 Critical review of the TRAC process

5.6.1 Previous review of TRAC

The 2012 review of TRAC identified five main areas for streamlining TRAC which have been listed included in Appendix 6. These issues were identified through the institutional visits have been logged below along with a status update representing the actions implemented and our judgement against their effectiveness. The aim of these actions was to streamline the TRAC requirements.

The report instigated a sector consultation[32] which was reported in 2013 and resulted in the development of the TRAC Review outcomes – HEFCE action plan. Details of the action plan are included in Appendix 6.

Two key changes that stemmed from the 2012 Review of TRAC was the increase in the dispensation threshold from £0.5m to £3m; and the redevelopment of the TRAC Guidance. The increase in the dispensation limit almost doubled the number of institutions that could take dispensation from a number of TRAC requirements.

The redevelopment of the TRAC guidance also led to simplification and increased accessibility to the TRAC Guidance. Specifically, the guidance was condensed from over 400 pages to 137 in 2014 and the number of TRAC requirements almost halved.

[32] https://core.ac.uk/download/pdf/15171398.pdf

5.6.2 2021 Critical review of the TRAC process

The issues identified in the 2021 review are broadly consistent with those identified in previous reviews of TRAC. The 2021 insights on the TRAC process were gained from the survey responses which has been reconciled to the information gained from stakeholder interviews and virtual visits.

For those institutions and staff who have been involved since TRAC was implemented there is a common feeling that has been voiced that the original mandate for the development and use of TRAC has become outdated. The production of TRAC charge-out rates for UKRI funded research being the exception. The purpose and use of TRAC by Regulators and Funders is unclear, which exacerbates the view that TRAC is burdensome.

TRAC is seen to be a financial return, and therefore the return is co-ordinated and managed by either a TRAC specialist or by a collection of individuals who are part of the finance team in the majority of institutions. During interview institutions suggested that including academics in TRAC Oversight Groups has benefited them by increasing the awareness of TRAC within their institutions

Whilst assurance is focussed on the Research-Intensive institutes, as such they have greater exposure to external review and validation of their returns generally of a 3-year cycle. However, the majority of institutions stated that they use Internal Audit to review the TRAC returns for compliance with TRAC requirements.

5.6.3 Process review of Annual TRAC and TRAC(T)

It is widely accepted that since the introduction of TRAC has been successful in enabling the Higher Education sector to benefit from a fEC system that is trusted across UK government departments and provides robust sector level financial data to meet their requirements for budgets and sector sustainability. The longevity of the approach has provided the Regulators and Funders with longitudinal information that has allowed them for forecast and model the impact of proposed changes to the sector.

Institutions have voiced frustration that TRAC uses TRAC specific data and that the requirement (guidance) has not been modified to be aligned to use standard financial and student management information that is generated as a consequence of producing the Annual Financial and other HESA Returns. Materiality of TRAC and the pseudo-accuracy of the return has been cited as contributing to the burden. Institutions are unclear as to all of the uses of TRAC they find it difficult to justify the effort required.

Funders have outlined that the income allocation element of TRAC has not been subject to review for some time. Given the changes in the funding of the sector since TRAC was introduced, a review of the income allocation process in TRAC should be considered.

Some institutions and funders have also outlined that the research sponsor analysis in the TRAC return could be modified. Such changes should include a clearer definition of the ‘industry’ category, a break-out of the ‘Research Council’ category by individual research councils, and having a secondary analysis that allocates QR funding to the sponsor type that is has been used to support.

5.6.3.1 Process inefficiencies

Institutions have identified the following issues with meeting the TRAC requirement:

— **Submission deadline** – The individuals responsible from TRAC can be responsible for other data returns and the financial statements. This means that there are restrictions on how soon the TRAC return can be delivered. This is consistent with the work previously undertaken by the TRAC Regional groups in 2014 who identified that:

"The earlier availability of data sets should be considered not only in the context of fulfilling TRAC requirements, but in terms of the broader management information needs and utility of the TRAC information. The earlier the information is available, the more valuable it is likely to be for the institution."

- The recent introduction of links to the annual finance return is seen as beneficial, but there has been criticism about the lack of communication of this change, which has caused confusion [Note: the TRAC Guidance for 2020-21 has addressed this point].
- **Governance oversight and sign-off is excessive –** The sign-off for TRAC should be consistent with other financial returns, institutions have reported that preparing briefings for committees of governing bodies provides limited benefit and assurance and the return is not well understood by most governing bodies. Most institutions reported that they have governance timescales that are established and fixed well in advance – some institutions report that this could be 2 years in advance and therefore meetings schedules are inflexible. [Note: the TRAC Guidance for 2020-21 has addressed this point].
- **TRAC model –** The lack of access to a centrally produced TRAC model results in each institution being required to produce and maintain their own model. There are examples of good collaboration where institutions have shared models, but the majority have an individual who maintains a local spreadsheet. It was noted that the DfE Costing study included the provision of a centralised model for institutions to complete.

5.6.3.2 Streamlining TRAC requirements

From the stakeholder interactions, the survey, and our own review of the TRAC guidance, the following opportunities have been identified to streamline and simplify TRAC requirements:

- Remove the requirement for a Committee of the Governing Body to approve the return, requiring just the accountable officer to approve the return, in line with other data returns;
- Remove the requirement for the full self-assessment against the statement of requirements to be reported to the TRAC Oversight Group, instead reporting by exception. The assurance reminders document could also be simplified by removing the 'what could go wrongs' from the guidance;
- Amend TRAC requirements to outline that the self-assessment against the statement of requirements only needs to be reported to the TRAC Oversight Group by exception;
- Produce sector level indexation rates, saving each institution calculating their own;
- Produce estates weightings for the sector;
- Consider whether a standard basis can be specified for the allocating of teaching time into publicly and non-publicly funded teaching;
- Explore the appropriateness of specifying how academic staff time should be split between publicly funded teaching and non-publicly funded teaching, rather than requiring collection of this data in the time allocation/WLP process
- Consider specifying standard cost drivers to use, rather than offering choice
- For workload planning method of time allocation, remove the requirement or each academic to evidence approval of the plan at the start of the year, on the basis that this is an embedded tool that is used for management purposes
- For in-year method of time allocation obtain statistical guidance with a view to specifying a maximum required response rate.
- For statistical method of time allocation consider either removing this as an option, given some scepticism about whether this method can ever provide valid results; or, introduce a requirement around the minimum level of statistical precision required. Currently this is left to the discretion of the statistician advising each institution.

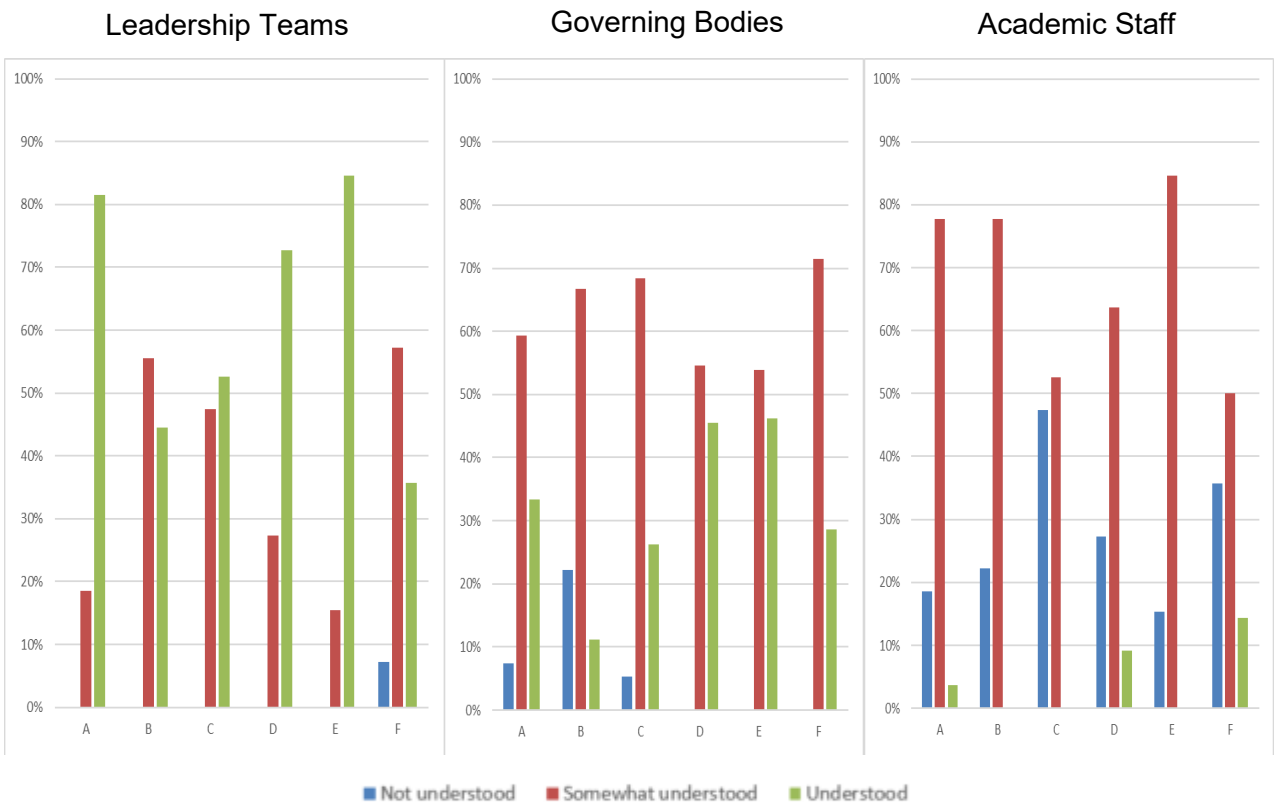
- For institutions eligible for dispensation, remove the requirement for the ‘lower of the institutions own and the default charge-out rates to be used, and the just the default rates be used.
- Subject to evidencing the materiality of these costs, remove the calculation of facility rates in TRAC as institutions report that these are disproportionally burdensome. Alternatively improve the guidance to support consistent costing of research facilities.
- Require PGR costs to be separately analysed and reported, rather than this being optional. Specific guidance will need to be developed to inform this requirement. Although this is not reducing effort, it will improve the usefulness of the information.
- Consider whether TRAC could be reported via the OfS and HESA finance returns.
- Update the guidance available on the treatment of clinical services, given the changes in the structure of arrangements with NHS bodies since the guidance was originally developed.
- Further refine the ‘Other’ category in TRAC info ‘Other income generating’, ‘Other student related’, ‘Other non-commercial’ and ‘Other Clinical-services’.
- Regulators and Funders should consider whether the sector would benefit from the provision of a centralised TRAC model for institutions to use.
- Remove chapter 5 on ‘calculation of research projects costs’ as this is guidance that UKRI and other funders of research provide.

A further related issue has been identified regarding the interaction of regulator and funder decisions and the consequence for TRAC requirements. There have been recent examples where a regulatory or policy decision has been taken by a funder or regulator where there was a knock-on consequence for TRAC, but that did not appear to be considered as part of the decision making criteria (e.g. TRAC(T) sign off requirement). However, it could prevent additional burden and confusion being created in the future if the potential impacts on TRAC are considered in the decision-making process amongst regulators and funders.

5.7 Understanding of TRAC

The survey obtained an assessment of how well TRAC is understood amongst the leadership teams, governing bodies and academic staff within institutions. The results are shown by peer group in the following chart:

Figure 22: Understanding of TRAC by different institutional stakeholders



The survey suggests that only the leadership have a good (greater than 30%) understanding of TRAC across the peer groups. This is slightly at odds with the insights gained through interviews as these have suggested a less confident picture with the majority of the institutional stakeholders suggesting that TRAC is not widely understood across their institutions and many colleagues reported that they did not understand the institutional or sector use of the TRAC data outside of setting rates for research funding.

Academics reported the highest levels of 'not understanding' TRAC. Based on the survey and institutional visits, the majority see it as pure burden and have voiced concerns regarding the accuracy of the Time Allocation Survey data that they supply. It is however suggested that it is the lack of understanding that can fuel the view of how burdensome the process is.

Interviews with institutions who reported good engagement and support from academics in the submission of their returns have identified the following features in their internal processes:

— Senior Academic Chairs the TRAC Groups
— Academics are included in TRAC oversight groups and are asked to promote TRAC in their academic teams. (mainly research intensives)

— Utilise Workload Planning (WLP) – Many of the institutions who used suggested that it reduced the burden of a TRAC specific data collection, as WLP has also been implemented to support institution's needs. (mainly teaching intensives)
— Internal Communications – Invested in the development of internal communications meetings or a TRAC internet page to promote the internal and external benefits of TRAC. (mainly research intensives)

Improved leadership, communication and understanding of TRAC within institutions offers an opportunity to reduce the perceptions of TRAC being burdensome. As part of addressing the communication of the need, purpose and use of TRAC Regulators and Funders should consider how they can most effectively promote the benefit of institutions improving the understanding of TRAC internally.

A further factor that could improve the understanding and engagement with TRAC is to consider opportunities to simplify the language and terminology used e.g. publicly and non-publicly funded teaching are not familiar terms to academic staff.

5.7.1.1 TRAC Development Group management information projects and good practice materials

The TRAC Development Group has undertaken a number of management information projects and other good practice studies to assist the sector in increasing the utility of TRAC data and/or increasing the efficiency and timeliness of the TRAC process. The table below details the materials available:

Publication	Link
Academic workload planning – Theory into practice. This is a guidance that provides sights on how workload planning model scan be used in TRAC	https://www.trac.ac.uk/publications/academic-workload-planning-theory-into-practice/
TDG Pensions note – This is a document to explain the different types of pension arrangement in the sector and how it impacts TRAC	https://www.trac.ac.uk/publications/tdg-pensions-note/
Management information project: Enhanced benchmarking – This provides insights and recommendations for how greater benefit can be obtained by further developing the benchmarking data that is produced from TRAC	https://www.trac.ac.uk/publications/management-information-project-enhanced-benchmarking/
Management information project – Costing PGT delivery – This offers guidance on how institutions can approach costing PGT students, identifying the complexities and data requirements.	https://www.trac.ac.uk/publications/management-information-project-costing-pgt-delivery/
Management information project – Improving the efficiency of the TRAC process. This outlines options for how institutions can increase the efficiency of the processes in place for the production of the TRAC returns.	https://www.trac.ac.uk/publications/management-information-project-improving-the-efficiency-of-trac-processes/
TRAC the Easier way: A Regional Group guide on how to simplify the TRAC process	https://www.trac.ac.uk/publications/trac-the-easier-way-a-trac-regional-groups-resource/

Publication	Link
Management information projects – Workload planning. A guide on how to implement workload planning in an institution	https://www.trac.ac.uk/publications/management-information-project-workload-planning/
Management information projects – Resource allocation. A guide on how TRAC can inform resource allocation models	https://www.trac.ac.uk/publications/management-information-project-resource-allocation/
Management information project – Course costing. A guide on how TRAC can inform the development of course costing	https://www.trac.ac.uk/publications/management-information-project-course-costing/

5.7.2 Summary of critical review of TRAC

This review has identified opportunities to streamline TRAC and increase the utility of the information, which have been substantiated through the feedback received through our sector survey and the stakeholder interviews. Areas for action include:

- Remove the requirement for a Committee of the Governing Body to approve the return, requiring just the accountable officer to approve the return, in line with other data returns;
- Remove the requirement for the full self-assessment against the statement of requirements to be reported to the TRAC Oversight Group, instead reporting by exception. The assurance reminders document could also be simplified by removing the 'what could go wrongs' from the guidance;
- Amend TRAC requirements to outline that the self-assessment against the statement of requirements only needs to be reported to the TRAC Oversight Group by exception;
- Produce sector level indexation rates, saving each institution calculating their own;
- Produce estates weightings for the sector
- Consider specifying standard cost drivers to use, rather than offering choice
- Consider whether a standard basis can be specified for the allocating of teaching time into publicly and non-publicly funded teaching;
- For workload planning method of time allocation, remove the requirement or each academic to evidence approval of the plan at the start of the year, on the basis that this is an embedded tool that is used for management purposes
- For in-year method of time allocation obtain statistical guidance with a view to specifying a maximum required response rate.
- For statistical method of time allocation consider either removing this as an option, given some scepticism about whether this method can ever provide valid results; or, introduce a requirement around the minimum level of statistical precision required. Currently this is left to the discretion of the statistician advising each institution.
- For institutions eligible for dispensation, remove the requirement for the 'lower of the institutions own and the default charge-out rates to be used, and the just the default rates be used.
- Subject to evidencing the materiality of these costs, remove the calculation of facility rates in TRAC. Institutions report that these are disproportionally burdensome.

- Require PGR costs to be separately analysed and reported, rather than this being optional. Specific guidance will need to be developed to inform this requirement. Although this is not reducing effort, it will improve the usefulness of the information.
- Consider whether TRAC could be reported via the OfS and HESA finance returns.
- Update the guidance available on the treatment of clinical services, given the changes in the structure of arrangements with NHS bodes since the guidance was originally developed.
- Funders and regulators should consider whether they want to provide a centralised TRAC model for institutions to use.
- Remove chapter 5 on 'calculation of research projects costs' as this is guidance that UKRI and other funders of research provide.

Improved leadership, communication and understanding of TRAC within institutions offers an opportunity to reduce the perceptions of TRAC being burdensome. As part of addressing the communication of the need, purpose and use of TRAC Regulators and Funders should consider how it can most effectively promote the benefit of institutions improving the understanding of TRAC internally.

5.7.3 Recommendations

The following recommendations are made to address the issues identified as creating burden in the TRAC process:

Recommendation 1 – Governance and sign-off requirements for TRAC and TRAC(T). The Regulators and Funders should consider changing the sign-off process such that the Accountable Officer and institutional Executive, supported by an effective TRAC Oversight Group, are responsible for signing off the TRAC returns. The need for governance oversight would be advisory. **(R&F)**

Recommendation 2 – Remove or reform research facility requirements in TRAC. It is recommended that further data is collected and analysed to clarify the actual materiality of the research facility charge-out rates when collapsed back into the estates charge-out rate. This, together with the information needs of UKRI, should inform the evaluation of whether the requirement for TRAC research facilities can be removed from TRAC. If research facilities are retained, the TRAC guidance in this area should be overhauled and updated. **(F&R)**

Recommendation 3 – Reform the Margin for Sustainability and Investment. Regulators and Funders should consider the issues raised in this review in its consideration of the separate Review of MSI that is being undertaken. Consideration should be given to how the two pieces of work interact. **(R&F)**

Recommendation 4 – Simplifying and standardising certain cost drivers. A one-off data collection should be made with a representative sample of institutions to understand the sensitivity of how different, more standard cost drivers affect the allocation of costs in the TRAC return. This could then enable TRAC guidance to require specific cost drivers for certain cost pools, thus simplifying TRAC requirements and reducing work required by institutions. This could be by exception allowing institutions to use their own values where they thought this was more accurate. **(R&F)**

Recommendation 5 – Standardised indexation and estates weightings. Funders, Regulators and UKRI should consider developing a standard rate of indexation for the whole sector to use on an annual basis. Furthermore, consideration should be given to publishing sector level estates weightings to reduce the workload for institutions. **(R&F)**

Recommendation 6 – Information on the relative cost of research – UKRI should determine whether it requires TRAC to report on the relative cost of research in different disciplines. This would require further development of the TRAC method but would not need to be mandated for all institution. If implemented this could produce more useful data for research intensive institutions. **(R&F)**

Recommendation 7 – Use of OfS and HESA Finance returns to provide TRAC data – Almost a third of respondents to question 6 in the survey stated that the OfS and HESA Finance returns should be used to provide the TRAC data. As currently designed the Finance returns **do not** provide the equivalent of the TRAC data, but it may be possible to further develop these returns to enable this.

There are a number of factors that would need to be evaluated such that a decision could be made on reporting TRAC as part of the Finance returns. These are as follows:

— The Finance returns are normally collected in December each year, which is earlier than the end of January and end of February deadlines normally used for TRAC and TRAC(T). Earlier reporting of TRAC would make the data more useful for some, but not all;
— The Finance Returns would need to change to incorporate the reporting of TRAC and would still require a number of the processes that are in place to enable the TRAC returns to be produced. Consideration of whether this provided a net reduction in burden would need to be made;
— There could be complexities in protecting the confidentiality of the TRAC data as to whether HESA would be required to publish or share the data it collects;

Regulators and Funders should consider evaluating the use and timing of existing Finance returns to provide the TRAC data, taking account of the issues identified above. **(R&F)**

Recommendation 8 – Actions to streamline TRAC requirements. In addition to the recommendation made above, the following opportunities should be considered for simplifying the TRAC requirements:

— (Recommendation 8a) RfG to consider its materiality threshold to inform certain TRAC requirements;
— (Recommendation 8b) Further promote the benefits of utilising WLP for TRAC and highlight the existing TDG guidance that is available to assist institutions in doing this;
— (Recommendation 8c) Update TRAC Guidance on the treatment of other clinical services, to ensure it reflects current charging arrangements between HEIs and NHS bodies;
— (Recommendation 8d) Regulators and Funders to consider the merits of providing a complete TRAC model for institutions to use, to replace the need for individual institutions to develop their own models;
— (Recommendation 8e) Combining the reporting of Annual TRAC and TRAC(T) and consider the feasibility of requiring TRAC reporting earlier in order to increase the utility of the data;
— (Recommendation 8f) Remove chapter 5 of the TRAC Guidance relating to the calculation of research project costs as there is some duplication with other UKRI guidance.

The following recommendations are to increase the acceptance and understanding of TRAC.

Recommendation 9 – The RFG and other government stakeholders need to define and communicate the purpose and needs from TRAC and consider how these might evolve in the future (F&R)

Government policy and the way in which institutions are funded has changed since TRAC and TRAC(T) were implemented. The bodies funding and regulating party of the sector have also changed. TRAC has continued to be collected throughout this period and institutions reported that they are not now clear why the TRAC data is required in some cases, which is contributing to a perception of burden.

The RFG need to determine their medium term needs in terms of cost information. For England, the DfE also outlined their interest in having more detailed cost information to inform policy. Clarity is needed as it will enable clear communication and engagement with the sector regarding the role and purpose of TRAC. In turn this will assist institutions in communicating internally the requirement and use of the data. Together this will enable a different view of the burden of TRAC. These decisions will also inform certain recommendations made later in this section.

Once clarified, where needed, steps should be undertaken across the OfS, Funding Councils, UKRI and DfE to ensure that awareness and understanding of TRAC is sufficient for the purpose to which it will be used. As understanding within Regulators and Funders increases, this will enable the data to be used and discussed with institutions to a greater extent, which will reinforce the purpose, use and importance of the data.

Institutions also have responsibilities to ensure data is of sufficient quality to enable funders to meet assurance requirements for use of public funds, consideration should be given to re-enforcing this responsibility.

Recommendation 10 – Publication and commentary of the TRAC data

The Office for Students publishes the annual TRAC results for England and also include UK data. This is a factual publication with minimal commentary and there is no detail about how the data has or will be used. The other Funding Councils also communicate the TRAC data, but the numbers of institutions in Scotland, Wales and Northern Ireland limit how much analysis can be provided publicly in order to protect institutional anonymity.

To date communication of TRAC data has been very factual and has not been expanded to offer context or more strategic messages and implications of the data. This affects the audiences that are likely to engage with the information, which in turn can affect the level of engagement, acceptance and understanding of TRAC.

Regulators and Funders should consider how it can communicate the TRAC data, the issues that it raises and matters for institutions, Regulators and Funders to consider. The different audiences for the information should be considered and communications targeted to them accordingly. This step will provide an important opportunity for increasing awareness of TRAC within institutions and reinforcing the use and importance of the data by Regulators and Funders. **(R&F)**

Recommendation 11 – Increasing institutional understanding of TRAC. A significant contributing factor to the perceived burden of TRAC has been found to be the lack of understanding of TRAC and its use amongst academic staff in a number of cases. From the institutional virtual visits, we found that tone at the top and sponsorship of TRAC by PVC Research or equivalent generally improves acceptance and understanding.

Aligned with recommendation 9, and noting that this is already a TRAC requirement, institutions should be reminded of the importance of ensuring good and regular communication with academic staff to ensure there is a sufficient understanding of TRAC and how Regulators and Funders use the data, in addition to the benefit the institutions receive from it. Institutions reported that having a senior academic Chair and having academic staff represented on the TRAC Oversight Group enable more successful communication and understanding of TRAC.

Further resources should be made available for example updating the ‘TRAC- A guide for senior managers and governing body members.’ The promotion of the online training provided by the British Universities Directors Group (BUFDG) ‘Introduction to the Transparent Approach to Costing (TRAC)’. Identified good practice should be promoted including providing templates for information to be provided to governing bodies and TRAC Oversight Groups. **(Inst)**

Other options for reforming TRAC that have been considered, but are not taken forward are listed in section 6.2.

5.8 Assessment of TRAC(T)

5.8.1 Regulators and Funders' information requirements on the cost of teaching

The Higher Education Funding Council for England (HEFCE) undertook a review of its teaching funding method in 2005-06 and decided to extend the use of TRAC to provide cost information to inform the funding of teaching. TRAC for Teaching (TRAC(T) was introduced in 2007 and undertakes further analysis of teaching costs to derive the average subject-related costs of teaching a funding-council fundable student in a Higher Education Statistics Agency (HESA) academic cost centre (known as "Subject-FACTS" or Full Average Cost of Teaching a Student). This implementation was mirrored in Scotland and Northern Ireland[33].

The Scottish Funding Council (SFC) uses data from TRAC(T) directly to inform the funding rates and allocation to subject price groups for undergraduate teaching and postgraduate teaching. While HEFCW has piloted TRAC(T) in Wales, post COVID it will require HEIs in Wales to submit TRAC(T) data as part of its accountability returns, information from the UK-sector and the OfS-TRAC(T) data for England has been used to inform reports to the Welsh Assembly and the review of student support arrangements in Wales.

At the time of our review, two separate funding consultations had been announced by the OfS to allow universities and colleges to give their views on proposed changes to how the OfS allocates funding.

The OfS has outlined three main priorities that it is seeking to meet through its allocations:

— To protect, and if possible, enhance, the rate of funding for high-cost subjects particularly where these support science, technology, engineering, and mathematics (STEM) subjects and healthcare disciplines;
— To enhance the total funding targeted at specialist providers; and
— To protect the total funding to support access and student success.

The other Funding Councils are also considering their funding methods and the data required to inform these. It is therefore crucial that funders have accurate information around the costs of teaching.

5.8.2 Other relevant work in this area

5.8.2.1 Understanding costs of undergraduate provision in Higher Education Costing study report

The purpose of the study was to help the Department for Education (DfE) to gain a better understanding of the fEC of undergraduate and foundation degree provision by subject. The approach used TRAC data as a robust and auditable source that agrees with the financial statements. As the study required a prescribed analysis of subject costing that is not directly available from TRAC or TRAC(T)[34].

[33] https://www.jcpsg.ac.uk/guidance/2008/

[34] https://www.gov.uk/government/publications/cost-of-undergraduate-higher-education-provision

5.8.2.2 TDG project – Rethinking TRAC(T)[35]

The TRAC Development Group have been aware for some time that the sector has viewed TRAC(T) as having reduced relevance, and following the decision of the DfE to undertake its own costing student to understand the cost of teaching, TDG undertook some initial work to understand the issues with TRAC(T).

In recognition of the changes that have occurred across the higher education sector and the increased diversity of the institutions and policy since the introduction of TRAC(T) requirement in 2006. The TRAC Support Unit engaged with the British Universities Finance Directors Group (BUFDG) and the Higher Education Strategic Planners Associated (HESPA) and conducted a series of joint workshops to enable Planners and Finance Directors to discuss their use and need for cost information on teaching activities. A video webinar was also held with TRAC Practitioners to gain feedback and views on TRAC(T). In total 72 people participated across the workshops and webinar. This identified the following areas of common agreement for enhancing the utility of TRAC(T) for internal use by institutions:

— 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; and
— 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.

During this project several other suggestions were identified for reforming TRAC/TRAC(T) without gaining consensus, these included:

— Continuing annual collections to provide 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 addition 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. However, retaining the data confidentially would need to be ensured;
— Improve the ownership and acceptance of TRAC data by publishing and sharing it more internally.

5.8.3 Institution perspective on the burdens of TRAC(T)

A majority of institutions who responded to our survey did not consider the effort required to compile the TRAC(T) return to be justified by either the institutions own use of the data (60%) or by the funders', regulator's, and government's use of the data (51%). It was considered more useful to

[35] TDG-Bulletin-12.pdf (trac.ac.uk)

funders', regulator's, and government's (49% institutions stated that the effort was justified or somewhat justified for their purposes, compared with 40% for use by the institutions).

Where institutions consider TRAC(T) too burdensome, this is most commonly because the information is not considered to be useful for internal management information purposes, followed by the timeliness of the TRAC(T) data, and the governance requirements for sign off.

Notwithstanding this, a number of institutions find the TRAC(T) benchmarking data useful. Positive comments included the ability to be able to use the data to triangulate business planning and a sector body suggested that the data could be used to evaluate sustainability. Additionally, a number of institutions cited that the burden was offset by the ability to access benchmarking data which was valued by their institution.

Additional comments made included:

— HESA cost centres do not reflect the University's academic departments.
— It only focuses on OfS/Funding Council fundable, subject related costs which is only part of the University's teaching provision
— Augar has signposted the potential for additional scrutiny of costs by teaching subject.
— It excludes a number of costs (e.g. bursaries) so does not reflect the University's full costs
— Course portfolio decisions are made on a marginal costing basis not full costing.
— Benchmarking is meaningless – e.g. differences between WLP & TAS, application of MSI.
— Teaching provision is increasingly diverse, so increasingly meaningless comparisons (blended learning, online delivery etc.)
— TRAC(T) is not believed to be utilised by or useful for funders, regulators and government.

5.8.4 Reforming TRAC(T)

The feedback from stakeholder interactions and the survey has identified a number of suggestions that mirror those identified in the work undertaken by TDG. Providing that Regulators and Funders are able to be clear with sector about the purpose and use of the data, the following changes to TRAC(T) should be considered:

— Capture all of the costs in TRAC(T)
— Break costs down between undergraduate and postgraduate costs
— Possibly split the costs of full and part-time provision, although a reliable method would need to be developed to achieve this, given the complex nature of part time provision
— Consider the benefits of using the Higher Education Classification of Subjects (HECoS) to enable the capture of costs by subject groups, rather than HESA cost centres
— Capture the breakdown of costs between the different components of cost

A final consideration is the frequency with which the data is collected. Institutions have made the point that the structure and activities of institutions do not change substantially on an annual basis and have therefore questioned whether data needs to be collected annually. Other institutions have however reflected that the effort required to deliver periodic data collections may increase the burden and possibly effect the accuracy of the data collected. Regulators and Funders have also reflected that a time series of data can be useful for policy purposes. Regulators and Funders should consider the trade-off between annual and periodic collection of teaching cost information. If cost data is to be collected annually consideration could be given to combining that data return with the annual TRAC return.

5.8.5 Summary of the assessment of TRAC(T)

As highlighted in the 2019 Understanding costs of undergraduate provision in Higher Education Costing study report:

It is important to be clear that TRAC(T) is not course costing. TRAC(T) is rather a process that provides the OfS/Funding Councils with data on the costs of teaching that are relevant to any direct teaching funding provided for different subjects. This is used in aggregate to inform their teaching funding methods. TRAC(T) captures a specific denomination of costs, referred to as 'OfS/Funding Council fundable subject-related costs'. It is not therefore the 'total cost of teaching'.

For Regulators and Funders TRAC(T) provides vital information that can be used for funding and costs studies. For institutions 60% of survey respondents consider TRAC(T) to be too burdensome, because it is not considered to be useful for internal management information purposes, followed by the timeliness of the TRAC(T) data, and the governance requirements for sign off. Additionally, interviews were sceptical about whether Regulators and Funders really use the TRAC(T) data.

This review has identified opportunities for reshaping TRAC(T) that are consistent with work previously undertaken in this area. They include capturing all costs, disaggregating costs between undergraduate and postgraduate students and consider whether to record costs using the common aggregation hierarchy or whether to continue to use HESA cost centres. All stakeholders have cited the benefits of more granular information in the near future.

Finally, Regulators and Funders should consider the merits of collecting teaching cost information annually or periodically.

5.8.6 Recommendation

Recommendation 13 – The RFG and other government stakeholders need to outline their medium-term needs for information on the costs of teaching. This should then inform the data collection. (F&R)

In line with Recommendation 9 there needs to be clarity from the OfS, Funding Councils and DfE on their information requirements for understanding teaching costs. This should then inform the data collection.

Subject to the above, based on the feedback received during this review, the following changes to the current TRAC(T) process are recommended:

— Ensure the method collects all costs and not 'funding council fundable, subject related' costs;
— Split the collection to separate undergraduate and postgraduate teaching costs;
— Collect teaching costs at subject level. To enable this, have a model that enables module level costs to be calculated, even if this level of data is not reported to the OfS and Funding Councils;
— Report the contribution delivered by different subjects;
— Consider whether costing can be reliably split between full and part time;
— Have a breakdown of what is making up the reported teaching cost e.g. academic staff costs, non-staff costs, equipment etc.)
— Over time identify the cost of distance learning, apprenticeships, and other forms of provision;

Other options for reforming TRAC that have been considered, but are not taken forward are listed in section 6.2.

Separate to this, there is a policy interest in the cost of Level 4 and Level 5 provision. It is understood however that this is not always aligned with years of study. Feasibility work should be considered to clarify whether this data can be reliably obtained.

5.9 TRAC for Other Providers

The OfS has indicated that as it regulates all HE providers it would be interested in understanding the cost of delivering Higher Education programmes and courses across all higher education of providers including Other Providers (OPs) and Further Education Colleges (FECs). Although it recognises that a standard annual return may not be the only means for collecting this information.

Our discussions with the OfS and the DfE has identified an interest in accessing costing information produced from a standardised approach across FE and HE providers for Level 4, 5 and HE level provision.

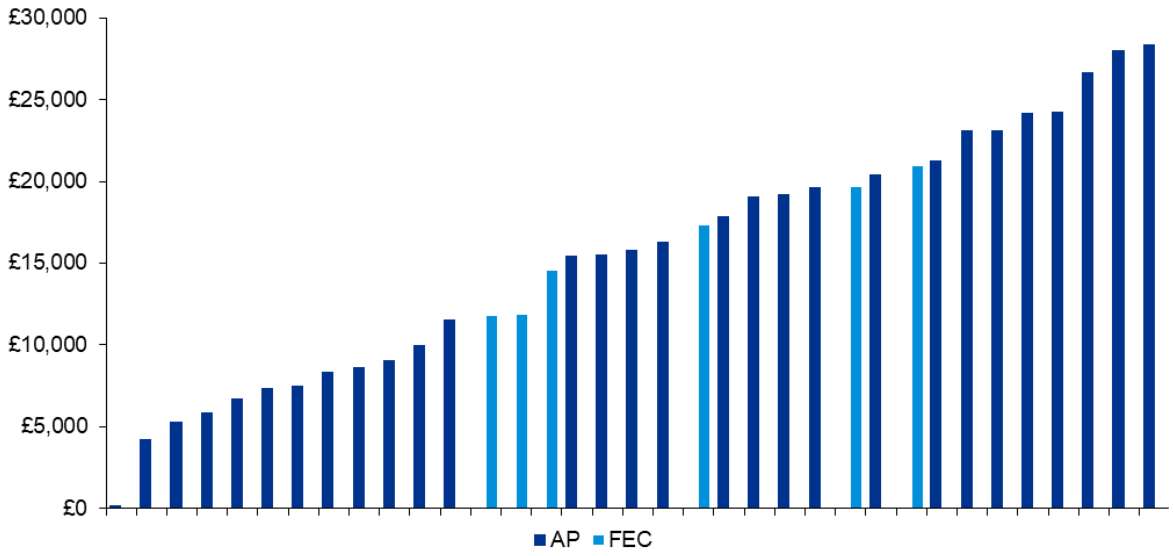
Given this interest, we have considered what cost information already exists for FECs and APs.

5.9.1 Costing across FECs

The Further Education sector does not currently have a centralised approach for the costing of its curriculum including its HE provision. Our interviews identified that Finance and Planning teams typically utilise in-house contribution spreadsheets or prescribed planning software to provide local cost information for management purposes. Staff teaching of HE programmes are likely to also teach on FE programmes and therefore capturing taught hours just on HE provision would be a significant challenge. It was also suggested that FECs do not routinely hold detailed data on the use of staff time.

The chart below demonstrates the profile of higher education income in HEIs.

Figure 23: 2018/19 Higher Education Funding body grants for Other Providers (Alternative Providers) and Further Education Colleges <£30m (£'000)



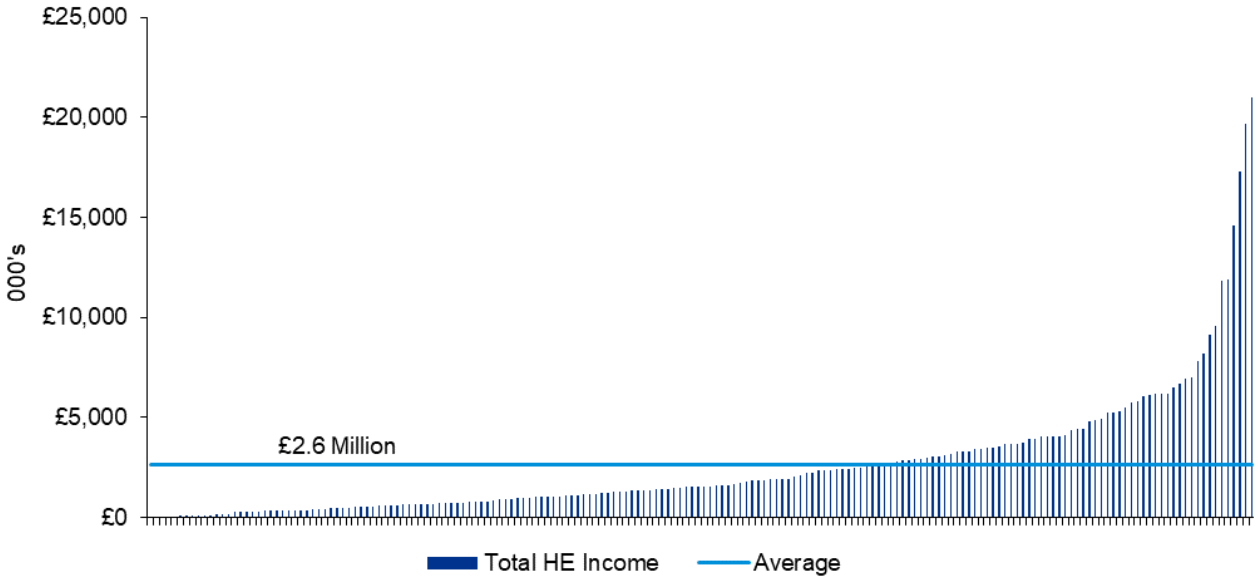
Data Source: HESA data 2018/19 and FE benchmarking data 2018/19

When reviewing the volume of HE income in FECs we have used the College financial benchmarking tool[36] published by the DfE that supports colleges to compare their financial

[36] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/989551/Benchmarking_Tool_1819-1920_publication.xlsx

performance with a chosen comparator group. The tool uses data submitted by colleges in 2018/19 and 2019/20 finance records as consolidated at 25th May 2021.

Figure 24: 2018/19 HE Income in FEC accounts (£'000)



Data Source: FE benchmarking data 2018/19 (HE income assumed as % HE dependency * Total income)

An analysis of the financial income declared in this report suggests the average FE in HE income as 8%, with an average income of 2.6 million of income for 2019/10 academic year.

It indicates that only six FECs have an income that is greater than £10 million per year which compares to 159 (2018/19) of the current providers in the scope of TRAC. Whilst this funding could be a combination of subcontracting and or direct contract it indicates that there are only a few FECs who have levels of HE income greater than HE institutions currently in scope of TRAC.

A representative of the FEC Finance Director's group outlined that although important and growing for some, HE activity within FECs is relatively small and that the current regulatory requirements are already significant.

When considering costing the funding for Level 4 and Level 5 provision, it is more difficult to estimate the financial profiles for delivery as this is funded across traditional FECs and across a range of vocational focussed Higher Education providers, but we can review volumes of activity. The 2018 Review of Level 4 and 5 Education Interim Evidence Overview[37] suggests:

— Further Education Colleges are responsible for teaching approximately 50% of all Level 4-5 learners with HEIs being responsible for a third
— Higher Education represents approximately 20% of all Level 4-5 learners. 28% are Foundation Degrees, 12% Diplomas

Table 10: Total volume of Level 4-5 learners by provider type, including apprentices

Provider type	Learner numbers	%
Further Education College	111,640	52
Higher Education Institution	69,820	32

[37] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment data/file/733696/Review of Level 4 and 5 Education-Interim Evidence Overview.pdf

Provider type	Learner numbers	%
Private Training Provider/Local Authority/Other	34,170	16
Total	**216,170**	**100**

Source: ILR 2015/16 & HESA 2015/16 – Mapping the Higher Technical Landscape, RCU (2018)

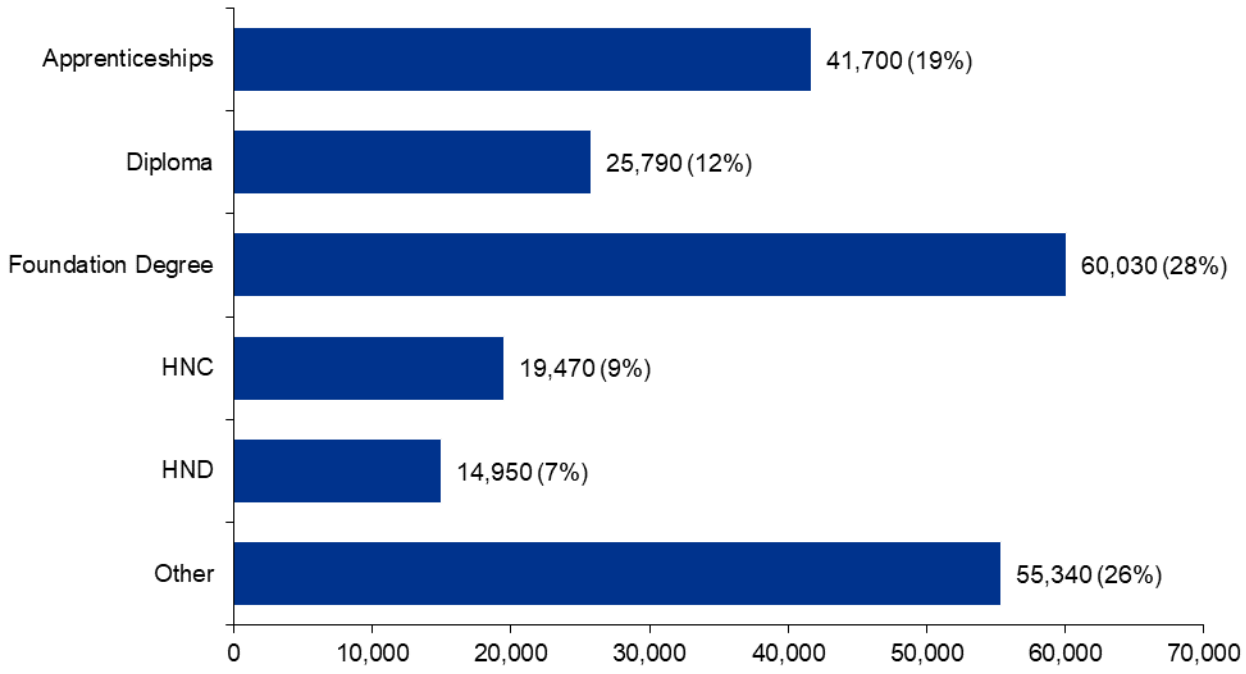
This profile of delivery of Level 4 and 5 delivery along with the volumes of HE in FE suggest that other providers are delivering the smallest amount of activity at these levels.

5.9.2 Other Providers (previously known as Alternative providers)

In England there are a number of private HE providers. Given the OfS has regulatory responsibility for these and was keen to understand options for collecting data in the costs of teaching from all the providers it regulated, a meeting was held with a representative of Independent HE, the membership body for these providers.

This identified that there are a wide variety of providers, each varying in scale and that it may be disproportionately burdensome for an annual collecting of teaching costs to be introduced. Further work would be needed to assess the data that exists in these providers to assess the burden that would be created if an annual collection was mandated.

Figure 25: Volume of Level 4 and 5 learners by qualification type



Source: ILR 2015/16 & HESA 2015/16 – Mapping the Higher Technical Landscape, RCU (2018)

A view by programme reveals that Foundations Degrees represent 28% of level 4 & 5 provision, the next biggest category is Higher Apprenticeships. Other categories consist mainly of Credits at level C, professional qualification including qualified teaching status and graduate diplomas

5.9.3 Summary of TRAC for Other Providers

The blurring of the provider boundaries within a changing educational landscape as described in the most recent FE white paper: Skills for Jobs for Lifelong Learning for Opportunity and Growth provides the environment for Education Funders Regulators and government departments to be increasingly interested in the 'true costs' of delivery provision across providers. UKRI has ambitions to increase the range of Higher Education providers who are involved with research, whilst a few specialist Alternative Providers already have access to research grants this does not seem to be a current priority or aspiration for the FECs.

Whilst the average FEC funding income is approximately £2.6milion and only six FECs have HE income greater than £10 million there is clearly a much lower level HE activity in FECs. Any requirement for data from FECs would therefore need to carefully consider that such that any burden could be justified.

Currently, the DfE are aware of the potential burden of asking FECs to meet the current or a revised TRAC requirement, they have suggested that they would prefer to undertake financial studies to understand relative costs. But as the boundaries between providers continue to mix it is likely that a common method of costing will be required.

5.10 Consideration of dispensation options and criteria for providing TRAC data

5.10.1 Background

All UK higher education institutions (HEIs) that receive grant funding from the UK funding bodies are required to implement the Transparent Approach to Costing (TRAC) and provide annual TRAC returns.

HEIs must comply with the TRAC requirements unless they have low levels of publicly funded research activity. Such institutions can apply for dispensation from some of the requirements of TRAC. Currently the threshold for application for dispensation is set at £3.0 million for publicly funded research. Prior to 2012 the limit for applying dispensation was £0.5m.

Publicly funded research is defined as:

— Recurrent research grants for higher education provision;
— Plus, Research Grants and Contracts from the Department for Business, Energy and Industrial Strategy, Research Councils, Royal Academy & Royal Academy Edinburgh;
— UK Central Government/local authorities, health and hospital authorities; and
— European Commission/other European Union government bodies.

Institutions that are eligible to claim dispensation are still required to submit the annual TRAC and TRAC for Teaching (TRAC(T)) returns, however some exemptions are available from the full TRAC return. HEIs that are eligible to apply dispensation:

— Do not have to obtain time allocation data robustly from academics
— Do not need to identify space usage robustly across the whole institution
— Do not need to consider the type of space when allocating space costs
— Are not permitted to calculate and apply laboratory technicians and research facility charge-out rates
— Do not need to calculate staff full-time equivalences robustly

— Should apply the lower of their own indirect charge-out rate, or the dispensation indirect charge-out rate, to Research Council and Other Government Department cost-based research projects
— Should apply the lower of their own estates charge-out rate, or the dispensation estates rate, to Research Council and Other Government Department cost-based research projects.

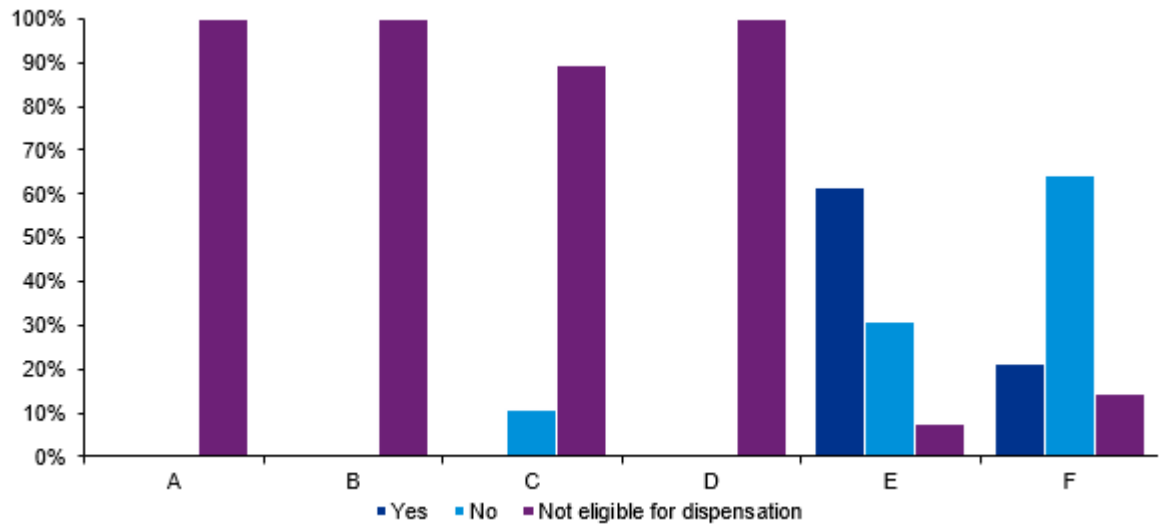
We have outlined all exemptions from the full TRAC requirements in appendix 8.

5.10.2 Use of dispensation

Eligible HEIs are able to make the decision if they want to claim dispensation or not. The survey collected data on whether institutions take dispensation where eligible or not. Of the 102 responders, 26 institutions were eligible for dispensation, but 11 of these opted to meet the full TRAC requirements, therefore foregoing a reduction in the work required and going beyond the TRAC minimum requirements.

The chart below provides further information on the use of dispensation in TRAC.

Figure 26: Institutions eligible for dispensation that choose to comply with full TRAC requirements (Q4)



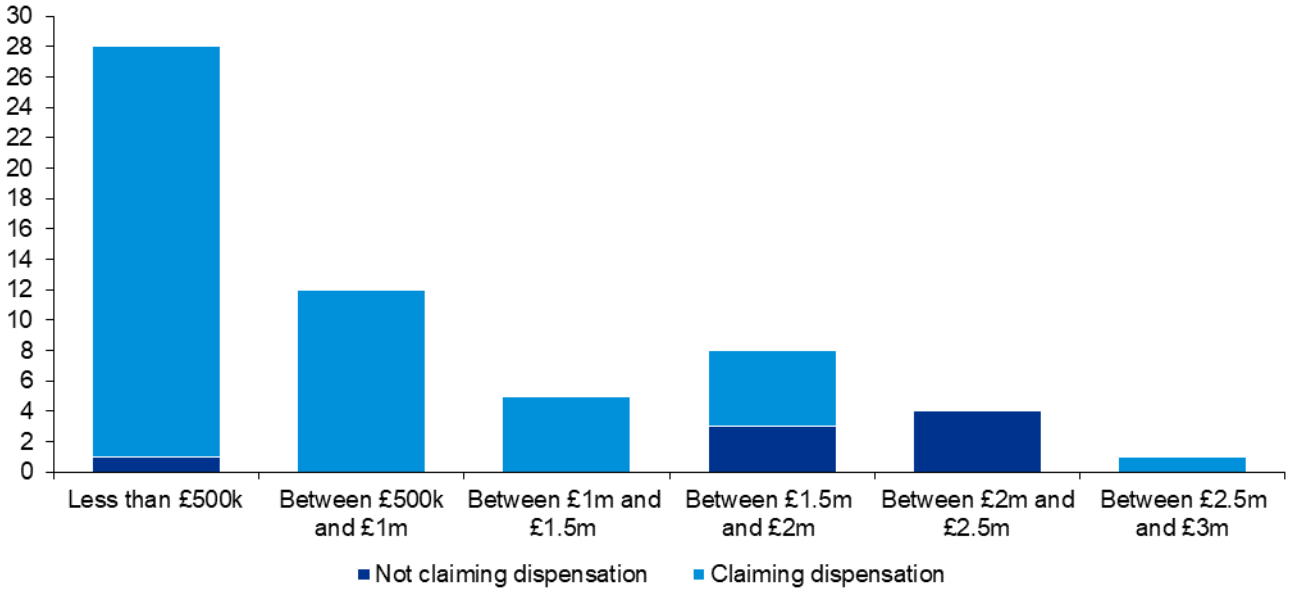
5.10.2.1 Current levels of dispensation eligibility

In 2012/13 the threshold for eligibility for dispensation was increased to £3m of publicly funded research income. Prior to this, the threshold was £0.5m of publicly funded research income. In 2012-13, a total of 28 providers applied for dispensation.

The most recent data available shows the eligibility for dispensation as at 2018-19. This data has been used as the basis of our analysis. Currently there are 58 providers that are eligible for dispensation, equating to 36% of HEIs. Of the 58 that are currently eligible, 8 (14%) are currently not taking the dispensation.

We have analysed the institutions eligible for dispensation by their average research income figure for the 5-year rolling period from to 2018-19.

Figure 27: Institutions' dispensation eligibility by publicly funded research income level



Source: HESA Data - five year rolling average to 2018-19 for research income from Funding Councils, BEIS Research Councils, UK central govt and EU Government Bodies(Inc. European Commission)

The graph above shows that:

— There are 28 institutions eligible for dispensation within the less than £500k bracket. Of these, 27 are taking dispensation and one has not opted for dispensation.

— There are 12 institutions with research income between £500k and £1m and five with research income between £1m and £1.5m, all of which are claiming dispensation.

— There are eight institutions with research income between £1.5 and £2m. There are three institutions within this bracket that are not claiming the dispensation.

— There are four institutions within research income between £2m and £2.5m. None of these institutions have opted for the dispensation.

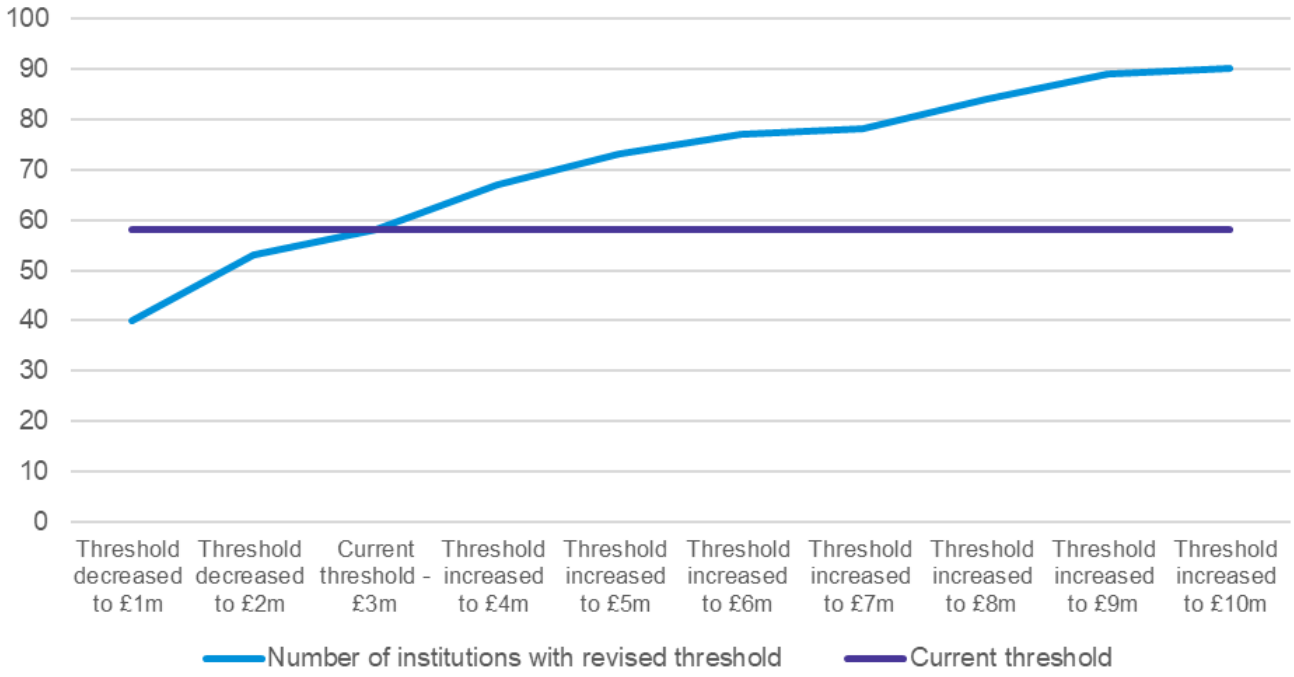
— There is one institution with research income between £2.5m and £3m and this institution is claiming dispensation. The average research income for this institution is £2.8m. Therefore, if the eligibility for dispensation is highly sensitive. The research income for this institution was £3m in 2017-18 and £3.5m in 2018-19.

5.10.2.2 Modelling of a change to the threshold on the basis of research income

We have utilised the same data set in order to perform modelling to identify how the numbers of institutions eligible for dispensation would change if the threshold of £3m were the change.

The graph below shows the impact of a change in the threshold level on eligibility.

Figure 28: Modelling a change in the publicly funded research Income threshold



Source: OfS 2018/19 dispensations data

The graph above shows that if the threshold where to be decreased to £1m the eligibility would fall to 40 providers and would represent 25% of HEIs. Alternatively, if the threshold were to be reduced to £2m, there would be 53 providers eligible for dispensation. This would present 33% of HEIs.

The graph above also shows the impact of increasing the threshold. This has been done incrementally in millions from £4m to £10m. The current threshold of £3m has been included throughout for comparison as a baseline figure.

Should the threshold be increased to £4m, there would 67 providers eligible to claim dispensation, this would be an addition 9 HEIs with eligibility. This would increase by another 6 providers to 73 if the threshold were increased to £5m. The number of providers that would obtain eligibility would increase as the threshold is increased up to 90 if the threshold were to be increased to £10m.

5.10.3 Collecting TRAC across HE providers in England

Within England, there are a broad range of HE providers beyond the HEIs that are required to comply with TRAC requirements. We have therefore considered circumstances in which it may be possible to capture a broader range of providers under the TRAC requirements. This is not currently relevant for the other devolved administrations.

In order to undertake this analysis, we focussed only on the approved fee-cap providers. This is because these institutions are able to benefit from OfS grants and Student Loan Company income.

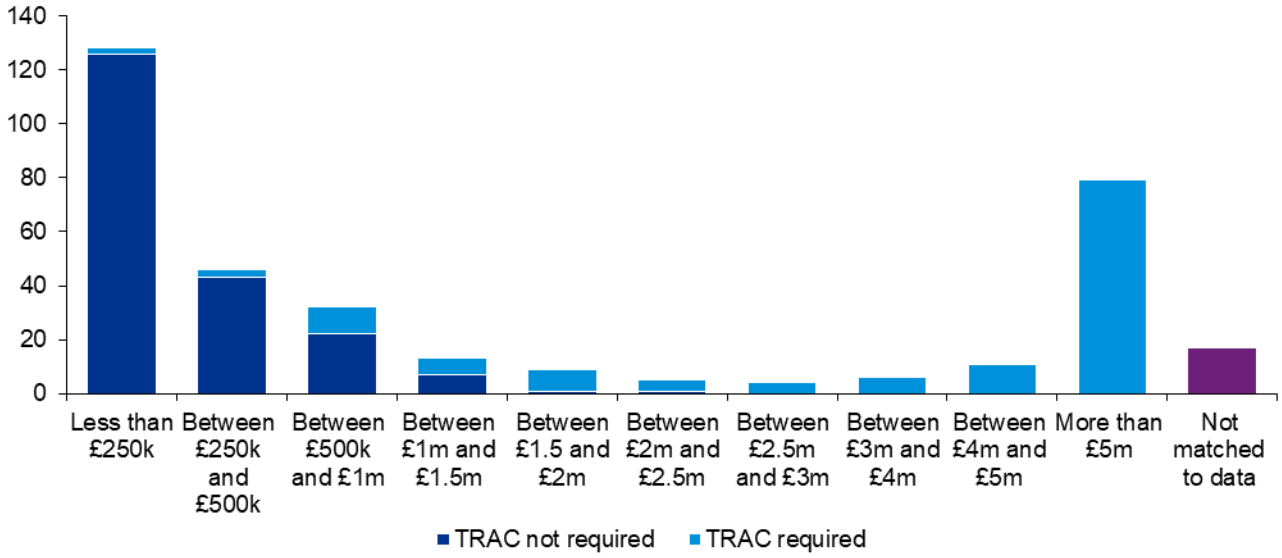
We have considered the recurrent grant funding for 2019-20 for the providers to establish the levels of funding that they have historically obtained. The bracket analysis below considers total funding, recurrent teaching grant and total equivalent teaching grant. An explanation of what these three categories mean is provided below:

— Total funding – the sum of the funding for high-cost courses, funding for student access and success and funding for specialist providers. This is for 2020-21.

— Total recurrent teaching grant – the OfS current funding for each provider for the 2019-20 academic year.

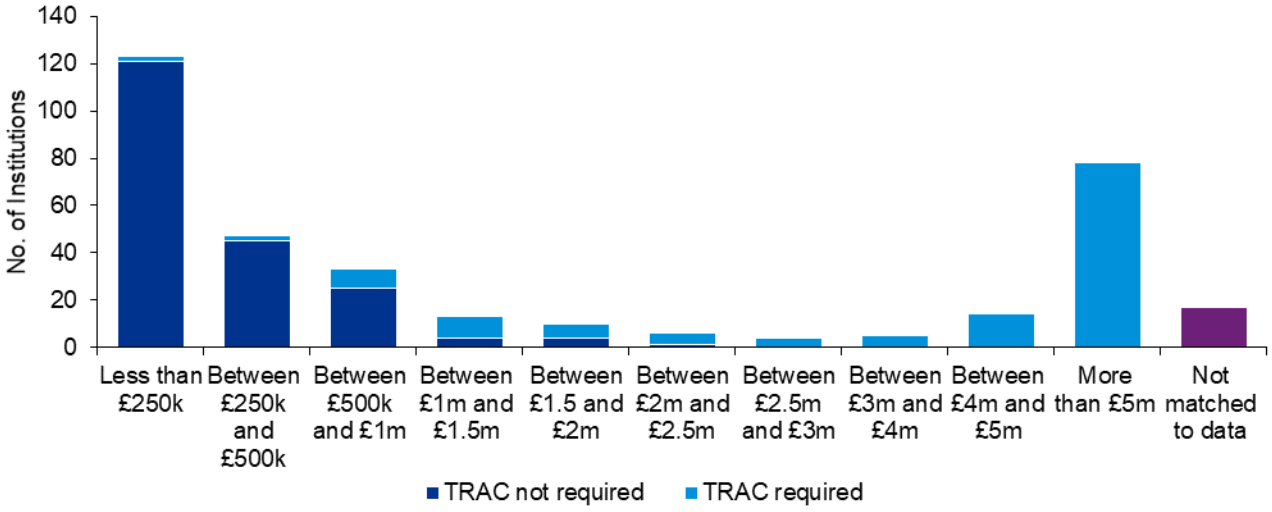
Note: In performing this analysis, we performed a look up between the OfS register and the grant data available in OfS Funding ofs2020_24a_october-2020-update. There was a total of 22 providers that we were unable to match to funding data.

Figure 29: Bracket analysis of total funding by TRAC eligibility – Approved (fee cap) providers



Source: OfS Funding ofs2020_24a_october-2020-update

Figure 30: Bracket analysis of total recurrent teaching grants by TRAC eligibility– Approved (fee cap) providers



Source: OfS Funding ofs2020_24a_october-2020-update.

The charts show that only using OfS funding as a basis for setting dispensation thresholds would require a very low threshold to capture a meaningful number of providers that do not currently return TRAC data.

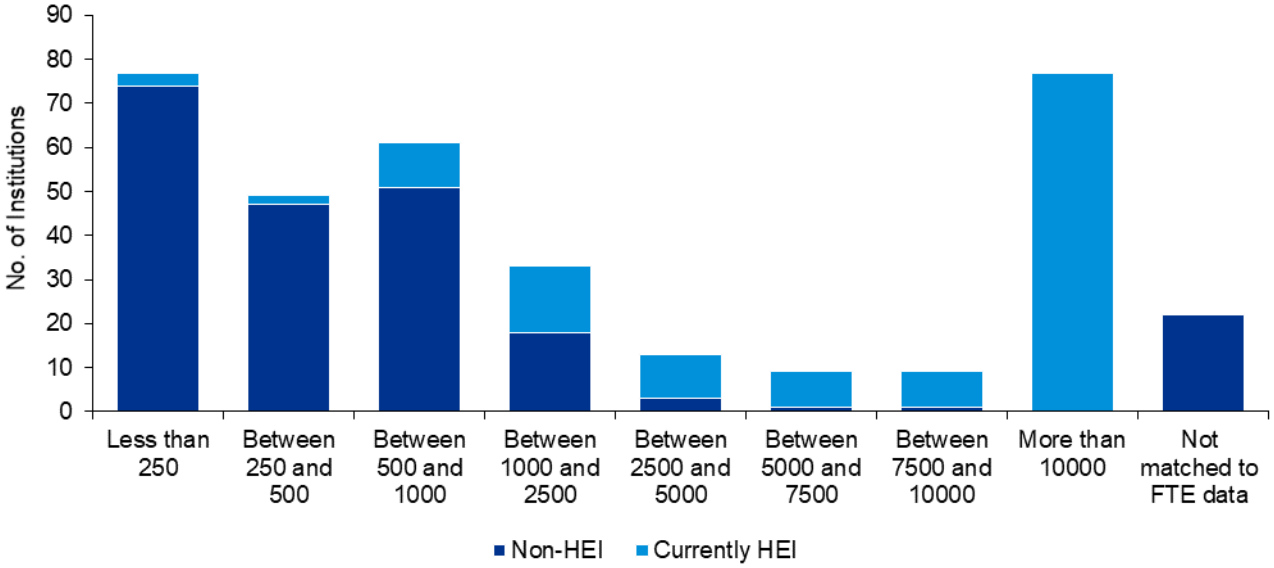
For cost information to be useful to the OfS there needs to be a sufficient population within different subject groups. Otherwise there will be insufficient data to enable meaningful conclusions to be drawn.

In order show this analysis in greater detail, we have shown the data above for providers that are not currently required to complete TRAC.

We have also considered student FTEs for 2019-20 for the providers. 2019/20 has been used as a proxy in order to provide current data analysis. We determined that if an average were to be used, this may result in an understatement of FTEs for newly registered providers.

Note: In performing this analysis, we performed a look up between the OfS register and the 2019/20 student FTE data available at: Get the current student numbers data – Office for Students. There was a total of 22 providers that we were unable to match to funding data.

Figure 31: Number of student FTEs at institutions – Approved (fee cap) providers



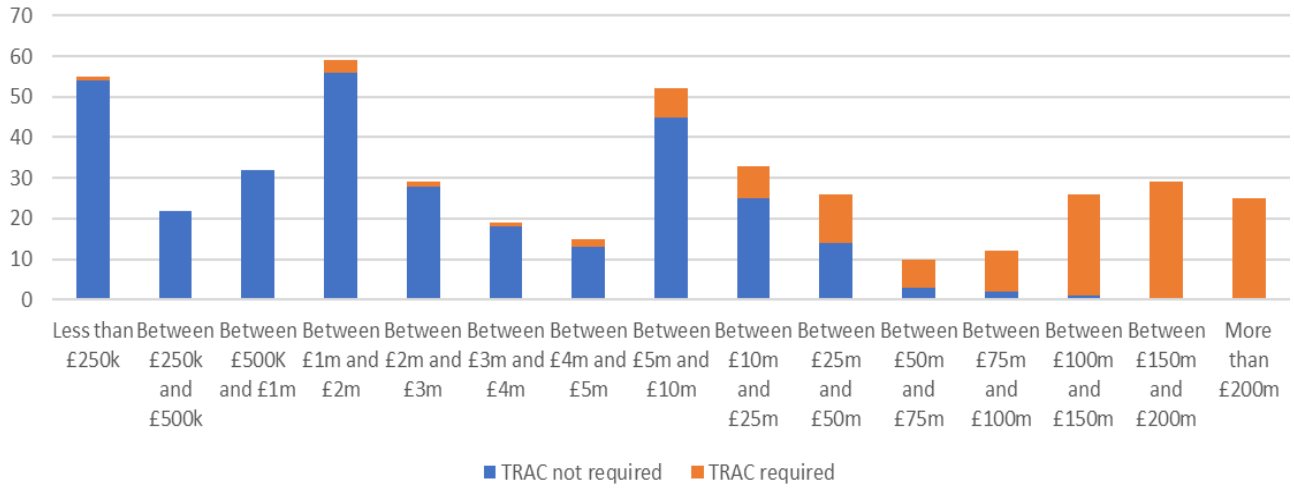
Source: Get the current student numbers data - Office for Students - www.officeforstudents.org.uk/data-and-analysis/student-number-data/get-the-current-student-numbers-data/

This data shows that there are a large number of non-HEI providers with a smaller student population, however there are a total 74 that have student FTE greater than 500, with 23 of these with student FTE over 1,000.

5.10.3.1 Modelling combined SLC funding and OfS recurrent teaching grant

As the OfS regulates a range of providers including universities, FE Colleges and other providers, it needs a basis to determine which providers should be required to participate in TRAC. Students studying in England at approved fee cap providers can access SLC funding. Therefore given that SLC is funded by the Government, analysis has been undertaken on the combined SLC and OfS recurrent teaching grant to consider whether this would form a suitable rationale for setting both dispensation and criteria for determining institutions that are in the scope of TRAC.

Figure 32: Analysis of levels of combined SLC funding and OfS recurrent teaching grant– Approved (fee cap) providers



Source: OfS data on SLC based funding & recurrent teaching grants for academic year 2018-19 (OfS data)

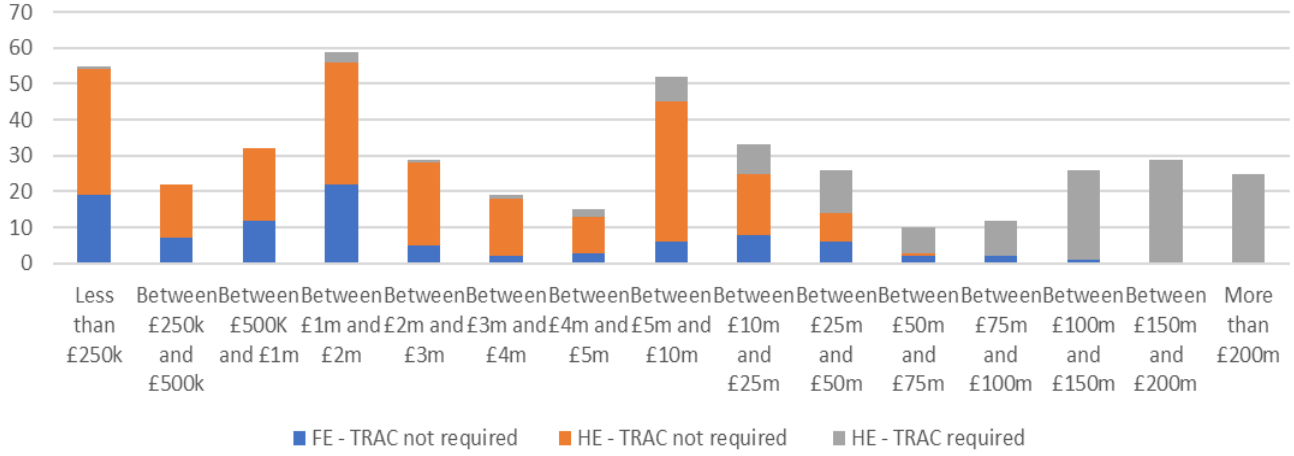
The chart above shows that:

— A suggested threshold of £1m would need to be set to capture a meaningful number of providers within the scope of TRAC such that the data could be useful at subject level

— A limit of £1m would need to be set to capture those providers currently in the scope of TRAC.

— If a threshold of £5m was set for participating in TRAC this could release a small number of providers from needing to undertake TRAC.

Figure 33: Analysis of levels of combined SLC funding and OfS recurrent teaching grant, split between FECs and HE providers – Approved (fee cap) providers – split between FEC and HEI



Source: SLC/LEAs/SAAS/DfE(NI): Total UK and EU fees (HESA data 2018/19), & Recurrent teaching grants for academic year 2018-19 (OfS data)

The analysis in the two charts above suggests that to obtain a meaningful level of data from providers not currently in the scope of TRAC a threshold would have to be set at greater than £1m. This would also align broadly with the level that institutions are currently returning TRAC.

The stakeholder engagement undertaken would suggest that it may be unjustified to expect FECs and other HE providers to routinely report TRAC data to the OfS. This will however depend on the purpose for which the OfS wishes to use this data.

A further consideration for the OfS in determining a suitable threshold for requiring teaching cost information is the cumulative value of funding distributed. Figure 34 provides an analysis of this:

Figure 34: Analysis of the cumulative combined SLC funding and OfS recurrent teaching grant up to £3m per provider – Approved (fee cap)

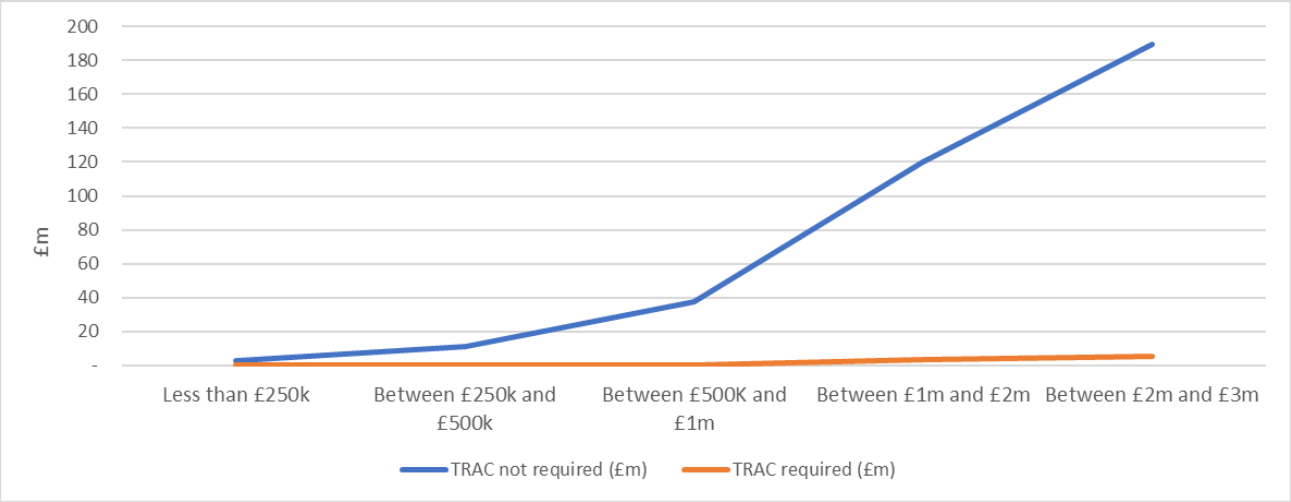


Figure 34 shows that the level of total income distributed increases significantly once a provider receives in excess of £1m. The OfS would however need to determine what threshold would meet its own accountability obligations.

5.10.4 Relationship between dispensation threshold an the criteria for providers being in the scope of TRAC

This section has outlined how the dispensation threshold is currently set based on levels of publicly funded research, but as there is greater interest in the teaching cost data and the OfS is responsible for HE providers that do not all provide TRAC data.

Moving forward it might therefore be necessary to combine the dispensation threshold with the threshold for participating in TRAC. This would mean that if the levels as suggested in this report are adopted, all providers with combined OfS teaching grant and SLC income exceeding £1m over a three year period would participate in TRAC, following the dispensation rules, but if publicly funded research income exceeded £3m (or a higher limit) full TRAC rules would apply.

This is however making an assumption that institutions with less the £3m of publicly funded research are largely teaching focussed and therefore robust methods of time allocation and estates data are less important. This would be something to test however.

5.10.5 Summary of dispensation thresholds and criteria for providers being in the scope of TRAC

Based on 2018-19 data there were 58 institutions eligible for dispensation, but 8 of these were opting to comply with full TRAC requirements. If the threshold increased to £4m based on 2018-19 data a further 9 institutions would be eligible for dispensation. If the limit were increased to £5m, a total of 73 institutions would be eligible for dispensation – an increase of 15.

The existing criteria for institutions being eligible for dispensation is only measured on the basis of the level of publicly funded research. If TRAC data on the costs of teaching is to be used more extensively, it will be important that the data is sufficiently robust and as such dispensation criteria may need to consider more than just publicly funded research.

A suggested threshold based on SLC funding and OfS recurrent teaching grant may need to be set at £1m to bring a meaningful number of providers into the scope of TRAC. This may not be appropriate or acceptable to those providers. Conversely setting a threshold of £5m combined SLC and OfS funding would release a small number of providers from needing to provide TRAC returns. This would however represent of a significant cumulative value of funding distributed to providers below this limit. The OfS would need to consider whether it would be proportionate to require other providers to participate in TRAC.

The current dispensation threshold would work alongside the threshold for participating in TRAC. This would mean that new providers brought into the scope of TRAC would follow the dispensation rules unless they had publicly funded research above £3m. This is making an assumption though that these providers are more teaching focussed and there is less importance in having robust time allocation and estates data.

This review has not considered the OfS appetite or accountability requirements for the funding that it and the SLC distribute. The OfS would need to consider an appropriate limit relative to the SLC's accountability requirements for the total funding distributed.

An additional consideration is that when we reviewed the submissions by those institutions eligible for dispensation and those not eligible. This showed that the average time to generate a fEC costing for dispensation providers is approximately 56% more than that reported by providers who are not eligible for dispensation. (6.1 days compared to non-dispensation which is 3.9 days.) Consideration should therefore be given to the guidance that is provided to institutions eligible for dispensation to assist them in complying with TRAC requirements and compiling research bids.

Recommendation 17 – A suggested threshold for participating in TRAC, based on SLC funding and Funders recurrent teaching grant may need to be set at £1m to bring a meaningful number of providers into the scope of TRAC. This may not be appropriate or acceptable to those providers however. Conversely setting a threshold of £5m combined SLC and Funders funding would release a small number of providers from needing to provide TRAC returns.

Funders could consider whether to raise the dispensation limit, although this would not release a substantial number of providers from complying with full TRAC requirements and as outlined a number of those already eligible for dispensation choose to comply with the full requirements

The OfS should consider its materiality thresholds and requirements for cost information from providers not currently in the scope of TRAC and use this alongside the analysis in this report to determine whether other providers should come into the scope of TRAC, or whether periodic costing studies would be more appropriate. Additionally, Funders and Regulators should consider the proportionality of requirements applicable to dispensation institutions and consider whether specific guidance should be provided to support those institutions in compiling TRAC and research bids. **(R&F)**

Other options for reforming TRAC that have been considered, but are not taken forward are listed in section 6.2.

5.11 Assessment of the approaches to academic staff time allocation

5.11.1 Background on academic staff time

The TRAC guidance requires that the costs of academic staff are attributed to TRAC activities on the basis of time allocation records.

The TRAC guidance allows for three different approaches to collecting academic staff time information, as follows:

— **In-year retrospective data collection**, where individual members of academic staff complete three or more time allocation schedules, covering a whole year, every three years;
— **Statistical data collection**, where members of academic staff complete a number of weekly time-allocation diaries on a statistical basis (representative of types of staff, academic department, research sponsor type and of the weeks of the year); and
— **Workload planning methods,** where each academic should agree to a workload plan drawn up for them at the start of the year as part of a formal process. At the end of the year the academic should confirm that the plan was delivered, or revise the data to represent the actual balance of activities undertaken.

5.11.2 Burden of time allocation

The review identified that the 'actual' burden created by time allocation is not significant for academic staff at 2.6 hours per year (2.3 hours per year in 2012), but is more significant for the administrative teams, taking approximately 42 days per year to administer (41 days per year in 2012).

The table below breaks down the time taken to undertake and administer TAS by methods below:

Table 11: Time taken to undertake and administer different time allocation approaches

Method of time allocation	Average time per academic member of staff per year	Average time to administer TAS per year
In-year time allocation method	— 2.2 hours — (45 responses)	— 29.1 days
Workload planning	— 3.5 hours — (30 responses)	— 70 days
Statistical method	— 1.4 hours — (17 responses)	— 28.9 days
Overall	— 2.6 hours	— 42 days

Table 11 shows that workload planning takes the greatest amount of time for academic staff and administrators to administer. This is however a process that is in place for academic management purposes, with TRAC being a secondary use or the system.

The statistical method of academic staff time allocation takes the least amount of time for academic staff to complete, due to only a sample week or number of weeks being required each year. This does however take a similar amount of time to administer.

The table below updates information provided in the 2012 TDG Review of Time Allocation Methods[38] on the advantages and disadvantages of the different methods of time allocation.

Table 12: Administrative burden and relative benefits of different time allocation approaches

Approach	Advantages	Disadvantages/Burdens
In-year time allocation – every academic every year	— Academics familiar with the process — Ensures most up to date information obtained — Suitable in smaller institutions with fewer academics — Research outcomes can be followed up on a more timely basis — Reflect changes in circumstances of academic activity more quickly — Seems to improve the academics' sense of ownership of the survey and the results — React quicker to TRAC guidance updates	— Reliant on academics to provide accurate data — Very time consuming to issue and collate returns annually — Can be contentious with academics also maintaining workload plans — Risk of alienating academics who do not appreciate having to complete several returns in a year
In-year time allocation – every academic once every 3 years **In-year time allocation – some academics each year, covering all in a 3-year cycle**	— Less frequent therefore reduced workload and a reduced requirement for training, due to the level of familiarity that staff have with the process — Sampling techniques for representative periods to sample in the year can be reviewed between survey years.	— TAS categories may be out of date based on when updates to the guidance that affect TAS are issued — Low response rates where departments doing little funded research activity — 3-year data becomes out of date without detailed review and challenge in non-survey years — The trade-off for a reduction in workload is that academics lose familiarity with the process, meaning a requirement to re-train/raise awareness/issue

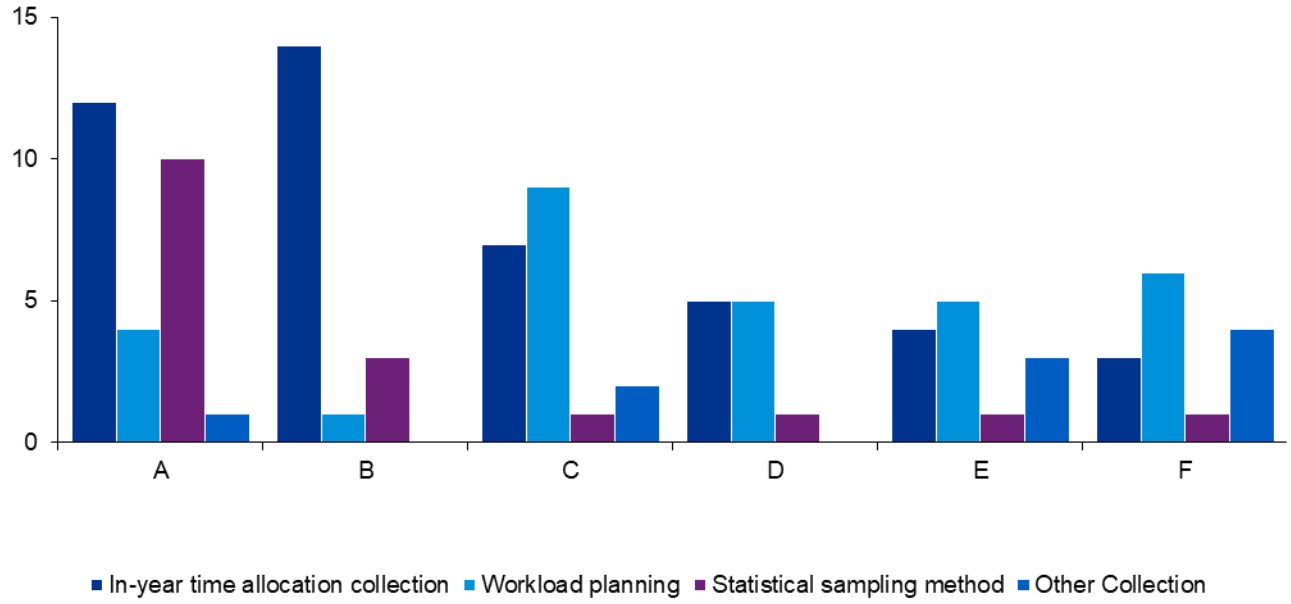
[38] www.trac.ac.uk/publications/review-of-time-allocation-methods/

Approach	Advantages	Disadvantages/Burdens
		detailed instruction every 3 years. There are more queries to answer and a greater expectation of errors.
Workload planning methods	— Clearer expectations for Academic staff — In our survey, respondents stated that WLP has given the University more reliable, fair, and reasonable time allocation data than before — Survey respondents considered this method to be less subjective, as staff did not need to recollect activities, and the data was agreed with managers — Workload planning has uses other than TRAC and would be used even if not required for TRAC. As a result, feedback has suggested there is more buy-in from academic departments and more scrutiny, providing more confidence over the accuracy of data — Better management tool for planning — Easier to distinguish between institution own-funded research and scholarly activity — It is an annual process so data can be compared to prior years. — The data is present for all staff so there are no potential distortion or bias issues which sample selection could lead to — Covers full breadth of academic workload	— More time is needed (up to 2 years) to implement and refine a university wide workload planning process, such that it provides reliable data to satisfy the TRAC requirements — Based on an average working year, so does not reflect any additional, unrecognised hours put in by academics — The TRAC requirement for sign-off of the workload plan by individual members of academic member of staff at the start of the academic year is viewed are burdensome and unnecessary.

The literature review undertaken in the 2012 review of time allocation methods and experience from the study provides a view that the design of a process alone cannot ensure accurate and reliable data. This is due to the influences that exist over human behaviour, which affect how an individual will record their time e.g. wanting to provide a result that is believed to be what a manager wishes to see.

5.11.3 Academic staff time allocation information from 2021 survey

Figure 35: Approach to time allocation by TRAC peer group (Q33)



The chart above shows that 44% of respondents use in-year time allocation followed by workload planning which is 29% of responses, then the statistical method with 17%.

5.11.3.1 In-year time allocation

— 'All academic staff every year – i.e. beyond TRAC requirements' option was the most popular with 50% of responses. All academics in a specific year, repeated once every three years was next with 35 % of responses

— 62% of responses identified that they use three collection schedules to support their in-year time allocation.

— The average response rate reported by respondents is 76%, and 26 of the 44 respondents report a response rate greater than 80%.

5.11.3.2 Statistical sampling method

— The average methods required three weeks to be returned by staff hours using the statistical sampling approach. One provider reported 13 weeks, but this was removed as an anomaly in the analysis.

5.11.3.3 Workload Planning

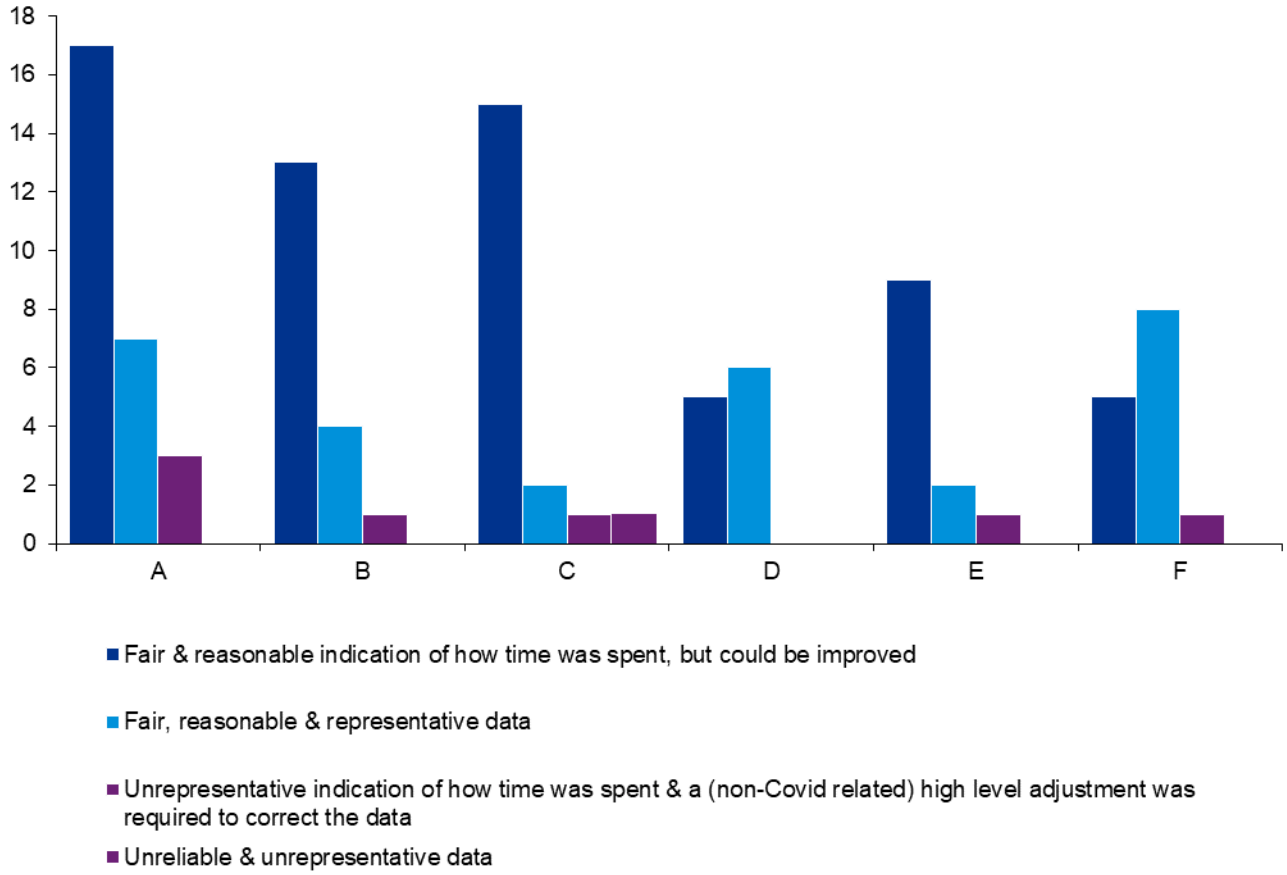
— The average number of years that institutions reported using WPL for TRAC was 5.3, peer groups C and D are the most experienced reporting 7.4 and 7.3 years respectively.

— 31% of respondents suggested that their data is more accurate since adopting workload planning and 20% said that it is embedded and widely used.

An overall reflection on the response rates that were reported in the survey for the in-year collection method is that effort is being spend by 26 of the 44 institutions responding, to achieve a response rate of 80% or more and 12 of these 26 are achieving greater than 90% response rate. There is a possibility that the additional accuracy that this higher level of response provides may not be justified by the effort and burden created.

5.11.4 Reliability of academic staff time information

Figure 36: Institutions' view regarding the quality of data provided by their time allocation approach by TRAC peer group

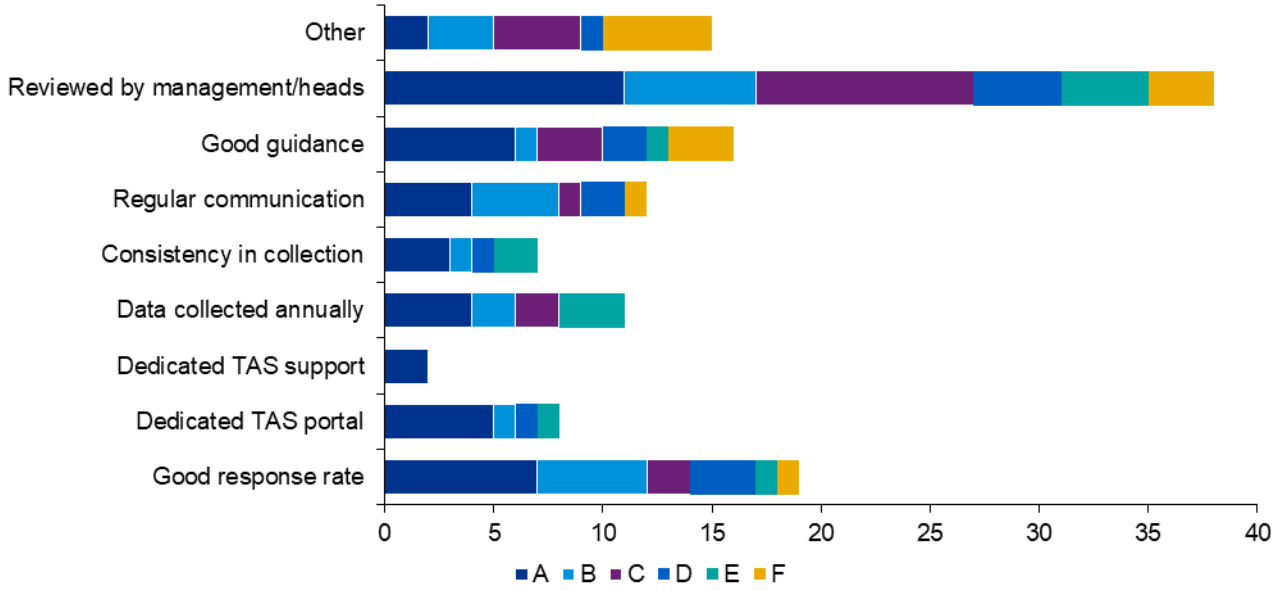


— 64% suggested that their approach provided a fair and reasonable indication of how time is spent but could be improved. This rises to 93% if you include fair, reasonable, and representative data.

— Only one institution reported that their time allocation data is unreliable and unrepresentative. A further seven institution stated that it was unrepresentative and that a high-level adjustment was needed to correct the data.

— The survey sought further feedback from institutions on what had enabled them to obtain fair a reasonable time allocation data. This is detailed in the following chart:

Figure 37: Features that enable TAS data collected to be fair and reasonable or a reliable indication of how academic staff time was spent by TRAC peer group



Note: some institutions provided a response to more than me classification options.

30% of respondent suggested that a review by management was important in their production of fair and reasonable data. Other important features included a good response rate (15%) good internal guidance (13%) and regular communication in addition to data being collected annually (9%). 33% of respondents cited Lack of accountability and 28% Academic bias as the top two reasons for poor data. The detailed responses revealed that academics often cited difficulties categorising their time as part of their experience of burden.

34% of respondents reported that TRAC should use an alternative method to collect more robust and reliable time allocation data. Only 22% of peer group A stated that an alternative method should be used compared to peer group B which was at 50%. For alternative methods of TAS data collection, Workload planning was the most frequent answer (50%). After this the suggestions can be summarised as management tools at 25%, (such as Timetable data or internal workload models)

Stakeholder feedback on the collection of Academic Staff Time Concerns about 'Data collection and accuracy' represents 30% of the responses but this is the common theme across responses as academic consistently identify capturing research time comprehensively and accurately is not possible as many of the hours are delivered outside of the standard working day and often include activities away from the university such as conferences. As 'Academic Completion of Time recording – is 21% of responses we can suggest that 51% of the concerns are about the accuracy of the data and the academics ability to record their time at a sufficient level of accuracy. At 15% WLP is second most significant many of the responses were supportive as they suggested that it is a good way to reduce the burden on academics, a few identified institutions raised issues with additional burden created if the initial WLP was not accurate then the end year reconciliation is problematic

Where institutions declared their belief to be that the results are unreliable and unrepresentative of how academic staff time is spent, or where a high level adjustment was required (8 institutions), feedback was sought on the factors that led to this being the case. 18 responses were received to this question, noting that institutions could give more than one factor. 6 of the 18 responses outlined that a lack of academic accountability of the time allocation returns contributed to results being unreliable, or requiring a high-level adjustment. 5 of the 18 stated that academic bias in the responses can affect the reliability of the results.

WLP is second at 15% of responses with many of these suggesting it generate less burden for academics, but the oversight is onerous. This is not shown in the survey data on the time it takes academic staff to complete workload plans, but maybe explained by the fact that academic staff understand why they are doing workload plans and therefore do not believe they are as burdensome as other forms of time allocation.

All academic groups from the virtual visits undertaken have shared their views about the burden and accuracy of the TAS data that is captured. They are aware of how difficult it is to ensure that all of their activity is comprehensively captured and correctly allocated during the data collection process. The sample of academic staff interviewed commonly stated:

— that the definitions in the TRAC guidance are difficult to use as it is not always clear how activities map onto the TRAC activity definitions. An example was given about how time spent in and around conferences should be classified.
— a technical point regarding whether the TAS methods record all of the time worked and where the view is that they do not, this affects academic staff buy-in to the process. A suggestion was made that the TAS process should capture unutilised time and that the TRAC Guidance provides the flexibility for institutions to select whether information is collected in hours or percentages of time and therefore this specific concern can be overcome.

These issues potentially have a self-fulfilling consequence which could exacerbate views on the burden of TRAC, as follows:

— Where staff see the different forms of TAS as burdensome, they may not comply with requirements to complete the returns within the required deadlines;
— This leads to additional administration (and burden) to chase up the return of the time allocation forms, which can create aggravation with the academic staff, especially if they do not understand how the information is used and the benefit it brings to the institution.

A summary of views expressed in the consultations with groups of academic staff on each form of academic staff time collection are as follows:

— **In-year data collection**, where individual members of academic staff complete three or more-time allocation schedules, covering a whole year, every three years – **Can be subject to academic bias and can be difficult to achieve the required response rates;**
— **Statistical data collection**, where members of academic staff complete a number of weekly time-allocation diaries on a statistical basis (representative of types of staff, academic department, research sponsor type and of the weeks of the year) – **This method has caused the greatest concern as many think that the requirement is not practical. There are concerns that the selection of a random week may not be representative, and this could skew the results**. This does however further indicate a lack of communication and understanding within institution as to how the statistical approach works; and
— **Workload planning methods**, where each academic should agree to a workload plan drawn up for them at the start of the year as part of a formal process. At the end of the year the academic should confirm that the plan was delivered or revise the data to represent the actual balance of activities undertaken. **Issues raised are that it requires two 'sign-offs' from academic staff and uses a plan which is often not representative. It was reported that this method creates less academic burden however**.

In addition to the above, some institutional stakeholders have also questioned the flexibilities for TAS as they believe that each approach would produce different results within the same institution.

A reflection from the helpful interactions we had as part of the review is that however it be undertaken the TAS process is viewed as 'administration' and any amount of time spent doing this is not typically viewed favourably and will be seen as burden.

There appears to be an underlying need to require institutions to consistently communicate better with the academic community around time allocation and address the concerns that have been raised.

5.11.5 Findings from previous review of time allocation methods

KPMG undertook a 'Review of time allocation methods' for the TRAC Development Group in July 2012.

The key findings from that report are detailed in the table below along with an updated view from this latest review:

Table 13: Features that enable TAS data collected to be fair and reasonable by TRAC peer group

Key findings from 2012 Review of Time Allocation methods	Comment from the 2021 Review of TRAC
TRAC requirements provide sufficient flexibility in terms of the approaches to time allocation. A 'one size fits all' approach is not realistic or desired by the sector.	— It has not been suggested that there needs to be greater flexibility in TAS approaches. Some institutions suggested that there is too much flexibility as there is a belief that if each permitted method of time allocation were deployed at the same institutions, they would generate different results. There is however no evidence to validate this view.
Time allocation approaches are embedded in institutions and the collective commitment of institutions leads to response rates in excess of 75% being achieved.	— Based on 44 institutions responding to this question in the survey, the average response rate has increased to 82%. The range of response rates is 45%-100%. However, achieving the response rate requires escalation to obtain the returns, which often generates internal frustrations and contributes to the burden.
Workload planning is a method of time allocation that is gaining in popularity, both for institutions' own management purposes and to support TRAC. The approach is unilaterally believed to offer more reliable data, although the approach is not appropriate for all institutions. 5% of institutions surveyed in 2012 stated that they used workload planning information and 18% of institutions stated that WLP will at least form part of their approach to time allocation in the future.	— This has now risen to 31 institutions, representing 30% of institutions responding to the survey (compared to 5% in 2012 and exceeding the 18% of institutions that stated they were seeking to use WLP in the future). There were a further 14 institutions that reported that they have WLP models in place, but not yet used for TRAC.
Approaches to time allocation promulgated in TRAC are in line with other studies into time recording methods. A factor identified from the literature review was that the reliability of the data is influenced by the frequency and period of time over which individuals are reflecting when allocating how they used their time.	— No further information has been identified to add to the facts identified in 2012.
The literature review and experience from the study provides a view that the design of a process alone cannot ensure accurate and	— From the stakeholder interactions it was felt that TRAC and the role TAS/WLP has in the process is not well understood

Key findings from 2012 Review of Time Allocation methods	Comment from the 2021 Review of TRAC
reliable data. This is due to the influences that exist over human behaviour, which affect how an individual will record their time e.g. wanting to provide a result that is believed to be what a manager wishes to see etc.	among academic staff. Those institutions with greater senior engagement and oversight of TRAC appeared to have addressed this issue to a greater extent. — Interactions with a small number of academic staff and from a limited number of comments in the survey the risk of bias identified in the 2012 review still stands true.
The importance of reasonableness and corroborative checking over the time allocation data is significant. Although TRAC has always required these checks, we have suggested how these can be enhanced.	— The survey responses identified management/Heads of department review as a critical factor in enabling fair, reasonable and representative time allocation data.
70% of the institutions responding to the survey stated that time information would be collected, even if it were not a TRAC requirement.	— This question was not explicitly asked in the most recent survey. But in response to a question on whether there were alternative sources of data on how academic staff use their time: - 64 institutions provided no response; - 23 institutions stated no; - 14 institutions stated that they have WLP in various forms, but not used for TRAC, although that is the aim for some.

5.11.6 Summary of the assessment of approaches to academic time allocation

The review has not identified any different or alternative methods that could be used for collecting academic staff time data. One institution did promote the use of weekly timesheets in order to gather more accurate data. Although some other grant funders do require weekly timesheets, unless Regulators and Funders have an appetite for this, the burden it would create is unlikely to be acceptable in the current climate.

The time taken to undertake time allocation has increased slightly to 2.6 hours per academic member of staff per year, but it is noted that there are a greater number of institutions using workload planning for TRAC and therefore this time would be spent irrespective of TRAC. There is therefore an underlying efficiency as these institutions have been able to use WLP for more than one purpose and discontinue the TAS collection method. The requirement for the return of TAS data in any form is likely to be unpopular with a number of academic staff as it is not a key focus of their role, and there are gaps in their understanding of the benefit that TRAC and TAS provides for the institution.

The time taken to administer time allocation has reduced slightly to 42 days, but this varies greatly by method of time allocation (29 days for in-year retrospective and statistical method to 70 days for administration of WLP method).

The most popular method of time allocation was in-year retrospective time allocation used by 44% of respondents (71% in 2012), Workload planning was the next most popular with 29% (5% in 2012) and Statistical collection was least adopted method with 17%, (22% in 2012).

Use of workload planning data for TRAC has grown significantly and the survey reported that this provided more reliable results and academic staff interviewed deemed it less burdensome than other forms of TAS – the survey data did not demonstrate this, which may further support a finding with TAS and TRAC not being understood by all academic staff, whereas WLP and its purpose is clearer.

In terms of the reliability of TAS data then 29% consider the data is a fair, reasonable, and representative illustration of how time is spent with a further 63% stating that it provides fair and reasonable data, but improvements could be made. Only 1% of respondents believe that data in unreliable and unrepresentative and 7% stating that a high-level adjustment was required as the data collected was not reliable and representative of the activities undertaken.

Where institutions have achieved fair, reasonable and reliable data, or fair and reasonable data, although improvements could be made, the factors that enabled this was that the management and Head of Department review the data; good response rates are achieved, good guidance is provided and the data is collected annually.

There is some concern that there may be too much flexibility in the methods of time allocation permitted, which could create inconsistency in the results reported. Beyond WLP there are however no alternative data that exists within institutions on how academic staff time is spent.

For the minority of institutions that are not satisfied with their TAS results, or where a high-level adjustment is required state that a lack of academic accountability or academic bias are the main reasons for this.

Institutions are contributing to the perception of burden by going beyond the minimum TRAC requirements and are collecting data from all staff every year, instead of once every three years.

5.11.7 Recommendations

Recommendation 12 – Reducing the time allocation requirements and clarification of data quality requirements Regulators, Funders and UKRI should consider the level of precision they require in the TRAC data, as this will determine a minimum standard for any time collection process. At one extreme this could signal a move towards timesheets and at the other a lessening of requirements such that Head of Department estimates are used as the basis for the time allocation returns. **(R&F)**

Other suggestions for improving the time allocation process include:

— Increase the level of detail and parameters in the TRAC Guidance in relation to a statistical method of time allocation model to increase standardisation and a known minimum quality threshold;

— Removal of the requirement for approval of workload plans at the start of the year. This is seen as very difficult for institutions to achieve and the benefit it provides is not understood. Removing this step would assume that staff and indeed Unions would make representative of workload plans were not reasonably representative of the work required and undertaken by academic staff;

— Further promote the use of workload planning for TRAC;

— Consideration of a maximum as well as a minimum response rate for time allocation returns could be specified, as this will support the overall consistency of the data collected and direct institutions where no further effort is needed in chasing further responses.

Other options for reforming TRAC that have been considered, but are not taken forward are listed in section 6.2.

5.12 Using TRAC to inform efficiency

5.12.1 Background

An element of the scope for this review was to assess options for using TRAC data and benchmarking to better inform the efficiency agenda of the sector.

When considering using TRAC to inform efficiency we have focussed on the potential to exploit the benchmarking data that could be provided by TRAC and/or an enhanced TRAC to provide insights into the levels of relative spend on key activities.

In 2012 HEFCE commissioned HESA to undertake a review into the ability to use Higher Education Benchmarking to inform efficiency. The definitions identified within that review are still useful for the purposes of this review such that:

— **Benchmarks** are purely measurements used for comparison, and
— **Benchmarking** is the process of finding best practices and of learning from others.

Respondents to their survey raised a number of benefits including:

— Identification of efficiencies and cost reductions;
— Identification of key areas upon which to focus resources; and
— Assisting in building robust business cases for developments,
— Better understanding of risks.

Efficiency and benchmarking are inherently difficult topics in a sector as diverse as higher education in the UK. There are however some areas of commonality, either in mission or activities undertaken. The remainder of this section considers past work on efficiency in the public sector and then explores the appetite in the sector for improved benchmarking together with options for delivering this.

5.12.2 Value for Money in public sector corporate services report[39]

In 2007 the UK's public sector audit agencies worked together to develop indicator sets for measuring the value for money performance of five corporate services functions:

— Finance;
— Human resources;
— Information and communication technology;
— Estates management; and
— Procurement.

The indicators were developed in collaboration to be used by senior managers across the public sector to help them monitor and improve the value for money performance in their organisations' corporate services. These areas had been targeted by the Government as a priority area (at that time) for securing efficiency improvements and releasing resources for use in delivering front-line services.

As with the current TRAC benchmarks the use of the indicator sets was to be voluntary, with individual organisations deciding whether or not they would add value to their own performance management systems, benchmarking activities and improvement plans. This reflected a shared commitment by the audit agencies to improve the quality of performance information used by these public sector bodies, while avoiding any additions to their information burden.

As a result of an initial research and consultation phase, in which discussions were held with stakeholders from across the public sector, the audit agencies also agreed that:

[39] https://www.nao.org.uk/wp-content/uploads/2007/05/0607vfm_corporateservices.pdf

— the indicators should be kept simple and easy to measure
— the indicators should not aim to cover all aspects of performance but instead be chosen for their capacity to motivate changes in behaviour and support improvement
— the indicator set should aim to complement any existing performance management frameworks and benchmarking initiatives, and where possible facilitate future benchmarking with the private sector

5.12.3 Considerations for using TRAC to inform efficiency from this review

5.12.3.1 Strengthening existing TRAC benchmarking

The work undertaken to support this review has identified that the benchmarking data provided by Annual TRAC and TRAC(T) is valued and used by institutions, but there are limitations due to a) limitations in the benchmarking groups; b) the information that TRAC collects and is therefore available for benchmarking, and c) the fact that there are no indicators to enable interpretation of how effective the spend is on key activities.

The TRAC Development Group delivered a report in 2016 on 'Enhanced benchmarking from TRAC'[40]. This report made a number of observations and suggestions for enabling greater value to be obtained from the TRAC benchmarking. These included:

— Developing additional benchmarking groups to enable institutions to compare themselves to a greater range of institutions with similar characteristics;
— Identifying some performance indicators to report alongside the cost data, as a way of adding context to the costs reported;
— Improving the visualisation of the TRAC benchmarking; and
— Improving the timeliness of the TRAC benchmarking.

The timing of the report above coincided with the structural reforms to the regulation and oversight of the sector, with the creation of the Office for Students and UKRI, which affected the pace with which these recommendations could be taken forward.

Other opportunities to increase the benchmarking provided from existing data are outlined in 5.4.5.1.

5.12.3.2 Extending benchmarking data that is available from TRAC

Institutions were asked in the survey whether they would like to see the data extended to cover activities across professional services such as facilities costs and that they would like to have access to more detailed subject specific data. Approximately, 50% of survey respondent would like to have access to TRAC benchmarking that was broadly similar to the benchmarking data provided by other external firms. (We have not undertaken a review of these tools as part of this review). In addition they have stated that they would like to access benchmark data that more closely matches institutional characteristics.

Our survey revealed that more granular benchmarking data was requested by around half of respondents with a number more being open to the idea, subject to the complexities of benchmarking being overcome in a way that means that any additional burden was justified, to increase the usefulness of TRAC and TRAC(T) data. This supported findings from our desktop review that identified that benchmarking is vital to increasing efficiency, but currently its practice is piecemeal and fragmented and may benefit from more effective sector-wide coordination, if that aligned with the requirements of funders.

[40] www.trac.ac.uk/publications/management-information-project-enhanced-benchmarking/

Government departments are interested in accessing more granular information to allow them to gain a better understanding of institutional efficiency as Government Ministers are interested in the cost drivers for efficiency across education. They are concerned about identify the correct balance between additional granularity and burden. They would also like to gain a better understanding of the impact of cross-subsidy across activities.

Section 5.4.5.1 outlined some options for increasing the level of benchmarking that TRAC could facilitate with further work.

5.12.3.3 Further development of the benchmarking in TRAC

Based on the feedback from the survey and interactions with stakeholder there is an appetite for benchmarking of professional and student services providing that the comparability of the results can be achieved and that the effort required to compile the data is justified by the outputs it provides.

To ascertain the total cost of professional and student services it would be necessary for the TRAC method to be further developed such that costs of these services that are undertaken at local levels, are allocated back to the central functions. This would be an additional task and it would require some judgement. The process could however be undertaken periodically rather than annually to lessen the burden.

A further option to improve the benchmarking data would be to align some non-financial indicators such as size of estate, number of sites, NSS results, Research Excellence Framework ratings, student population and academic staff mix or grade against the existing TRAC benchmarking could be undertaken as this would provide additional context to the financial data reported. This was a suggestion made in the TDG report on enhancing benchmarking.

5.12.4 Summary of using TRAC to inform efficiency

Whilst interviews with Regulators, Funders and Government departments have identified the aspiration to understand the 'real' costs of teaching and research as a primary requirement. They have not expressed a direct interest in measuring the comparative efficiency of institutions, but would like to understand more about the drivers for efficiency.

Institutions would like to utilise benchmarking data to support more granular comparisons between institutions. Most institutions have internal processes for curriculum contributions calculations and many use third party benchmarking companies to provide additional insights into their professional services operations.

There is an opportunity to increase the benchmarking data that is obtained for TRAC and by increasing the number of benchmarking groups against which institutions can compare themselves.

There is a further opportunity to extent the TRAC process to generate benchmarking data of professional and student services, subject to the feasibility and effort required to do this.

5.12.5 Recommendations

Recommendation 14 – Actions to increase the benefits and utility of TRAC to institutions (F&R). To improve the benefit and utility that institutions get from the TRAC process, the following steps are recommended:

— Update the TRAC Peer Groups and provide additional sub-groupings of institutions as this will improve the usefulness of the TRAC benchmarking. The TDG Report on Enhanced Benchmarking provides good evidence and recommendations for the additional groupings that could be beneficial.

— Improve the language and naming conventions used in TRAC to better align to institutional language and understanding of academic staff (i.e. replace publicly funded and non-publicly funded teaching).
— Subject to confirming that costs can be robustly allocated, adjust the Research sponsor categories to split out industry more clearly, possibly break out the research sponsor type by research council. In the presentation of the TRAC results a secondary allocation of QR funding could be made to make the surplus/deficit results more reflective of how the funding is actually used;
— Evaluate the potential value in breakdowns by other public funders, particularly as new funders are created or funds through other parts of government are introduced.
— Revise the income allocation requirements such that income from Regulators and Funders is allocated in line with funder expectations (e.g. income from UKRI does not get allocated to institution own funded);
— Redefine 'Other' into student related, income generating and Non-Commercial in addition to Other Clinical Services;
— Re-assess the guidance regarding Other Clinical Services to take account of the changed recharging arrangements between institutions and the NHS; and
— Research and revise the weightings applied to postgraduate research students in the calculation of the charge-out rates.

Recommendation 16 – Establishing how TRAC can inform efficiency Taking account of institution, regulator, funder and government interests, develop an outline benchmarking specification and method to enable the feasibility of a student services and professional services benchmarking data set to be assessed. This will enable an objective assessment of whether of the complexities identified can be overcome and also whether the likely effort required to deliver the benchmarking data is justified. More detailed benchmarking data may not be required annually and this should be considered as part of this review.

Alongside this mapping of non-financial indicators against the existing TRAC benchmarking could be undertaken as this would provide additional context to the financial data reported.

Other options for reforming TRAC that have been considered, but are not taken forward are listed in section 6.2.

6 Recommendations

In this section we outline our approach to developing the recommendations. It provides a longer list of areas for consideration which were evaluated.

6.1 Context for TRAC

Since the introduction of TRAC in 1998, the approach has been regularly developed in successful collaboration between the Institutions and the relevant regulators and funders.

The TRAC Development Group and the Regional TRAC groups along with specialist consultants have supported a wide range of specific reviews of the TRAC requirements that have substantiated changes to the requirements to mitigate deficiencies and or meet the emerging needs of the regulators and funders.

The successful growth of the Higher Education sector has created a highly diverse range of higher education providers. There are 160 traditional universities and colleges across the UK that offer taught degree programmes across both undergraduate and postgraduate levels. Approximately 204 FE Colleges provide Higher Education of which a small number can award degrees and foundation degrees. In addition to these there are Other Providers which are Higher Education providers who do not receive recurrent funding or other public body and who are not further education colleges. The Curriculum delivered across these providers ranges from Level 3 to Level 8 with a significant difference in complexity and size. Research is mainly delivered by traditional Universities most of which are in scope for the current TRAC data collection.

Whilst it is recognised by all stakeholders that all full economic costing models require effort to implement, there are continual concerns that the burden of TRAC (i.e. the unnecessary effort) is caused by sub-optimal requirements and a lack of clarity over the usefulness of the TRAC data to justify the effort and the burden. The perception of burden is complicated as TRAC is closely associated with research bids which are administratively intensive and also create burden.

Since the introduction of TRAC the benefits of the TRAC approach are recognised as providing the evidence base for a significant increase in research funding using a method that is accepted and trusted by government, alongside promoting a standardised mechanism for HEIs to assess and compare their own internal costs. However, the increased diversification of the sector, the planned increase in research and the need for regulators and funders to access consistent cost data across a wider range of providers is providing a range of challenges to the existing arrangements.

6.2 Options for reforming TRAC that have been considered but are not taken forward

We developed the following ideas for reducing the burden of TRAC based on the survey, institutional visits, and critical assessment of the TRAC process. However, consideration of these options in terms of their implications means it is not proposed that they are taken forward at the current time. Further details are provided below:

Option for reforming TRAC	Benefit	Implication of implementation
Utilise the OfS Finance return/HESA Finance return to replace TRAC	This would remove the need for the Annual TRAC and TRAC(T) returns. Taken at face value, this would reduce burden as the work involved in generating the returns could be removed.	To deliver the information provided by TRAC the HESA and OfS Finance returns would need to be made more complex and would still require a lot of the data collection and work that is currently undertaken to generate the TRAC returns. Two different bodies are involved in the Finance returns (the OfS and HESA), which creates a complexity for the maintaining the requirements. For these reasons this option is not considered beneficial. A recommendation is however made to assess the feasibility of incorporating TRAC reporting into the HESA and OfS Finance returns.
Remove the collection of the TRAC(T) return	This would remove the need for one return to be reported together with the work it entails.	Government and funders have a need to understand the cost of teaching, therefore in TRAC(T), or a variation therefore were not collected, an alternative data collection would be required. A recommendation is made for how the TRAC(T) collection should be changed to improve utility.
Reduce the frequency with which TRAC and TRAC(T) returns are collected.	The work involved to generate the TRAC returns would be reduced as it would need to be undertaken less frequently. Work required to collect academic staff time information would still however be required.	Annual TRAC and TRAC(T) information could potentially be collected less frequently as reviews of funding are not undertaken annually and charge-out rates could be indexed in the years the data is not collected. It would however mean that a time series and trends in costs and cost recovery could not be understood as well. If the year of collection coincided with other 'one-off' events (e.g. changes in accounting standards, Pandemic, other one-off implications for the cost base on institutions) it could reduce the validity of the data. In both cases institutions outlined that the effort and burden created by 'standing up' processes to meet periodic reporting requirements could be greater than continuing with an annual collection.
Remove the collection of academic staff time data and rely on Head of Department estimates	This would remove the need for any academic involvement in the generation of the TRAC returns, which would remove a perceived and actual burden.	Principles of TRAC are that it should minimise the scope for manipulation and bias, provide a consistent and fair basis for funding and be comparable, be auditable and facilitate collaborative research projects. Academic staff costs also account for around 30% of expenditure and are therefore significant.

Option for reforming TRAC	Benefit	Implication of implementation
		Removing academic staff from the process of reporting how their time has been spent makes it difficult to fulfil the principles above. Although the principles could be changed, it would be difficult to argue that any process should not align with those principles. Moving purely to a Head of Department estimate of how staff time is used is therefore not considered feasible.
Enable institutions to self-select the institutions with who they are able to benchmark their results	Institutions would get the greatest benefit from benchmarking of TRAC results as they would be comparing their data and performance to only institutions with who they believe they are similar to, or aspire to.	The anonymity of an institution's own data could not be ensured. This was a matter considered by a TDG project on enhanced benchmarking in 2016. For this reason, this is not being pursued further.
Simplify and reduce the number of TRAC requirements	If there are fewer steps required in the TRAC process, this could reduce the work required to complete the return, which in turn could reduce the burden of the process.	A number of simplifications are proposed in the recommendations in the following section. There are however limitations on how 'simplified' the TRAC requirements can be. The HE sector is diverse, and institutions are complex, undertaking a wide variety of activities. Simplifying requirements in a number of cases reduces the robustness, comparability, and reliability of the data, which could mean it is unable to fulfil the purposes for which the data is collected.
Remove the requirement for the full Statement of Requirements to be presented to the TRAC Oversight Group. This can be done on an exception basis. Remove the requirement for a self-assessment against the Assurance Reminders document in addition to the Statement of Requirements.	This would reduce the amount of work required.	Although this would reduce the level of reporting to the TRAC Oversight Group, the assessment would still be required to be undertaken. Assurance reviews undertaken by UKRI within the last two years have identified non-compliance with TRAC requirements, including concerns over the governance of TRAC. It is therefore not possible to implement this option until there are greater levels of compliance with TRAC requirements.

6.3 Benefits of TRAC

Although this section outlines a series of recommendations to be considered, it is important to outline that there is broad agreement that having a national dataset, based on a consistent method is important and beneficial to the sector. It is also commonly reported that TRAC is used by institutions beyond just TRAC reporting and that TRAC enables the production of fEC charge-out rates for Research, which is valued by many in the sector.

Although opportunities for improvement have been identified, the benchmarking data both on annual TRAC and TRAC(T) is deemed useful to institutions, albeit opportunities have been identified to improve this further, which would provide additional utility for institutions.

6.4 Recommendations

In this section of the report, we provide our recommendations for the regulators, funders, and UKRI to consider to mitigate the adverse observations documented within the findings section of the report that were summarised in our conclusions section. Additionally, we have provided an indication of ease of implication and our understanding of the impact of successful implementation.

It is widely accepted that all full economic costing approaches are required to balance complexity and accuracy with the effort required to access the data required. Institutions have reported that if TRAC didn't exist there would still be a requirement for the development of institutional internal costing approaches which may not be accepted by funders, regulators and UKRI without additional scrutiny.

We recognise the institutional effort required by institutions to produce compliant TRAC return which currently provides government with a robust estimation of the cost of Higher Education teaching and research activities across the sector requires effort. This effort is judged as burden where institutions or individual staff have concerns about the usefulness of the data.

Our recommendations are designed to reduce burden through an increased level of sector awareness, optimising the TRAC requirements and increasing its utility.

We have categorised our recommendations into key themes in order to represent the common root causes of the disparate observations made across the scope of our work.

Benefit Classification has been used to support the grouping of the recommendations by type and we have also provided our assessment of the impact on burden reduction, the Ease of Implementation and the risks associated with implementation

Impact of reducing burden

H – Significant reduction of burden for all institutions

M – **Meaningful** reduction in burden for most institutions

L – **Reduces burden** for a subset of Institutions

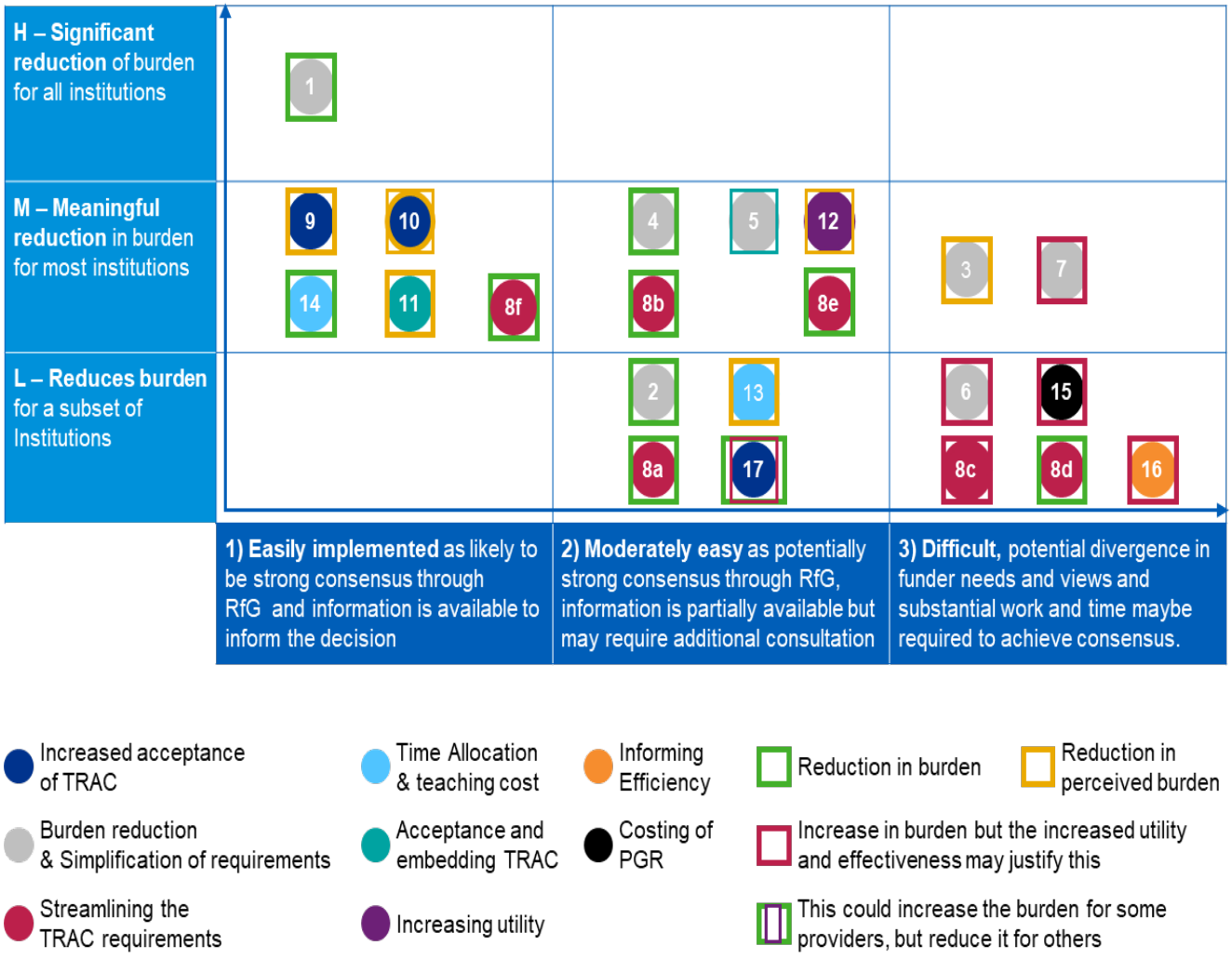
Ease of Implementation

1 **Easily** implemented as likely to be strong consensus through RFG or others and information is available to inform the decision

2 **Moderately easy** as potentially weak consensus through RFG or others, information is partially available but may require additional consultation

3 **Difficult**, potential divergence in funder needs and views and substantial work and time may be required to achieve consensus

Figure 1638: Illustration of the benefit and ease of implementation for the proposed recommendations



The recommendations are detailed below. At the end of each recommendation there is a prefix to identify whether this is mainly an action for Regulators and Funders (R&F), institutions (Inst) or a combination of the two e.g. where Regulators and Funders need to take action initially, but then implementation by institutions.

6.4.1 Recommendations for simplifying TRAC requirements

Identifying the burden of TRAC has proven complex. We have considered burden in terms of the amount of time that TRAC takes to complete, the usefulness of the data that TRAC provides, and also any aspects of the TRAC process that are felt unnecessary or not value adding to those providing the data.

Recommendation 1 – Governance and sign-off requirements for TRAC and TRAC(T). The Regulators and Funders should consider changing the sign-off process such that the Accountable Officer and institutional Executive, supported by an effective TRAC Oversight Group, are responsible for signing off the TRAC returns. The need for governance oversight would be advisory. **(R&F)**

Recommendation 2 – Remove or reform research facility requirements in TRAC. It is recommended that further data is collected and analysed to clarify the actual materiality of the research facility charge-out rates when collapsed back into the estates charge-out rate. This, together with the information needs of UKRI should inform the evaluation of whether the requirement for TRAC research facilities can be removed from TRAC. If research facilities are retained, the TRAC guidance in this area should be overhauled and updated. **(R&F)**

Recommendation 3 – Reform the Margin for Sustainability and Investment. Funders and Regulators should consider the issues raised in this review in its consideration of the separate Review of MSI that is being undertaken. Consideration should be given to how the two pieces of work interact. **(R&F)**

Recommendation 4 – Simplifying and standardising certain cost drivers. A one-off data collection should be made with a representative sample of institutions to understand the sensitivity of how different, more standard cost drivers affect the allocation of costs in the TRAC return. This could then enable TRAC guidance to require specific cost drivers for certain cost pools, thus simplifying TRAC requirements and reducing work required by institutions. This could be by exception allowing institutions to use their own values where they thought this was more accurate. **(R&F)**

Recommendation 5 – Standardised indexation and estates weightings. Funders, Regulators and UKRI should consider developing a standard rate of indexation for the whole sector to use on an annual basis. Furthermore, consideration should be given to publishing sector level estates weightings to reduce the workload for institutions. **(R&F)**

Recommendation 6 – Information on the relative cost of research – UKRI should determine whether it requires TRAC to report on the relative cost of research in different disciplines. This would require further development of the TRAC method, but would not need to be mandated for all institution. If implemented this could produce more useful data for research intensive institutions. **(R&F)**

Recommendation 7 – Use of OfS and HESA Finance returns to provide TRAC data – Almost a third of respondents to question 6 in the survey stated that the OfS and HESA Finance returns should be used to provide the TRAC data. As currently designed the Finance returns do not provide the equivalent of the TRAC data, but it may be possible to further develop these returns to enable this.

There are a number of factors that would need to be evaluated such that a decision could be made on reporting TRAC as part of the Finance returns. These are as follows:

- The Finance returns are normally collected in December each year, which is earlier than the end of January and end of February deadlines normally used for TRAC and TRAC(T). Earlier reporting of TRAC would make the data more useful for some, but not all;
- The Finance Returns would need to change to incorporate the reporting of TRAC and would still require a number of the processes that are in place to enable the TRAC returns to be produced. Consideration of whether this provided a net reduction in burden would need to be made;
- There could be complexities in protecting the confidentiality of the TRAC data as to whether HESA would be required to publish or share the data it collects;

Regulators and Funders should consider evaluating the use and timing of existing Finance returns to provide the TRAC data, taking account of the issues identified above. **(R&F)**

6.4.2 Streamlining TRAC requirements

Recommendation 8 – Actions to streamline TRAC requirements. In addition to the recommendation made above, the following opportunities should be considered for simplifying the TRAC requirements (**R&F)**:

- (Recommendation 8a) RfG to consider its materiality threshold to inform certain TRAC requirements;
- (Recommendation 8b) Further promote the benefits of utilising WLP for TRAC and highlight the existing TDG guidance that is available to assist institutions in doing this;
- (Recommendation 8c) Update TRAC Guidance on the treatment of other clinical services, to ensure it reflects current charging arrangements between HEIs and NHS bodies;
- (Recommendation 8d) Regulators and Funders to consider the merits of providing a complete TRAC model for institutions to use, to replace the need for individual institutions to develop their own models;
- (Recommendation 8e) Combining the reporting of Annual TRAC and TRAC(T) and consider the feasibility of requiring TRAC reporting earlier in order to increase the utility of the data;
- (Recommendation 8f) Remove chapter 5 of the TRAC Guidance relating to the calculation of research project costs as there is some duplication with other UKRI guidance.

6.4.3 Recommendations to increase acceptance and understanding of TRAC

Recommendation 9 – The RFG and other government stakeholders need to define and communicate the purpose and needs from TRAC and consider how these might evolve in the future (R&F)

Government policy and the way in which institutions are funded has changed since TRAC and TRAC(T) were implemented. The bodies funding and regulating party of the sector have also changed. TRAC has continued to be collected throughout this period and institutions reported that they are not now clear why the TRAC data is required in some cases, which is contributing to a perception of burden.

The RFG need to determine their medium term needs in terms of cost information. For England the DfE also outlined their interest in having more detailed cost information to inform policy. Clarity is needed as it will enable clear communication and engagement with the sector regarding the role and purpose of TRAC. In turn this will assist institutions in communicating internally the requirement and use of the data. Together this will enable a different view of the burden of TRAC. These decisions will also inform certain recommendations made later in this section.

Once clarified, where needed, steps should be undertaken across the OfS, Funding Councils, UKRI and DfE to ensure that awareness and understanding of TRAC is sufficient for the purpose to which it will be used. As understanding within Regulators and Funders increases, this will enable the data to be used and discussed with institutions to a greater extent, which will reinforce the purpose, use and importance of the data.

Institutions also have responsibilities to ensure data is of sufficient quality to enable funders to meet assurance requirements for use of public funds, consideration should be given to re-enforcing this responsibility.

Recommendation 10 – Publication and commentary of the TRAC data

The Office for Students publishes the annual TRAC results for England and also include UK data. This is a factual publication with minimal commentary and there is no detail about how the data has or will be used. The other Funding Councils also communicate the TRAC data, but the numbers of

institutions in Scotland, Wales and Northern Ireland limit how much analysis can be provided in order to protect institutional anonymity.

To date communication of TRAC data has been very factual and has not been expanded to offer context or more strategic messages and implications of the data. This affects the audiences that are likely to engage with the information, which in turn can affect the level of engagement, acceptance and understanding of TRAC.

Regulators and Funders should consider how it can communicate the TRAC data, the issues that it raises and matters for institutions, Regulators and Funders to consider. The different audiences for the information should be considered and communications targeted to them accordingly. This step will provide an important opportunity for increasing awareness of TRAC within institutions and reinforcing the use and importance of the data by Regulators and Funders. **(R&F)**

Recommendation 11 – Increasing institutional understanding of TRAC – A significant contributing factor to the perceived burden of TRAC has been found to be the lack of understanding of TRAC and its use amongst academic staff in a number of cases. From the institutional virtual visits, we found that tone at the top and sponsorship of TRAC by PVC Research or equivalent generally improves acceptance and understanding.

Aligned with recommendation 9, and noting that this is already a TRAC requirement, institutions should be reminded of the importance of ensuring good and regular communication with academic staff to ensure there is a sufficient understanding of TRAC and how Regulators and Funders use the data, in addition to the benefit the institutions receive from it. Institutions reported that having a senior academic Chair and having academic staff represented on the TRAC Oversight Group enable more successful communication and understanding of TRAC.

Further resources should be made available for example updating the 'TRAC – A guide for senior managers and governing body members.' The promotion of the online training provided by the British Universities Directors Group (BUFDG) 'Introduction to the Transparent Approach to Costing (TRAC)'. Identified good practice should be promoted including providing templates for information to be provided to governing bodies and TRAC Oversight Groups. **(Inst)**

6.4.4 Recommendations to time allocation methods

The review has identified conflicting messages regarding the time allocation methods in use. Unless workload plans are maintained, institutions reported that there is no alternative data held on the use of academic staff time, therefore the TRAC process needs to include a collection of information on the use of academic staff time. TAS has be cited as a reason for some hesitation to accept the TRAC results. A reflection from the helpful interactions we had during the review is that however it be undertaken, the TAS process will be viewed as 'administration' by academic staff and any amount of time spent doing this is not typically viewed favourably and will be seen as burden. We therefore suggest that any method of time collection will attract criticism.

Recommendation 12 – Reducing the time allocation requirements and clarification of data quality requirements Regulators, Funders and UKRI should consider the level of precision they require in the TRAC data, as this will determine a minimum standard for any time collection process. At one extreme this could signal a move towards timesheets and at the other a lessening of requirements such that Head of Department estimates are used as the basis for the time allocation returns. **(R&F)**

Other suggestions for improving the time allocation process include:

— Increase the level of detail and parameters in the TRAC Guidance in relation to a statistical method of time allocation model to increase standardisation and a known minimum quality threshold;

— Removal of the requirement for approval of workload plans by academic staff at the start of the year. This is seen as very difficult for institutions to achieve and the benefit it provides is not understood. Removing this step would assume that academic staff and indeed Unions would make representative of workload plans were not reasonably representative of the work required and undertaken by academic staff. Academic staff sign-off of the workload plans should be retained at the end of the year;
— Further promote the use of workload planning for TRAC; and
— Consideration of a maximum as well as a minimum response rate for time allocation returns could be specified, as this will support the overall consistency of the data collected.

6.4.5 Collection of teaching cost information

Throughout the stakeholder engagement, institutions were critical of TRAC(T) in its current form as it is not useful to institutions internally and it is not clear how it is useful to funders. Funders and the Department for Education have identified they have a need to understand the cost of teaching and therefore the following recommendations are proposed.

Recommendation 13 – The RFG and other government stakeholders need to outline their medium-term needs for information on the costs of teaching. This should then inform the data collection. (R&F)

In line with Recommendation 9 there needs to be clarity from the OfS, Funding Councils and DfE on their information requirements for understanding teaching costs. This should then inform the data collection.

Subject to the above, based on the feedback received during this review, the following changes to the current TRAC(T) process are recommended:

— Ensure the method collects all costs and not 'funding council fundable, subject related' costs;
— Split the collection to separate undergraduate and postgraduate teaching costs;
— Collect teaching costs at subject level. To enable this, have a model that enables module level costs to be calculated, even if this level of data is not reported to the OfS and Funding Councils;
— Consider the benefits of using the Higher Education Classification of Subjects (HECoS) to enable the capture of costs by subject groups, rather than HESA cost centres;
— Report the contribution delivered by different subjects;
— Consider whether costing can be reliably split between full and part time;
— Have a breakdown of what is making up the reported teaching cost (e.g. academic staff costs, non-staff costs, equipment, etc.);
— Over time identify the cost of distance learning, apprenticeships, and other forms of provision.

6.4.6 Increasing the utility of TRAC

In addition to the points already made, some other steps were identified to improve the usefulness of the TRAC process, these are as follows:

Recommendation 14 – Actions to increase the benefits and utility of TRAC to institutions. To improve the benefit and utility that institutions get from the TRAC process, the following steps are recommended (**R&F)**:

— Update the TRAC Peer Groups and provide additional sub-groupings of institutions as this will improve the usefulness of the TRAC benchmarking. The TDG Report on Enhanced Benchmarking provides good evidence and recommendations for the additional groupings that could be beneficial.

— Improve the language and naming conventions used in TRAC to better align to institutional language and understanding of academic staff (i.e. replace publicly funded and non-publicly funded teaching).
— Subject to confirming that costs can be robustly allocated, adjust the Research sponsor categories to split out industry more clearly, possibly break out the research sponsor type by research council. In the presentation of the TRAC results a secondary allocation of QR funding could be made to make the surplus/deficit results more reflective of how the funding is actually used;
— Evaluate the potential value in breakdowns by other public funders, particularly as new funders are created or funds through other parts of government are introduced.
— Revise the income allocation requirements such that income from Regulators and Funders is allocated in line with funder expectations (e.g. income from UKRI does not get allocated to institution own funded);
— Redefine 'Other' into student related, income generating and Non-Commercial in addition to Other Clinical Services;
— Re-assess the guidance regarding Other Clinical Services to take account of the changed recharging arrangements between institutions and the NHS; and
— Research and revise the weightings applied to postgraduate research students in the calculation of the charge-out rates.

6.4.7 Postgraduate Research (PGR) students

The TRAC data suggests significant under recovery against the fEC of PG research. UKRI is actively considering this issue but do not have adequate information on the costs of training PGR across different disciplines. Furthermore, although the TRAC guidance encourages the separation of PGR income and costs this is not a requirement and therefore there is variability in the numbers of institutions doing this and the methods and rigour that underpin the reported costs of PGR. It is understood that UKRI does not hold any additional information of the costs of PGR training. Therefore, there is an opportunity for TRAC to be adapted to meet this information need.

Recommendation – 15 Clarify the requirement for the treatment of PGR costs aligned to the emerging needs for UKRI. This year UKRI will begin long-term work on a New Deal for postgraduate research students. UKRI is keen to understand the full cost of PGR students in addition to practices in students being deployed on projects. Through cross-sectoral consultation this work will consider how these students are supported and developed both practically and financially. Subject to finalisation of the scope of that review, and reflecting the complex nature of PGR, further work should be undertaken to understand the feasibility, information requirements and pilot the data collection of PGR costs in TRAC. **(R&F)**

6.4.8 Using TRAC to inform efficiency

The review sought views and explored whether it would be helpful to institutions to have increased benchmarking information on the costs of professional services, through TRAC. Half of the survey respondents were in favour of this and a further 24% would consider it, subject to some concerns being overcome. 26% were not in favour.

Broader stakeholder conversations identified that it may be more relevant to define efficiency as understanding cost and spend patterns. A number of survey respondents stated that other metrics should sit alongside the cost information to contextualise the costs reported.

Recommendation 16 – Establishing how TRAC can inform efficiency. Taking account of institution, regulator, funder and government interests, develop an outline benchmarking specification and method to enable the feasibility of a student services and professional services benchmarking data set to be assessed. This will enable an objective assessment of whether of the

complexities identified can be overcome and also whether the likely effort required to deliver the benchmarking data is justified. More detailed benchmarking data may not be required annually and this should be considered as part of this review.

Alongside this mapping of non-financial indicators such as size of estate, number of sites, NSS results, Research Excellence Framework ratings, student population and academic staff mix or grade against the existing TRAC benchmarking could be undertaken as this would provide additional context to the financial data reported. **(R&F)**

6.4.9 Institutions in the scope of TRAC

Within England, the OfS oversees a range of providers including traditional HEIs, FECs and private HE providers. The scale of provision in these different types of providers varies and collection of TRAC from all providers may not be appropriate or proportionate.

Recommendation 17 – Dispensation and providers into the scope of TRAC. A suggested threshold for participating in TRAC, based on SLC funding and Funders recurrent teaching grant may need to be set at £1m to bring a meaningful number of providers into the scope of TRAC. This may not be appropriate or acceptable to those providers however. Conversely setting a threshold of £5m combined SLC and Funders funding would release a small number of providers from needing to provide TRAC returns.

Funders could consider whether to raise the dispensation limit, although this would not release a substantial number of providers from complying with full TRAC requirements and as outlined a number of those already eligible for dispensation choose to comply with the full requirements

The Funders should consider its materiality thresholds and requirements for cost information from providers not currently in the scope of TRAC and use this alongside the analysis in this report to determine whether other providers should come into the scope of TRAC, or whether periodic costing studies would be more appropriate. Additionally, Funders and Regulators should consider the proportionality of requirements applicable to dispensation institutions and consider whether specific guidance should be provided to support those institutions in compiling TRAC and research bids. **(R&F)**

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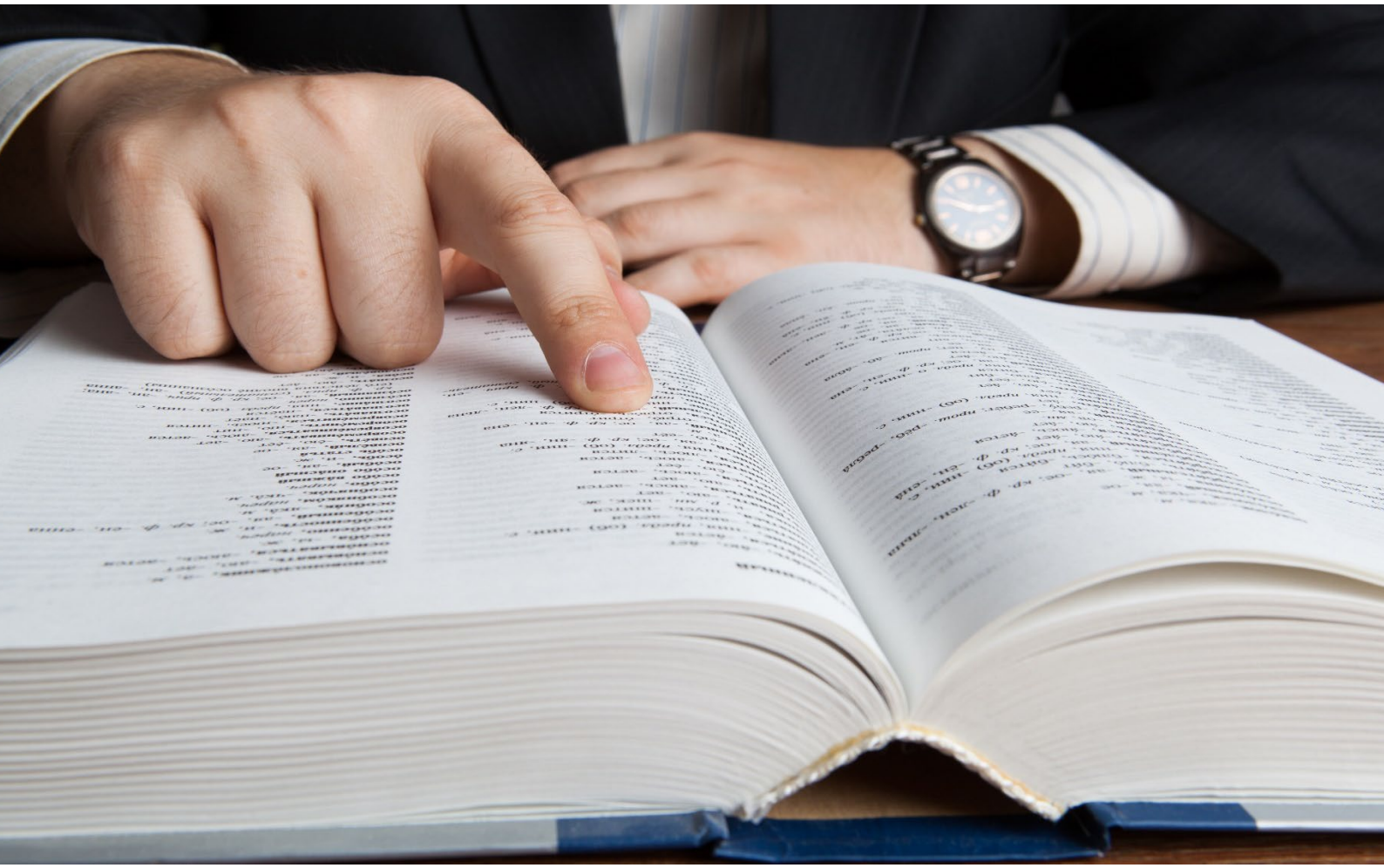
Glossary

AHUA	Association of Heads of University Administration
BIS	Department for Business Innovation and Skills
BUFDG	British University Finance Directors Group
CUC	Committee of University Chairs
DH	Department of Health
EC	European Commission
EU	European Union
FE	Further Education
fEC	Full Economic Cost
FEC	Further Education College
FSR	Finance Statistics Return
FSSG	Financial Sustainability Strategy Group
FTE	Full Time Equivalent
HE	Higher Education
HECoS	The Higher Education Classification of Subjects
HEFCE	Higher Education Funding Council for England
HEI	Higher Education Institution
HESA	Higher Education Statistics Agency
HEFCW	Higher Education Funding Council for Wales
HEPISG	Higher Education Public Information Steering Group
JCPSG	Joint Costing and Pricing Steering Group
KIS	Key Information Sets
KPI	Key Performance Indicator
MoD	Ministry of Defence
MIP	Management Information Portfolio
NAO	National Audit Office
NHS	National Health Service
PGR	Post-Graduate Research Students
QAA	Quality Assurance Agency for Higher Education

QAV	Quality Assurance and Validation
QR	Quality Related (HEFCE mainstream research funding)
RAM	Resource Allocation Model
RCUK	Research Councils UK
RFI	Return for Financing and Investment
SFC	Scottish Funding Council
Subject FACTS	Subject-related Full Average Costs of Teaching a Student
TAS	Time Allocation Survey
TCS	Trends in College Spending
TDG	TRAC Development Group
TRAC	Transparent Approach to Costing
TRAC (T)	TRAC for Teaching
TR	Transparency Review
UUK	Universities UK
WLP	Workload Planning



Appendix 1 Terms of Reference

Stage	Detail	Approach
Stakeholder engagement	Relevant stakeholders for us to engage with as part of the review were suggested to be as follows: — Regulators and Funders Group; — UKRI, OfS, Research England and other Funding Council representatives; — Russell Group; — BUFDG; — TRAC Development Group; — Academic leaders; — Health Education England; — Institutions, FE Colleges and the Independent HE provider sector; — Guild HE; — Collab-Group; — Independent HE; and — Key research charities. We agreed that equal weighting will not be given to each of the above groups. In a number of cases there will be interaction with some of the stakeholder groups throughout the review. The engagements with Independent HE and Collab-Group will be used to understand the extent of information typically held by members of these bodies in order to consider the likelihood of a TRAC style return being achievable, or indeed whether anything comparable is already in place. Thereafter we will consider how the need for reporting TRAC could be defined.	A combination of one-to-one meetings, focus groups and workshops will be utilised to engage with stakeholders
Sector survey	— A survey will be undertaken to principally gather information on the following: — Build an understanding of the burden(s) created by TRAC, together with options to address these; — Estimate of time typically taken to comply with the TRAC requirements and the time allocation process in particular; — Appraise the time allocation process in place and identify any options for	An electronic based survey to be issued to the sector. This will be circulated through Finance Directors, following engagement with BUFDG

Stage	Detail	Approach
	improved efficiency and confidence of the data; — The use of TRAC data beyond the provision of the TRAC returns; — Obtain feedback on ideas for reducing burden received by the Regulators and Funders Group; — Assess future cost information needs; and — Assess options for using TRAC data and benchmarking to better inform the efficiency agenda.	
Use of TRAC	A possible factor that could contribute to the view of TRAC being disproportionately burdensome relates to how widely the data is or is not used by funders and institutions and its relative importance to them. Data has previously been collected on the use of TRAC. Therefore, together with feedback from the TRAC Development Group and the survey, updated information will be provided on how TRAC is used. This will also assess other options that may exist for using TRAC data to a greater extent, whilst understanding the principle barriers to achieving broader use.	Stakeholder engagement, Sector Survey, TDG engagement and OfS/Funding Council information collected in past TRAC returns.
Understand the evolving needs of UKRI for cost information on research activity	UKRI has a commitment to BEIS to 'identify and implement improvements to ensure we accurately capture the true costs of research and innovation and act in a sustainable and informed manner'. We will therefore engage across various UKRI internal stakeholders to understand its forward agenda for research funding and the associated information requirements. Consideration will then be given to the extent to which TRAC fulfils these needs and what changes may be necessary. This stage will encompass a consideration of the cost information available on postgraduate research activity.	One-to-one meetings and focus groups.
A critical assessment of the current TRAC process and associated requirements	We will engage with one institution from each TRAC Peer Group to understand their approach to complying with the TRAC requirements. This will consider the use of technology, range of data utilised, human resources deployed to fulfil TRAC requirements and whether the process goes beyond complying with the minimum TRAC requirements. The findings from the sector survey undertaken as part of this project will	One-to-one meetings with institutions

Stage	Detail	Approach
	inform areas to explore in terms of any issues that are understood to create burden in addition to identifying options for improving and streamlining the TRAC process.	
Review of the current approaches to academic staff time allocation and the identification of where burden/ inefficiency may exist and identify options to overcome these	Through the sector survey, data collected through the TRAC returns, existing knowledge and meetings with institutions we will consider the approaches that institutions have adopted to academic staff time allocation, understand any issues or difficulties that are experienced and seek views on its robustness and utility. Consideration will be given to the extent to which technology is, or could be, used in the process. Through these interactions we will establish whether alternative data sources exist and whether there are other options for collecting data on the use of academic staff time. We will engage across UKRI to understand its minimum requirements and expectations for information on the use of academic staff time and then use this to appraise the current and any other options identified for collecting academic staff time data.	One-to-one meetings with institutions, UKRI and Regulators and Funders Group. Sector survey
Identification of options to modify the TRAC(T) process to better meet the needs of institutions and funders	We will meet with funders to understand their future information requirements on the costs of teaching, particularly in light of ongoing funding policy reviews across the UK which represent a risk in terms of both consensus of approach and timing of project reporting. This will be used together with outcomes from the TDG project assessing TRAC(T) and the DfE costing study undertaken on the costs of undergraduate teaching in the English HE sectors to identify options for obtaining more useful and relevant data on teaching costs.	One-to-one meetings with funders TDG report on the outcome of its work on TRAC(T) Desk-based review

Appendix 2 Stakeholders consulted during the review

Association of Colleges (FE Membership Group)

Association of Research Managers and Administrators (Mission Group)

British Universities Finance Directors Group (HE Membership Group)

Cancer Research UK (Research Funder)

Collab-Group (FE Membership Group)

Department for Business, Energy, Industrial Strategy (Government Department)

Department of Education (Government Department)

Economy Northern Ireland (Funder)

Guild-HE (Mission Group)

Health Education England (Regulator)

Higher Education Strategic Planners Association (Mission Group)

Higher Education Funding Council for Wales (HEFCW) (Funder)

Million Plus Group (Mission Group)

Office for Students (Regulator)

Regulators and Funders Group (Governance Group)

Research England (Research Funder)

Scottish Funding Council (Funder)

TRAC Development Group (Sector Advisory Group)

TRAC Regional Chairs (Sector Advisory Group)

TRAC Regional Groups (Sector Advisory Group)

University Alliance (HE Membership Group)

UK Research and Innovation (Funder)

Universities UK (HE Membership Group)

Wellcome Trust (Research Funder)

HEIs:

3 x Peer Group A

1 x Peer Group B

3 x Peer Group C

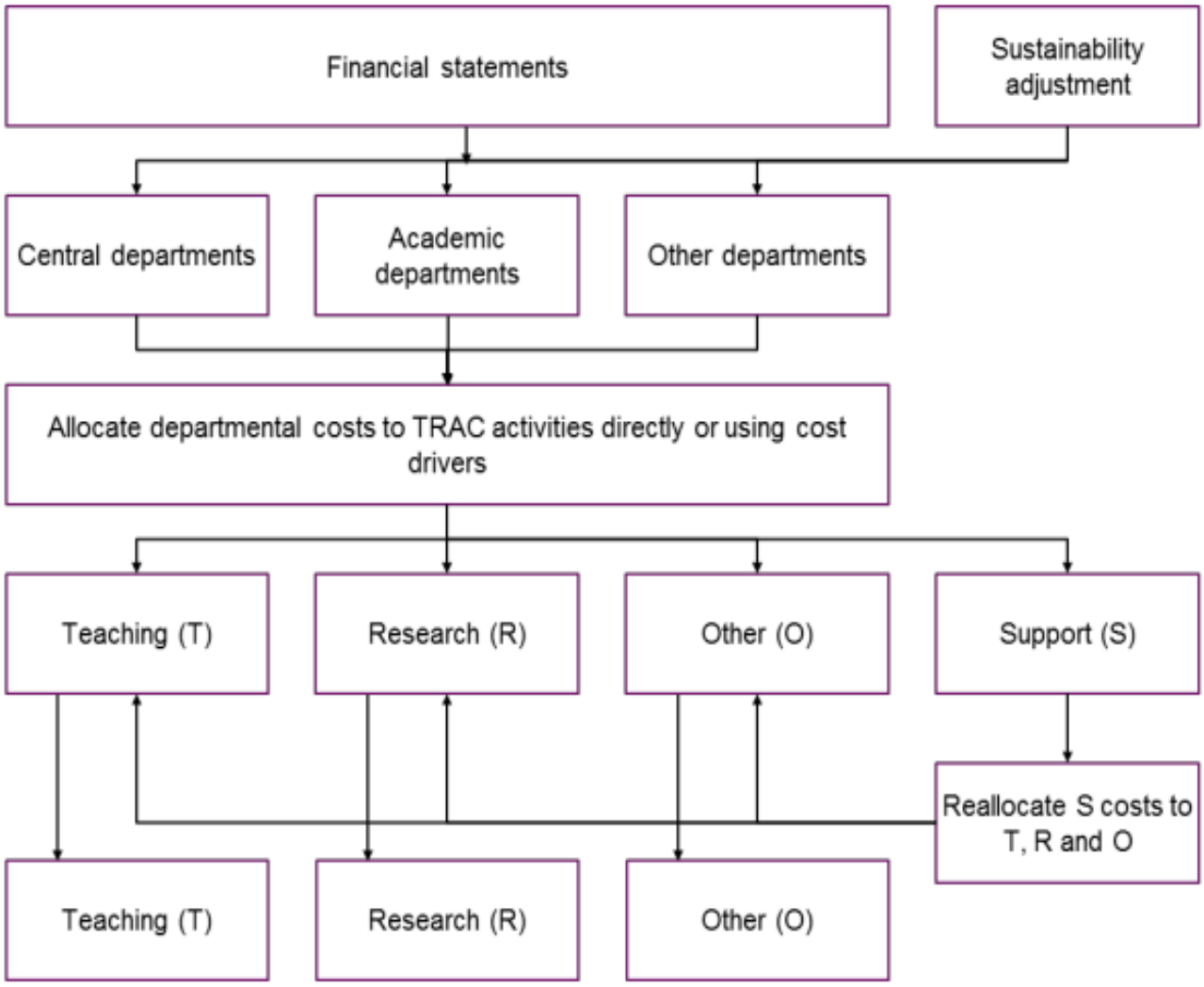
1 x Peer Group D

2 x Peer Group E

1 x Peer Group F

Appendix 3 TRAC Process

Overview of the TRAC Process taken from the TRAC Guidance Version 2.5, July 2020



Appendix 4 Bibliography

This appendix details key points that were observed from a number of publications reviewed as part of this review:

Categorisation	#	Main documents	Key findings
Overall relevance to the scope of this review	26	Of which 6 have been classified as highly relevant: — Assessment of the regulatory burden of TRAC 2005; — Review of TRAC 2012; — HEFCE Review of TRAC (2012) – Review of TRAC: Consultation on streamlining requirements and increasing transparency of the Transparent Approach to Costing; — HEFCE review of TRAC 2013; — Management information project: Enhanced benchmarking; and — Use of TRAC Briefing Paper	See below
Review of past sector reports on TRAC	3	— 2012 Review of TRAC — 2012 HEFCE Review of TRAC – Review of TRAC: Consultation on streamlining requirements and increasing transparency of the Transparent Approach to Costing — 2013 HEFCE Review of TRAC	Previous reports on TRAC have covered the purpose and intended benefits of TRAC, stakeholder requirements, the perceived benefits of TRAC in practice, as well as the costs and burden of TRAC for institutions. These reports have made recommendations to improve the efficiency of TRAC, and its utility to different stakeholders.
Time Allocation	2	— 2012 Review of Time Allocation Methods — 2012 Review of TRAC	Previous reports have identified the range of data collection methods used by institutions, the advantages and disadvantages of these methods, and the administrative burden of meeting this requirement.
Uses of TRAC (based on past work and TRAC	4	— 2017 Uses of TRAC briefing paper — 2012 Review of TRAC	This work has reviewed how TRAC and TRAC(T) data returns are used by funders, regulators, and HE

Categorisation	#	Main documents	Key findings
conference outcomes)		— 2012 HEFCE Review of TRAC – Review of TRAC: Consultation on streamlining requirements and increasing transparency of the Transparent Approach to Costing — 2013 HEFCE Review of TRAC	institutions as well as how the utility of the returns can be enhanced. Comments on the local use of TRAC included: — Using TRAC to inform central fEC models — Course costing, viability — RAM overhead allocation — Benchmarking
Understanding the burden of TRAC	3	— 2012 Review of TRAC — 2012 HEFCE Review of TRAC – Review of TRAC: Consultation on streamlining requirements and increasing transparency of the Transparent Approach to Costing — 2013 HEFCE Review of TRAC	The review of TRAC and consultations undertaken in 2012-13 found that it was appropriate to retain TRAC as a sector-wide approach to costing in the HE sector, however, there should be a clear programme of improvements, to improve the administrative efficiency of the system and to enhance the benefits and uses of TRAC and TRAC data.
Improving the TRAC process	2	— 2012 Review of TRAC — 2012 HEFCE Review of TRAC – Review of TRAC: Consultation on streamlining requirements and increasing transparency of the Transparent Approach to Costing	— Recommendations have been made to change approach to cost adjustments, Time allocation Frequency of data collection and returns. — Methods identified for streamlining: — A revised threshold for eligibility for dispensation — Refining time allocation method(s), e.g. reduction in minimum response rate, shorten the survey interval, reduce the frequency of collection of time allocation data. — Other suggestions – automating time allocation. — Alternative approach to calculating cost adjustments — Research sponsor-type analysis — Simplify requirements for research facilities

Categorisation	#	Main documents	Key findings
			— Simplify requirements for laboratory technicians — Harmonisation of TRAC definitions and HESA FSR categories — Dispensation arrangements. — Research sponsor types.
Assessment of TRAC(T)	4	Rationale for Modification of TRAC(T) Evaluation of TRACT for course level data	The 2019 report for DfE by KPMG considered the variation in costs across the sector and sought to understand the cost drivers, and factors affecting the cost of teaching in the future. TDG has undertaken 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.
Understanding the evolving needs of UKRI	3	— 2011 Review of Research Cost Relativities — 2012 Review of TRAC — 2012 HEFCE Review of TRAC – Review of TRAC: Consultation on streamlining requirements and increasing transparency of the Transparent Approach to Costing — 2013 HEFCE Review of TRAC: Consultation outcomes	The cost relativities for 2009/10 derived from the 46 participating institutions were reviewed and showed very different cost relativities from the cost weights currently used in the funding bodies' research funding models. Since then, reviews of TRAC have made recommendations to ensure that TRAC will provide more reliable and accurate cost information to HEIs and their funders.
Understanding the evolving needs of Funders, Regulators and Government	3	— 2012 Review of TRAC — 2012 HEFCE Review of TRAC – Review of TRAC: Consultation on streamlining requirements and increasing transparency of the Transparent Approach to Costing — 2013 HEFCE Review of TRAC	TRAC data are used in assessments of HEIs' financial sustainability, and that they help HE funding bodies to assess whether sufficient resources are invested to sustain the performance of HEIs. Reports have noted that the results of the annual TRAC return have consistently shown a significant deficit on a TRAC-adjusted basis of up to 5% of total income, although in 2010-11 this deficit fell to 2.5%.

Categorisation	#	Main documents	Key findings
Using TRAC to inform efficiency.	4	— 2016 Management information project: Improving the efficiency of TRAC processes — 2012 Review of TRAC — 2012 HEFCE Review of TRAC – Review of TRAC: Consultation on streamlining requirements and increasing transparency of the Transparent Approach to Costing — 2013 HEFCE Review of TRAC	Reports have noted that benchmarking is vital to increasing efficiency, but currently its practice is piecemeal and fragmented and would benefit from more effective sector-wide coordination. Reporting has sought to demonstrate different practices across the sector (such as time allocation methods

Appendix 5 Review of TRAC – Survey Questionnaire

Below are the questions included in the questionnaire, and summaries of the results returned.

Section 1 of 8 – Background questions

1 Can we contact you if necessary (to discuss your responses)? Yes/No

Yes	No	Total
102	0	102

2 Have responses been validated by a member of the Senior Leadership team (or equivalent) in the institution? Yes/No

Yes	No	Total
95	7	102

3 Do you take advantage of the dispensation for institutions with publicly funded research income of less than £3,000,000, exempting you from a number of TRAC requirements? Yes/No

Yes	No	Total
18[(a)]	84	102

4 Do you choose to comply with the full TRAC requirements even though you are eligible for dispensation? Yes/No/Not eligible for dispensation

Yes	No	Not eligible for dispensation	Total
11[(a)]	15*	76	102

Note: (a) There is an inconsistency between the response to questions 3 and 4. Eight institutions responding to question 3 have stated that they do not take the dispensation option, but in question 4, eight seem to suggest they do. Analysis in the report has used question 4 responses as institutions were able to select that dispensation did not apply to them.

5 How many members of academic staff complete time allocation records/workload plans as part of your TRAC process in a typical year?

Number of academic colleagues	Number of institutions
Less than 500	16
500 to 999	28
1000 to 1499	14
1500 to 1999	7
More than 2000+	6
Not required due to dispensation	18

13 institutions provided unclear answer such as 80% of all eligible staff.

Section 2 of 8 – Benefits and Use of TRAC

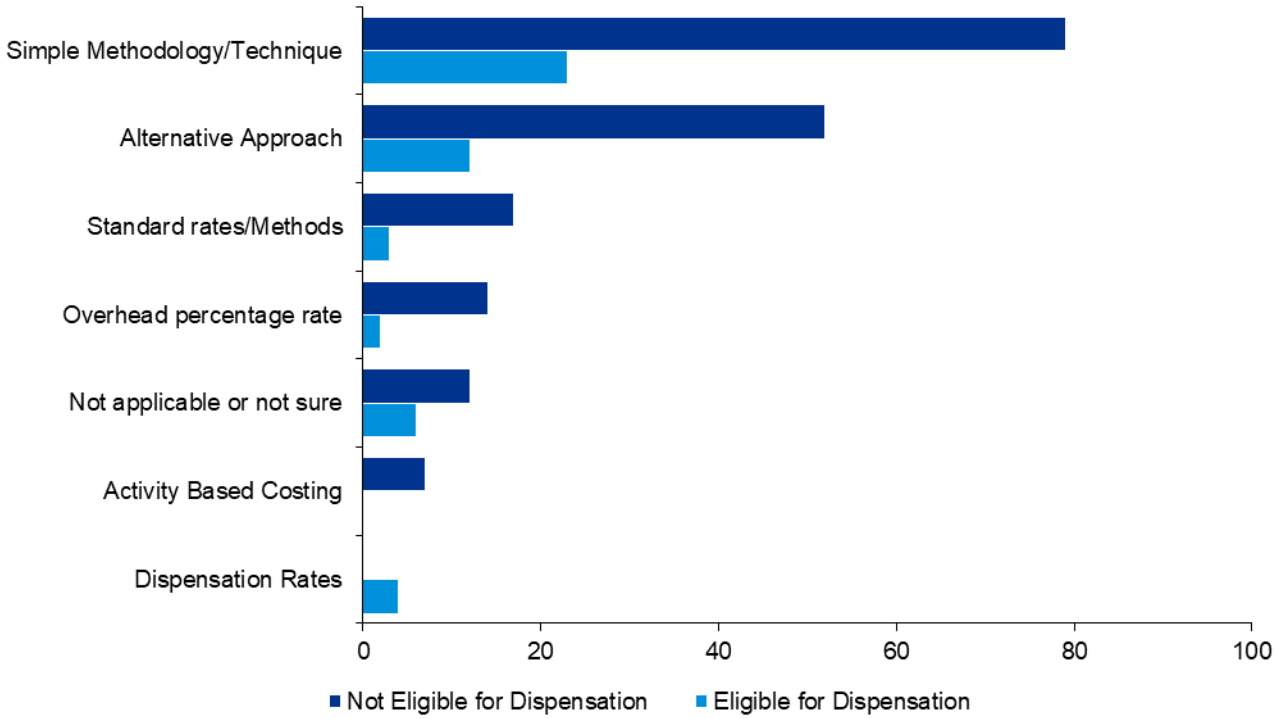
6 We want to understand how the institution uses TRAC. (Please tick all that apply)

- Submission of Annual TRAC and TRAC(T) returns
- Use of research charge-out rates for UKRI funded projects
- Informs research costing/pricing for other research sponsors (incl. industrial)
- Use of the TRAC benchmarking to understand performance relative to peers
- Course costing/process to understand the cost of teaching
- VAT Partial Exemption method
- VAT recovery for Fuel and Power
- Overhead calculations in corporation tax returns
- Research and development expenditure credit claims
- To inform resource allocation
- To inform research strategy
- Corroborative information, used alongside other management information to inform decision making
- Other

7 Regulators, funders and government use the TRAC data to inform funding decisions, policy and submissions to the Comprehensive Spending reviews. Are there alternative data sources to TRAC that currently exist or could be adapted, to provide consistent, sector-wide cost information on Research, Teaching and Other activities at the levels currently reported in TRAC?'

8 Given the requirement to report costs and research charge-out rates for research to UKRI and other sponsors, if TRAC were not in place, how would the institution propose providing this information?

Figure 39: Analysis of institution responses to how would the institutions propose providing costs and research charge-out rates if TRAC were not in place



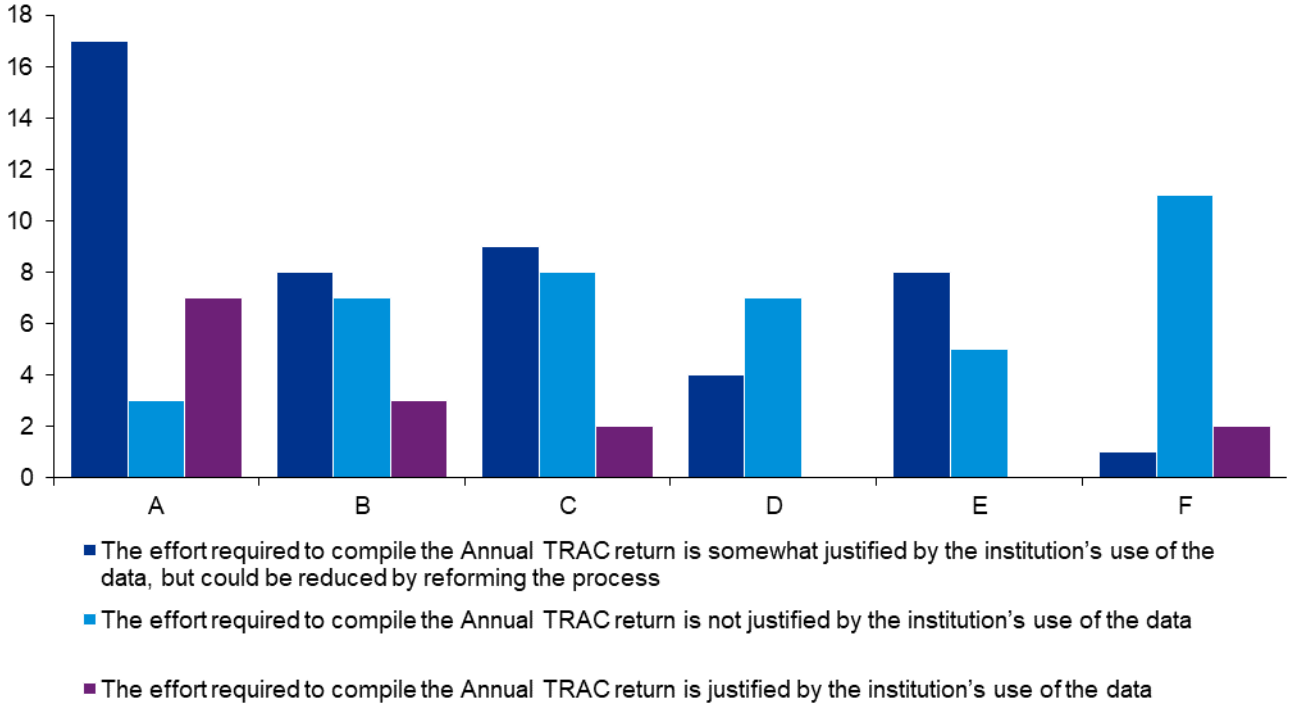
9 Please estimate the time taken (days) by academic staff and research office staff (or equivalent) to compile and finalise the costing for a typical fEC based bid. An estimate is fine.

Institution	Average number of days
Eligible for dispensation	6.1
Not eligible for dispensation	3.9
All institutions	3.5

10 Given the effort required to compile the Annual TRAC return compared to how the information is used by the institution, please select one of the following responses:

- The effort required to compile the Annual TRAC return is justified by the institution's use of the data
- The effort required to compile the Annual TRAC return is somewhat justified by the institution's use of the data, but could be reduced by reforming the process
- The effort required to compile the Annual TRAC return is not justified by the institution's use of the data

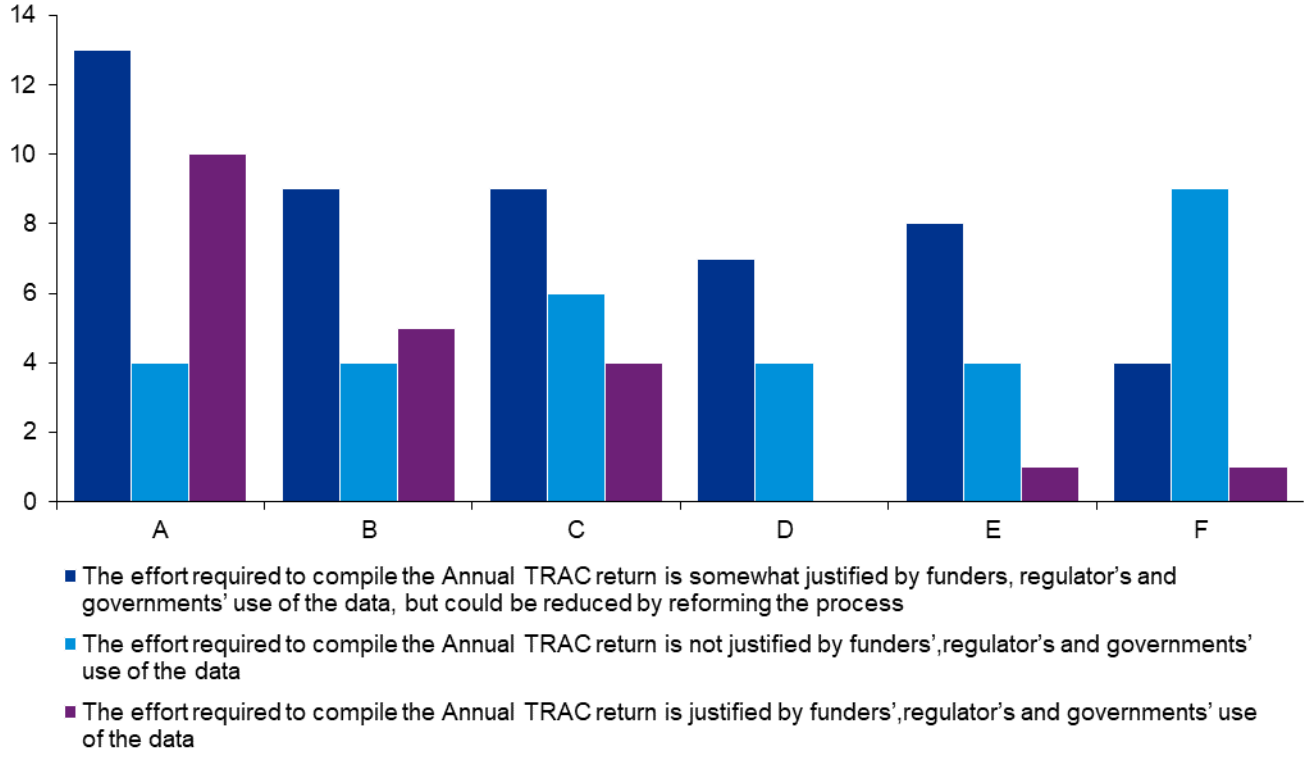
Figure 40: The effort required to compile the Annual TRAC return compared with how the information is used by the institution



11 Given the effort required to compile the Annual TRAC return compared to how the information is used by funders, regulators and government, please select one of the following responses:

- The effort required to compile the Annual TRAC return is justified by funders', regulator's and governments' use of the data
- The effort required to compile the Annual TRAC return is somewhat justified by funders', regulator's and governments' use of the data, but could be reduced by reforming the process
- The effort required to compile the Annual TRAC return is not justified by funders', regulator's and governments' use of the data.

Figure 41: The effort required to compile the Annual TRAC return compared with how the information is used by funders, regulators and government



12 Please provide suggestions for reforming the Annual TRAC process

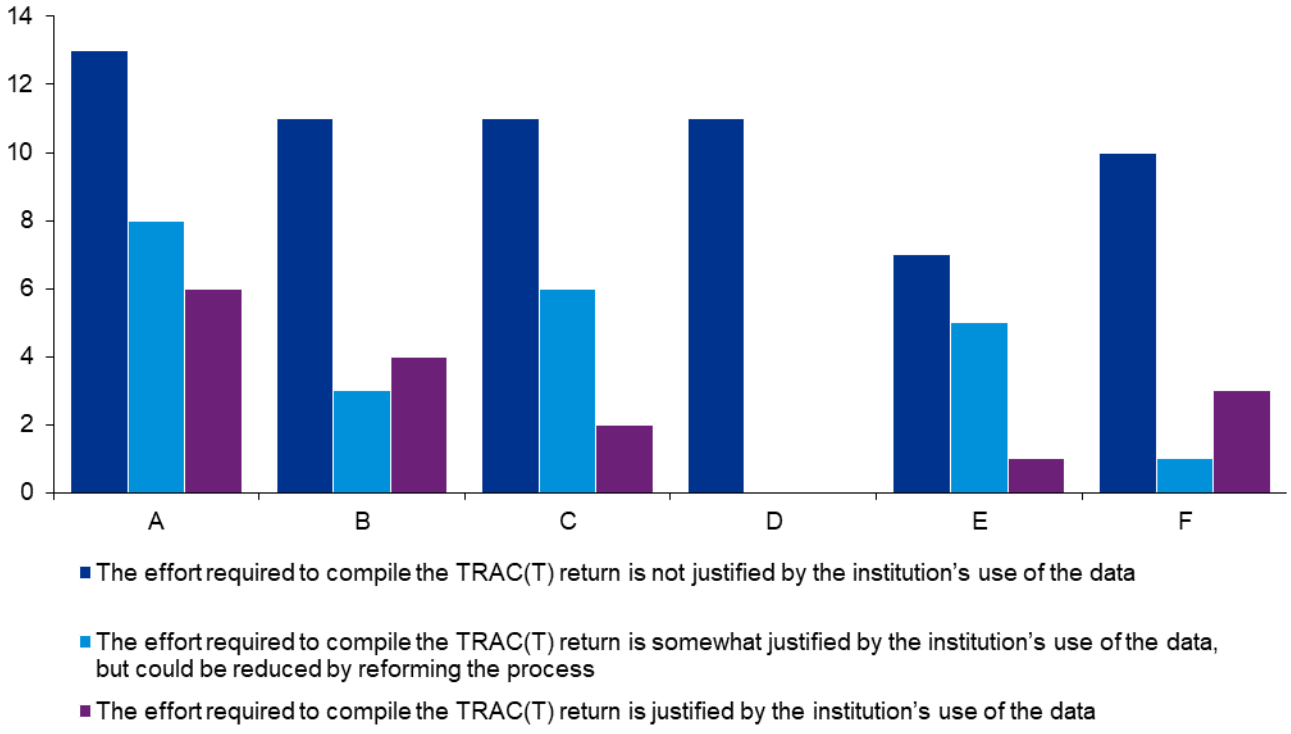
	Number of responses by Peer Group					
Suggestion	**A**	**B**	**C**	**D**	**E**	**F**
Simplify guidance/requirements	12	3	6	2	4	4
Increase dispensation limit					1	1
Remove facility costing	3					
Make TRAC(T) optional	1	1	1	1		
Improve/simplify TAS – less labour intensive	3	5	1	1	1	1
Reduce frequency of TRAC	7	2	2	1		1
Review/remove MSI	10	2	1	3	3	2
Reduce requirements for less research-intensive institutions						4
Reduce sign off requirements	10	3	4		4	
Reduce detail required	1	2	1	4	2	
Standardised TRAC model/processes	3	3	2	2	1	2
Amalgamate TRAC returns with other returns	1	3	5	2	4	1

Suggestion	Number of responses by Peer Group A	B	C	D	E	F
Standardise data calculations	6	3	2		2	
Earlier guidance/templates	3		1	1	3	
Earlier/better benchmarking data	4	2		1		

13 Given the effort required to compile the TRAC(T) return compared to how the information is used by the institution, please select one of the following responses:

- The effort required to compile the TRAC(T) return is justified by the institution's use of the data
- The effort required to compile the TRAC(T) return is somewhat justified by the institution's use of the data, but could be reduced by reforming the process *Please provide suggestions for reforming the process in your response to Q15
- The effort required to compile the TRAC(T) return is not justified by the institution's use of the data

Figure 42: The effort required to compile the TRAC(T) return compared with how the information is used by the institution

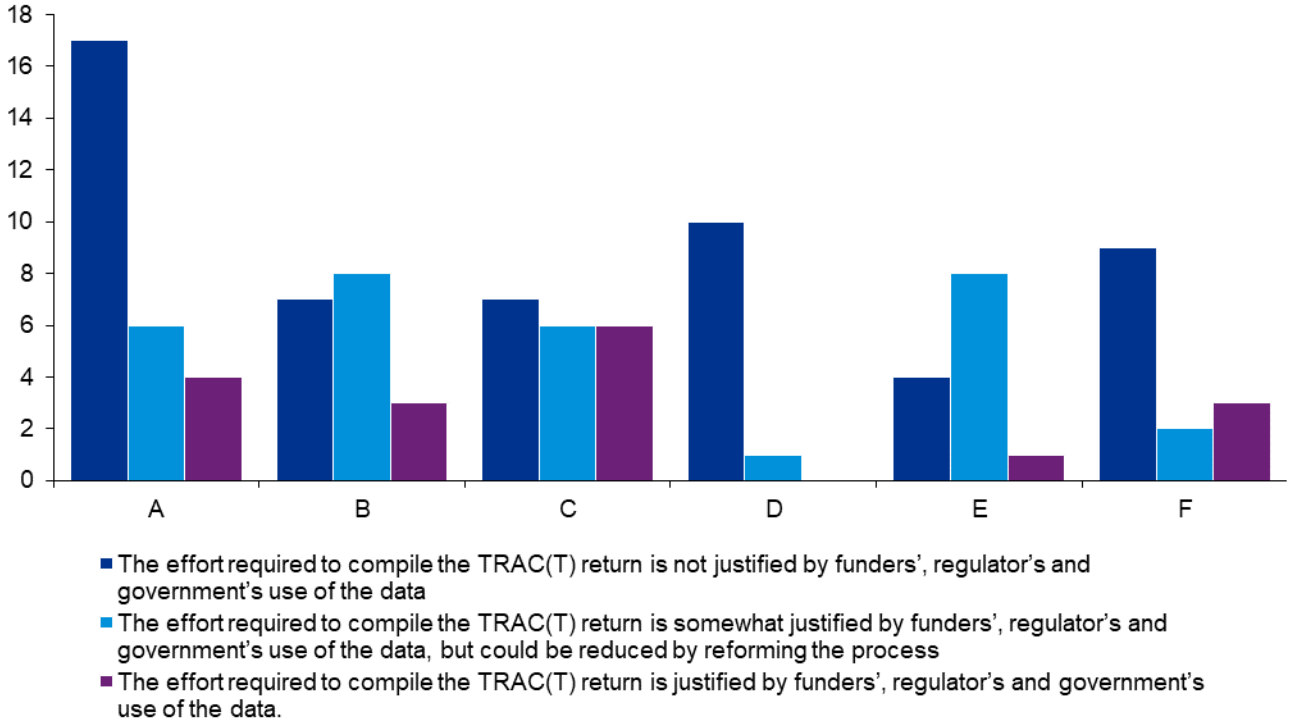


14 Given the effort required to compile the TRAC(T) return compared to how the information is used by funders, regulator and government, please select one of the following responses:

- The effort required to compile the TRAC(T) return is justified by funders', regulator's and government's use of the data.

- The effort required to compile the TRAC(T) return is somewhat justified by funders', regulator's and government's use of the data, but could be reduced by reforming the process *Please provide suggestions for reforming the process in your response to Q15
- The effort required to compile the TRAC(T) return is not justified by funders', regulator's and government's use of the data

Figure 43: The effort required to compile the TRAC(T) return compared with how the information is used by funders, regulator and government



15 Please provide suggestions for reforming the TRAC(T) process

Suggestion	Number of responses by Peer Group					
	A	B	C	D	E	F
Reduce frequency	2	1		2		
Simplification of methodology	2	1				
Removal of MSI adjustment		1			1	
Removal of proxy calculations	2			1	1	
Include costs of teaching all students, not just funded ones	8	3	3	4	3	
Split student types	6	3	1	1		
Move away from HESA Cost Centres	7	2		4		1
Reduce sign off requirements	1	2			1	

Suggestion	Number of responses by Peer Group A	B	C	D	E	F
Remove the requirement to do TRAC(T)	3	4	2	1		3
Use data from other returns			1		1	2
Use other method for measuring staff time other than TAS	1	1				
Better benchmarking data	3	1	3			
More guidance on how data collected is used	6			1		1
Make outputs more useful, to be used internally	4	4	4	2	3	4

16 Please provide any other views or observations on the benefits and use of TRAC together with any suggestions for improving the usefulness of the data and information generated by the TRAC process:

Section 3 of 8 – Understanding the burdens of TRAC and TRAC(T)

Please base your responses in this section on your experiences during 'normal' rather than COVID disrupted circumstances.

17 Do you believe that TRAC is unnecessarily burdensome? Yes/No

	Responses by Peer Group A	B	C	D	E	F
Yes	67%	83%	79%	100%	83%	84%
No	33%	17%	21%	0%	17%	16%

18 If 'yes', please rank in order the factors that you believe lead to TRAC being unnecessarily burdensome. You can add in and rank your own factors using Other 1 and Other 2, which you can then describe in Q19 & Q20)

Issue	Order
Usefulness of the information TRAC generates	
Timeliness of the TRAC data	
Governance requirements for return sign-off	
Time allocation process	
Other – 1 – burden – please provide further detail in Q19 below	
Other – 2 – burden – please provide further detail in Q20 below	

Number of institutions ranking as primary issue	A	B	C	D	E	F
Usefulness of the information TRAC generate	14	9	11	4	6	8
Timeliness of the TRAC data	0	1	0	1	0	0
Governance requirements for return sign-off	2	2	1	1	1	2
Time allocation process	5	5	6	4	1	3
Other – 1 – burden – please provide further detail in Q19 below	6	1	1	1	5	1
Other – 2 – burden – please provide further detail in Q20 below	0	0	0	0	0	0

19 If you selected 'Other 1 – burden' from Q18 above – please provide further details below

Issues raised summarised as:

- Complex allocation process
- Time consuming
- Collection and/or analysis of data
- MSI calculation
- Need for standardisation of model/process/guidance

20 If you selected 'Other 2 – burden' from Q18 above – please provide further details below

Issues raised summarised as:

- Guidance is burdensome, and hard to keep abreast of the changes having grown in length in recent years
- MSI calculation – explaining to non-financial audience
- Late issue of templates and guidance.

21 If you do not believe that Annual TRAC is useful, please explain the reason for this and how the issues could be overcome

Points raised summarised as:

- Reducing the sign off requirements and level of governance as currently too high. Sign off requirements compresses the window for producing the return.
- MSI has not been a successful replacement for previous adjustments; removed for internal reporting. Needs to be reformed
- Does not provide insights into competitors, so its usefulness is limited
- Reduce the length of the return by reducing the number of tables to be completed
- Replace the TRAC methodology with an overhead based on direct costs or something similar
- Comparability of outputs is difficult due to the differences in how different universities are structured and the different weightings used for cost drivers and estates.
- More standardisation required, as subjectivity within the process removes the value of the comparable data.
- Use of fixed and variable costs to enable better understanding of marginal costs. Additional analysis e.g. fixed cost ratios – may need to be voluntary.
- More flexibility within the guidance

- Removing the need to calculate Lab Technician rates and rates for Research Facilities
- Move to a five-year submission cycle
- Remove the need to complete the return for smaller, less research-intensive institutions
- Combine the TRAC and TRAC(T) returns into one return
- Streamline the need to complete the Statement of Requirements every year, move to every 3 years unless major changes to the guidance
- Combine Lab and Non-Lab estate rates into one rate.
- Public engagement is not recognised within the main TRAC headings
- Workload signing off process is draconian and administratively burdensome
- Peer groups for benchmarking should be self-selecting to make more meaningful
- Revision of terminology used within the return e.g. publicly funded and non-publicly funded to be replaced by regulated and non-regulated

22 Do you believe that TRAC(T) is unnecessarily burdensome? Yes/no

	Responses by Peer Group					
	A	B	C	D	E	F
Yes	56%	67%	63%	73%	46%	71%
No	44%	33%	37%	27%	54%	29%

23 If 'yes', please rank in order the factors that you believe lead to TRAC(T) being unnecessarily burdensome: You can add in and rank your own factors using Other 1 and Other 2, which you can then describe in Q24 & Q25)

Issue	Order
The TRAC(T) data is not useful internally in the institution	
Timeliness of the TRAC(T) data	
Governance requirements for return sign-off	
Other 1 – burden TRAC(T) – please provide further detail in Q24 below	
Other 2 – burden TRAC(T) – please provide further detail in Q25 below	

Number of institutions ranking as primary issue	A	B	C	D	E	F
The TRAC(T) data is not useful internally in the institution	24	15	18	9	10	11
Timeliness of the TRAC(T) data	0	1	0	0	0	1
Governance requirements for return sign-off	0	2	1	0	0	1
Other – 1 – burden – please provide further detail in Q24 below	3	0	0	0	1	0
Other – 2 – burden – please provide further detail in Q25 below	0	0	0	2	2	1

24 If you selected 'Other 1 – burden TRAC(T)' from Q23 above – can you described the factor below

Issues raised summarised as:

- HESA Cost Centre is an artificial concept, not aligned with University's structures
- Data to be split into Undergraduate and Postgraduate
- Costs distorted by the inclusion of the MSI costs
- Differences between TRAC and TRAC(T) due to adjustments does not aid understanding for the wider University community

25 If you selected 'Other 2 – burden TRAC(T)' from Q23 above – can you described the factor below

Issues raised summarised as:

- Reviewing results for anomalies is time consuming and often caused by the guidance rather than highlighting internal issues
- Course level would be more helpful than HESA Cost Centre

26 If you do not believe that TRAC(T) is useful, please explain the reason for this and how the issues could be overcome

Points raised summarised as:

- The inclusion of all students rather than just fundable students would make the information more usable
- Costing at course level, and therefore being able to determine a tuition fee
- Internally costing in line with the University's structure would be more helpful
- Does not reflect 'actual' cost to the University due to the exclusion of various costs e.g. bursaries and the inclusion of the MSI. It would be more realistic to include the costs, all students and exclude the MSI. This would help in the dissemination of the information to colleagues as less time would need to be spent on explanations.
- Consideration is not given to the difference between students taught on campus and those distance learning.
- HESA Cost Centre not a suitable level for specialist institutions
- Benchmarking needs to be more nuanced to consider differences between universities e.g. Welsh language provision
- Removal of the need for the TRAC(T) return to be signed off by a committee of the Governing body, as this creates issues around committees which do not meet monthly
- 'Teaching out' of programmes or the introduction of programmes can have an effect on the calculated costs.
- Consider groupings of subjects to make the information produced less commercially sensitive
- Profitability to be considered rather than just cost

27 Are there any requirements in the TRAC Guidance that you believe could be removed without affecting the reliability and robustness of the data produced? (Please provide details)

Issues raised summarised as:

- Allowing University Management teams to sign off the return rather than the current governance requirements
- Streamlined version of the Statement of Requirements for smaller institutions

- Remove requirement for the Statement of Requirements to go to the governing committee, it is unreasonable to expect committee members to have a full working knowledge of TRAC
- Review of MSI
- Consider reducing the length of the return
- Lack of guidance around space weightings
- Earlier production of guidance and templates
- Standardisation of both space type and space weightings
- Separate guidance for institutions claiming the dispensation
- Remove the prescribed inflation rate calculation
- Specify standard cost drivers
- Standardisation of indexation rate to be provided

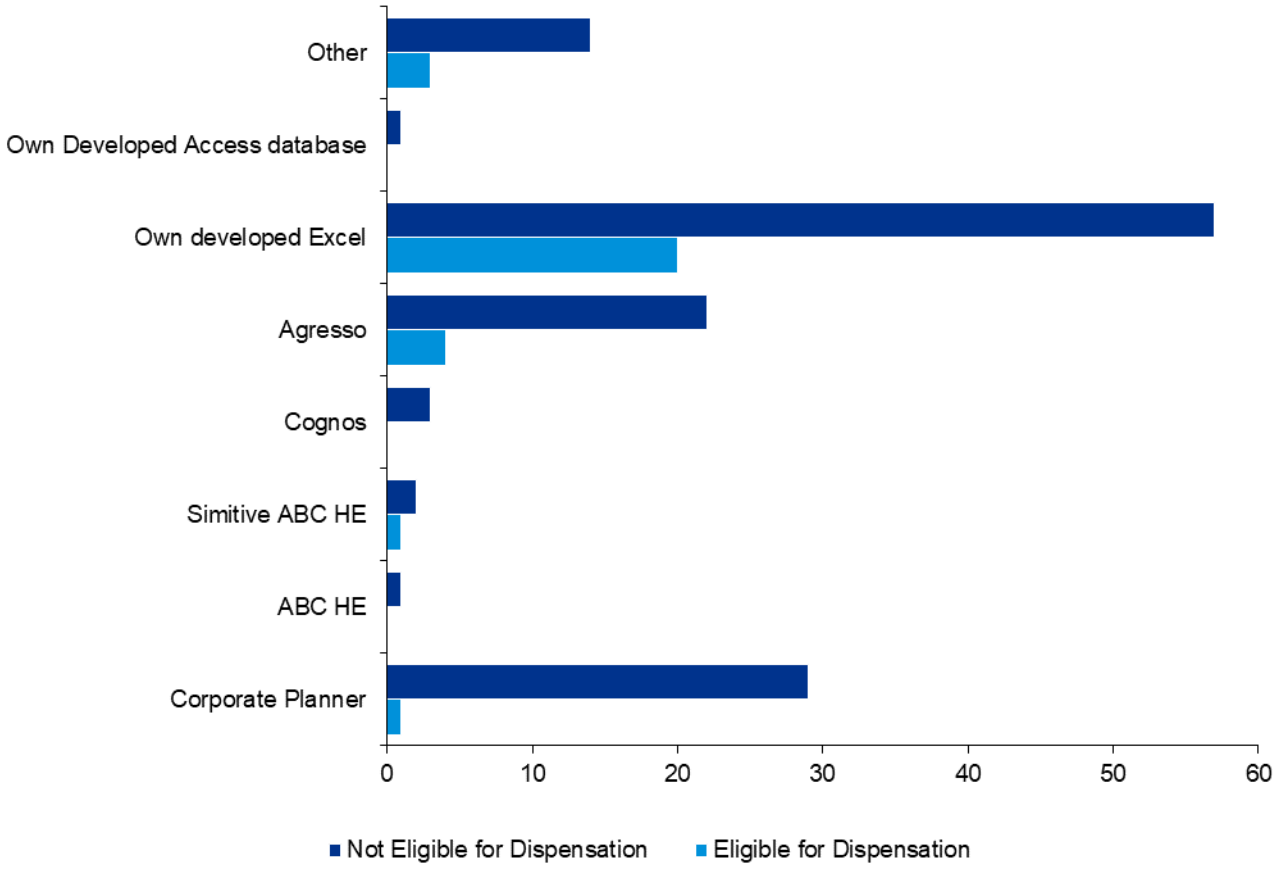
28 Please detail any other issues that create burden which may not be directly related to TRAC, but could be interpreted as being caused by TRAC e.g. time taken to generate and agree costings for full Economic Costs (fEC) based research project bids etc.

Issues raised summarised as:

- Timesheet collection/collation
- Subsequent audits
- Explaining TRAC to the academic community especially inexperienced members of staff – centrally provided resources would be helpful
- Having to apply Lab estate rates to a grant which is not using any Labs but is in a Lab based department
- fEC isn't always understood or liked by academics and management
- Time taken to generate information for Facilities costings

29 Which IT system(s) do you use for producing the TRAC and TRAC(T) returns?

Figure 44: Systems used for producing TRAC and TRAC(T) returns split by dispensation eligibility



30 If selected 'other' system for Q29, please describe.

Responses were:

— ABC HE, CACI, In-house bespoke system, Open Accounts, Oracle, Qualtrics (2), SAP(2), SITS Student data, SWARM, Tulip

31 What actions do you believe should be taken to reduce the burden in producing the Annual TRAC and TRAC(T) returns?

Points raised summarised as:

— Review of governance requirements
— Reduction in changes to guidance; guidance to be principles based only
— Standardising student FTE across multiple returns
— Reducing the length of the template
— Standard model or software package made available to all institutions free of charge
— Amend TAS requirements
— Remove MSI – poorly understood, hard to explain
— Agreed timeline for the OfS to issue templates and benchmarking
— Consider amending threshold for claiming dispensation, exempt very small institutions
— Remove need to cost research facilities

— Remove need to update some data e.g. student numbers every year
— Remove the need to submit every year
— Streamlined Statement of Requirements
— Improve the validation process within the template to give indicators when data may fail e.g. field has maximum characters set
— Produce TRAC(T) at a wider subject grouping than HESA Cost Centre
— Remove the requirement to complete the TRAC(T) return

32 What actions do you believe should be taken to increase the utility to the institution of the data and information produced by annual TRAC and TRAC(T)?

Points raised summarised as:

— Removal of MSI, to give consistency with audited accounts
— More benchmarking on staff costs; department level costs
— Helpful to understand benchmarking data more if there was greater transparency as to how others had produced their returns e.g. what weightings were used for Estates
— Ability to link to internal RAM
— Focus more on trends, rather than single years being distorted by anomalies
— TRAC(T) to be separated into undergraduate and postgraduate
— Increased granularity of TRAC(T) would encourage institutions to look more closely at student weightings. It would also provide better information for costings and enhance benchmarking
— Peer groups to be redefined
— Benchmarking to be issued on a more timely basis
— A stronger link between funding and TRAC(T) would ensure better buy-in from staff as to the importance of TAS and the TRAC return

Section 4 of 8 – Approach to academic staff time allocation

33. Which approach has your institution adopted to the collection of academic staff time allocation data?

34. If you selected 'Other collection' method please describe your approach in the text box below

35. If you have adopted an in-year time allocation collection – all staff covering a whole year at least once every three years, do you survey:

- All academics over a three-year period once every three years
- All academics in a specific year, repeated once every three years
- All academic staff every year - i.e. beyond TRAC requirements

36 How many time collection schedules do you require to be submitted per year, per academic member for staff e.g. 3, 4, 12, etc.?

(Where adopting an in-year time allocation collection)

Number of schedules per year per academic member of staff	Peer Groups A	B	C	D	E	F
1		1			1	
2	1					
3	7	10	4	4	2	
4	3	1	2			
5						2
6	1					
7		1	1			
8						
9						
10						
11						
12				1	1	

37 What is a typical time allocation response rate for the institution as a whole? (Where adopting an in-year time allocation collection) Please provide response as a percentage.

Response Rate	A	B	C	D	E	F
40%						1
50%	2	1				
60%	1	1		1	1	1
70%	1	4	3	1		
80%	5	5	2	1		1
90%	3	2	2	1	2	
100%		1			1	

38 If you have adopted a statistical sampling method, what proportion of academic staff are required to participate in the collection each year? Please provide response as a percentage.

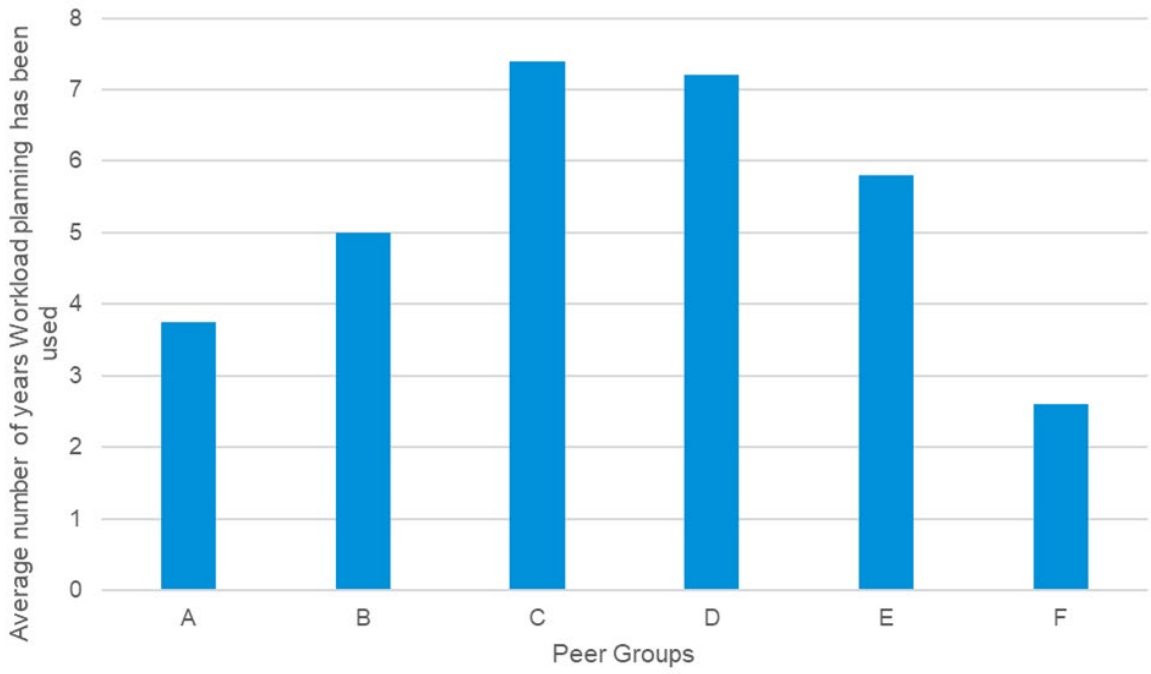
Number of samples per individual member of staff	A	B	C	D	E	F
Less than 40%	1				1	1
41% to 80%	2					
Greater than 80%	7	3	1	1		

39 If you have adopted a statistical sampling method, how many weeks of the year are individual staff required to provide time allocation returns for?

Number of samples per individual member of staff	A	B	C	D	E	F
Up to 1	4					
Up to 2	1					
Up to 3	2	1	1	1	1	1
Up to 4						
Up to 5	2					
Up to 6	1	2				

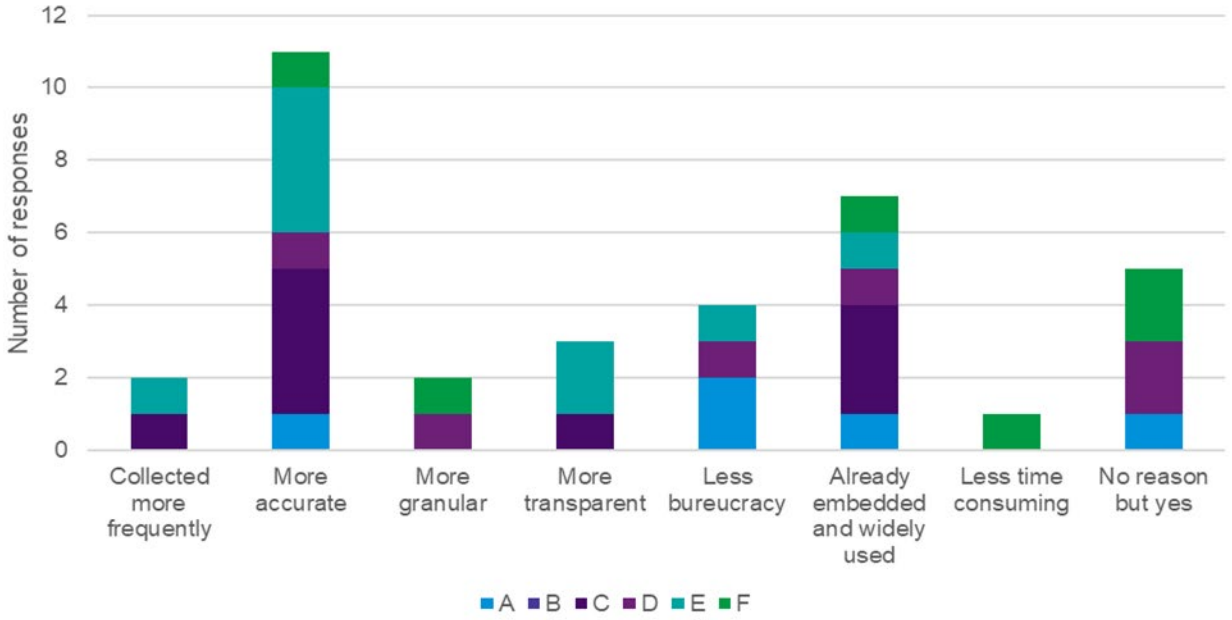
40. If you have adopted a Workload planning approach to the collection of academic staff time allocation data, for how many years have you used workload planning to inform TRAC time allocation?

Figure 45: If you have adopted a Workload planning approach to the collection of academic staff time allocation data, for how many years have you used workload planning to inform TRAC time allocation? (Q40)



41. If you have adopted a Workload planning approach to the collection of academic staff time allocation data, in your view, has using (Work Load Planning) WLP to inform TRAC given you more reliable, fair and reasonable time allocation data than before and if so why?

Figure 46: If you have adopted a Workload planning approach to the collection of academic staff time allocation data, in your view, has using (Workload Planning) WLP to inform TRAC given you more reliable, fair and reasonable time allocation data than before and if so why? (Q41)



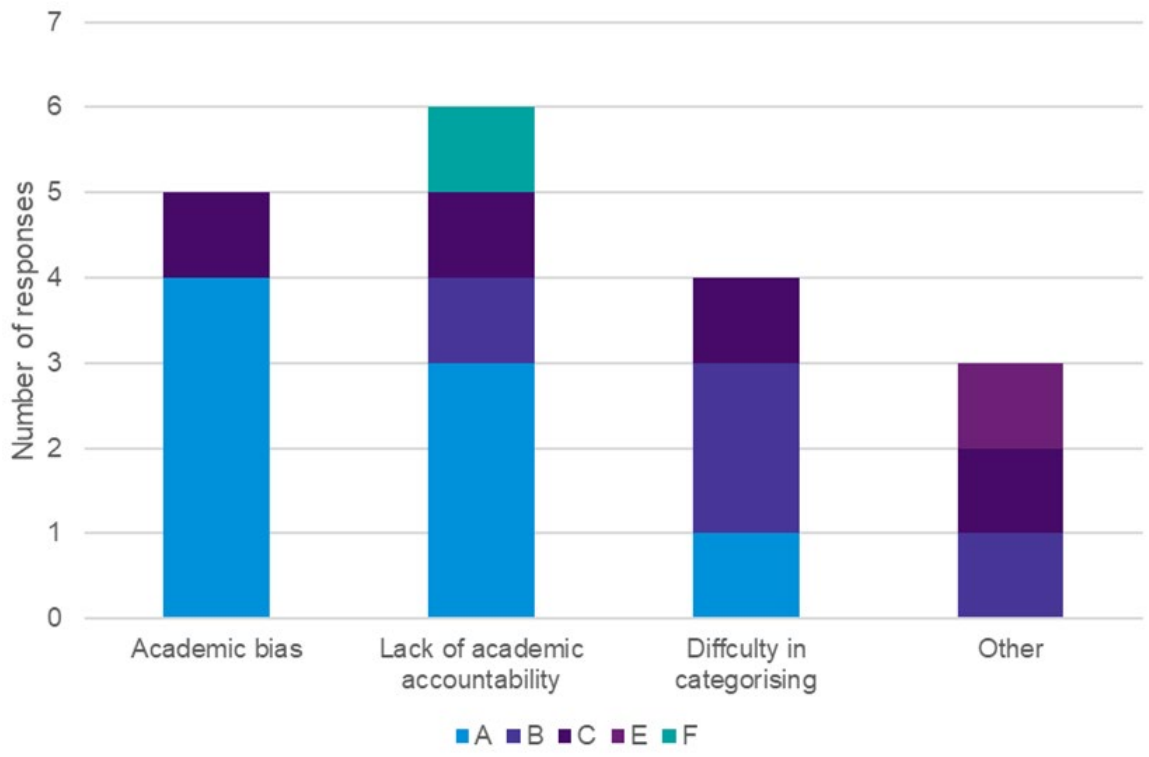
42. Do you believe your method of time allocation provides: (select an option)

- Fair, reasonable and representative data
- A fair and reasonable indication of how time was spent, but could be improved
- Unrepresentative indication of how time was spent and a (non-Covid related) high level adjustment was required to correct the data
- Unreliable and unrepresentative data

43. If you believe you have fair, reasonable and representative academic staff time allocation data or a reliable indication of how academic staff time was spent, what features of the process do you believe enable this?

44. If you believe your TAS data provides an unreliable indication of how time was spent or inaccurate and unrepresentative data, what features of the process do you believe cause this?

Figure 47: If you believe your TAS data provides an unreliable indication of how time was spent or inaccurate and unrepresentative data, what features of the process do you believe cause this? (Q44)



45 Do you have any alternative consistent data for the institution as a whole on the use of academic staff time? If so, please provide a high-level description of this below.

Responses summarised as:

- Workload Planning system which is either not compliant with TRAC guidance or is not institution wide
- Timetabling system, but this does not pick up non-timetabled activities such as research
- Internal course costing model data

46 Do you believe TRAC should use alternative methods to collect more robust and reliable data on the use of academic staff time? (Yes/No)

	A	B	C	D	E	F	Overall
Yes	22%	50%	32%	27%	38%	36%	33%
No	78%	50%	68%	73%	62%	64%	67%

47 Where you believe TRAC should use alternative methods to collect more robust and reliable data on the use of academic staff time, please provide further details of these methods:

Responses summarised as:

- Head of department reviews
- Splits based on academic contracts
- Workload models used in conjunction with information from Research systems
- Workload model without the requirements for academic sign-off at the start and the end of the year

48 Please provide any other views or observations on the collection of information on academic staff time:

Responses summarised as:

- Workload planning data is valuable information it supports Faculty management decisions regarding academic time spent
- Academic staff believe and behave as if they are above data collection
- Provision of worked examples could lead to more consistency across the sector, academics don't always align their activities with those required by TRAC
- User guidance aimed at academics, may help with consistency
- The exercise relies on academic buy-in and there is some evidence
- Amending the return rate requirement to either Faculty or University level
- Time consuming for both academics, and staff having to operate the process of TAS collection

Section 5 of 8 – Understanding the time taken to produce the TRAC and TRAC(T) returns

We want to understand the time spent by the institution to produce the annual TRAC and TRAC(T) returns. An estimate is fine here – we are trying to gain a broad indication, so do not be concerned about being exact. The method of time allocation you use will impact on how you answer this question. We want to understand the annual effort, so for instance, if you follow an in-year retrospective method and collect all staff in one year, but no returns for the following two years, you should estimate the total time, but divide it by three to give an annual effort. If you follow a statistical method and collect some returns each year, estimate the time of academic staff for a single year. If you have adopted workload planning for TRAC, estimate the time of academic staff of a single year. If you follow in-year retrospective, but cover all staff over a three-year period, estimate the time for a single year in this three year period.

49 How many hours do you estimate that each participating member of academic staff spends completing TRAC time allocation records/Workload plans each year? (An estimate is fine here – we are trying to gain a broad indication, so you do not need to be concerned about being exact)

Collection method	Average time spent
Statistical sampling method	1.4 hours
In-year collection method	2.2 hours
Workload planning model	3.5 hours
Other methods	8.5 hours

Collection method	Average time spent
Dispensation	3 hours

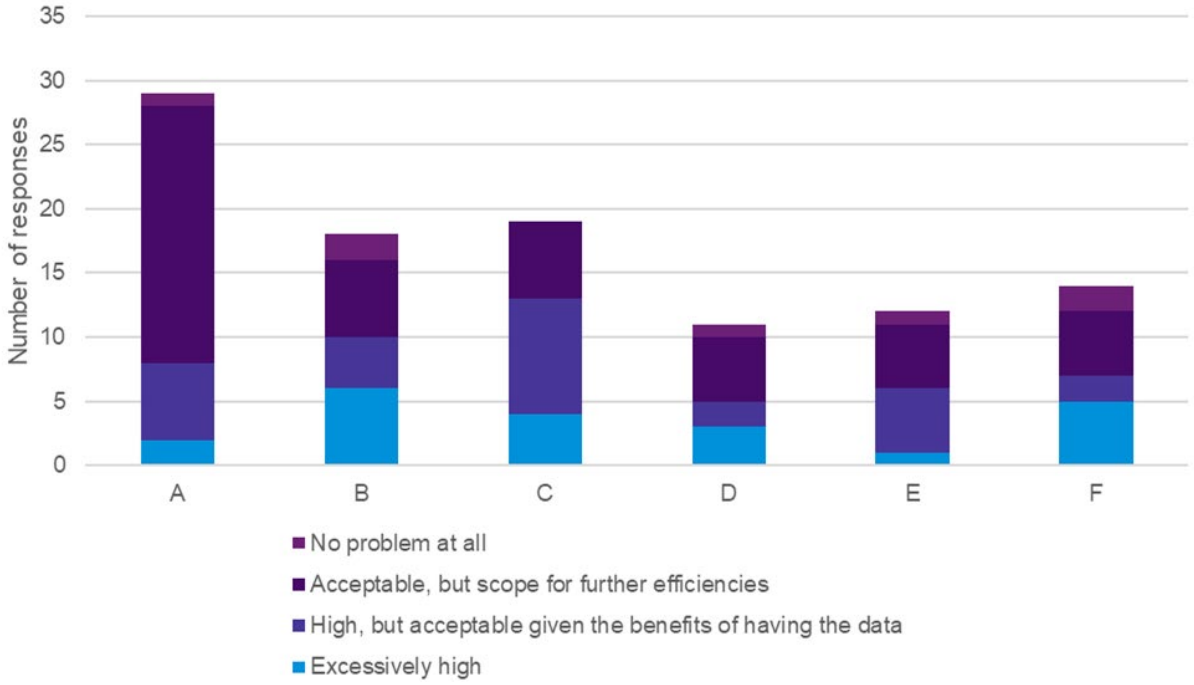
50 How many person days per year of staff time (excluding academic staff completing TAS/workload planning) do you think your institution spends collating, reviewing and processing TRAC time allocation data? A rough estimate is fine here, too

Collection method	Average time spent
Statistical sampling method	28.9 days
In-year collection method	29.1 days
Workload planning model	69.8 days
Other methods	35.8 days
Dispensation	6.7 days

51 In your view, is the administrative burden of time allocation recording on academics and central staff, when considered in light of the benefits outlined in the 'Benefits' section of this survey?

- Excessively high
- High, but acceptable given the benefits of having the data
- Acceptable, but scope for further efficiencies
- No problem at all

Figure 48: Analysis of responses to understand institutions' views on the administrative burden of time allocation recording on academics and central staff, when considered in light of the benefits outlined in the 'Benefits' section of this survey (Q51)



52. What aspect of TRAC time allocation recording is the most onerous for your institution and why?

53 Are there any other ways, not already covered above, in which you think the burden of time allocation returns in TRAC could be reduced?

Responses summarised as:

- Reduce the frequency of TAS
- Use information already held
- Move to workload planning
- Simplification of the requirements
- Response rate to be at University or Faculty level rather than at department or subject level
- Flexibility on some of the statistical sampling definitions/guidance

54 On average, how many days/FTEs does your institution spend to maintain the TRAC system and produce the TRAC return for a given year? (Note: This is time that is additional to that provided in response to question 50 above regarding person days collating, reviewing and processing TRAC time allocation data) This should be an estimate and should include the time taken by all staff involved in the TRAC process; e.g. TRAC Manager, Finance Director, Academic Sponsor, TRAC working Group etc. (excluding academic staff completing and staff processing the TAS data, which is disclosed in the previously in questions 49 and 50).

Peer Group	Average FTE
A	0.86
B	0.74
C	0.41
D	0.47
E	0.67
F	0.16

55 Please provide any other views or observations on the time taken to produce the TRAC and/or TRAC(T) returns:

Responses summarised as:

- Governance sign-off creates extra burden
- Reviewing returns is time consuming
- Effort doesn't match benefit of output
- Benefits of TRAC outweigh time taken to collect the data
- A lot of effort goes into making sure guidance is adhered to
- More flexibility is required
- It is a considerable effort for smaller institutions

— Time taken is considerable but a few tweaks could produce much more useful information
— Standardisation would save time as well as being helpful
— Across the sector there is a high turnover of staff in the TRAC area, training these staff on this complex system continually adds to the burden

56 Considering your responses above, how does the cost of providing the Annual TRAC and TRAC(T) returns to Regulators and Funders compare to any alternative costing process that could be used to provide this information

Responses summarised as:

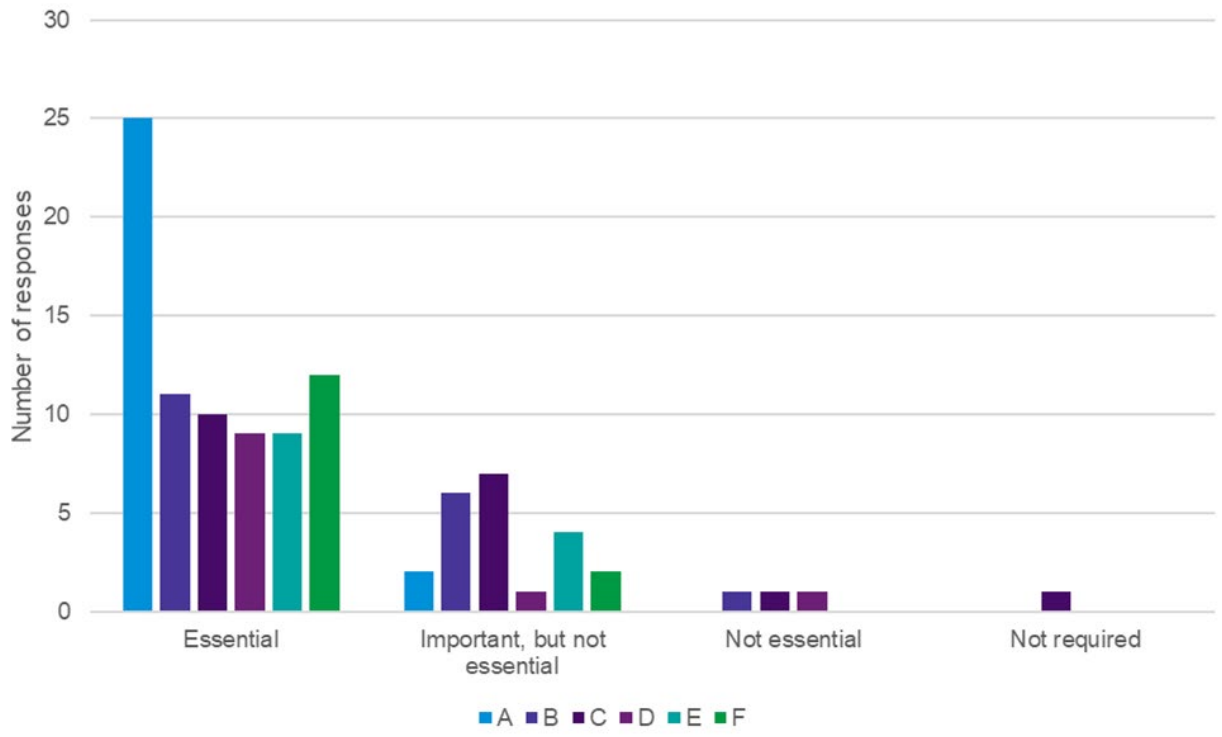
— TRAC is embedded and any other system would be similar in cost and time to embed
— Internal costing processes would be more useful
— Streamlining of TRAC would be supported
— A cheaper system could possibly lose the level of detail provided by TRAC
— Consider amalgamating TRAC with the finance returns
— Develop a centrally maintained standard model for use by all institutions

Section 6 of 8 – Future cost information requirements for institutions

57. Do you believe that information on the cost of activities is:

- Essential
- Important, but not essential
- Not essential
- Not required

Figure 49: Analysis of responses to understand institution views on the importance of information on the cost of activities (Q57)



58. What information would you like the TRAC process and associated benchmarking to provide that is not currently available?

59 Would TRAC provide greater benefit to the institution if it provided benchmarking data on the comparative cost of central/corporate/student facing services?

	A	B	C	D	E	F
Yes	10	10	7	7	6	5
Yes, but would require clear definitions that are standardised	9	2	5	4	5	2
No	4	2	4	0	1	6
No, would require extra work and therefore extra burden	3	1	1	0	0	0

60 What other benchmarking data from TRAC would the institution find useful?

Responses summarised as:

- Removal of MSI
- More granular data
- Ability to choose bespoke peer group
- Ability to split student types

— Professional service costs to be made available
— Benchmarking to be published earlier

61 Please provide any other views or observations on the future cost information requirements of the institution:

Responses summarised as:

— Curriculum level costing
— More granular data
— Improved guidance on how to use the data
— Earlier publishing of the guidance/benchmarking
— Bespoke internal system for costing

Section 7 of 8 – Communication and understanding of TRAC within the institution

62 We are trying to assess the levels of understanding of TRAC within institutions. Please indicate by ticking the relevant box, what best describes the level of understanding in your institution:

	Understood	Somewhat understood	Not understood
Leadership team			
Governing body			
Academic staff			

63 Where you have selected 'Understood' for the Leadership team, Governing Body and Academic staff please describe the actions taken by the institution to enable this?

Points raised summarised as:

— Care taken to ensure papers have detailed explanations
— Presentations and briefings
— Using TRAC data as part of key decision making information
— TRAC training sessions as part of University induction/training programme
— Knowledgeable TRAC Oversight Committee
— Training sessions and support

64 Where you have selected 'somewhat understood' and/or 'not understood', what steps could be taken to improve the understanding of these different audiences?

Points raised summarised as:

— Simplifying processes
— Bespoke guidance
— More regular communication and training
— Giving staff more time to understand the returns
— More involvement of staff in the process

65 Please provide any other views or observations on the communication and understanding of TRAC within the institution and whether improving this understanding would change any views on the burden of TRAC:

Points raised summarised as:

- Greater understanding of TRAC and its outputs
- Better guidance
- Dedicated resource
- Greater understanding of the MSI
- Use of TRAC by Regulators and Funders to be better understood by the sector

Section 8 of 8 – Final additional reflections

66 Please provide any other comments and feedback not covered in the questions above concerning the TRAC process (e.g. estates, cost drivers, facilities, technicians), its burdens, uses and benefits:

Points raised summarised as:

- Greater guidance on technicians
- Templates and guidance to be made available earlier in the cycle
- Reduce the governance requirements
- Remove the need to separately cost research facilities
- Exclude MSI from benchmarking data
- More granularity regarding costs relating to professional service areas
- Exempt organisations from TRAC where UKRI income is minimal

Appendix 6 Summary of the Review of TRAC 2012

Recommendations from the 2012 HEFCE Review of TRAC

Streamlining of TRAC requirements

Area	Issue
Cost adjustments	There was a broad acceptance of the infrastructure adjustment as being an appropriate mechanism to ensure consistency across all institutions. As discussed at Section 4.3 above, there has however been considerable debate about the RFI adjustment and some changes have already been made to the measure. Further changes are planned as a result of the work of FSSG to ensure that each HEI's own long-term views of sustainability are reflected.
Time allocation	Areas for consideration included: — The TDG should consider whether to tighten the requirements for the non-statistical in-year retrospective allocation method. — Work should be undertaken to review the minimum required response rate for in-year non-statistical time allocation methods. As part of this, a maximum required threshold could also be identified as a way of reducing the burden on the sector. — The automation of the time allocation process should be promoted as a way of reducing the administrative burden and scope for data error. — Reasonableness checks should be carried out by both academic and finance staff to provide a level of corroboration on the information. Alongside this TDG should consider promoting further expected guidance in this area in order to enhance the credibility of the time allocation data. — There should be a clear communication to the sector regarding the purpose and need for TRAC to alleviate the uncertainties that exist at present. — A more structured programme of communication with academic staff should be encouraged as a way of increasing the understanding of the purpose of TRAC and time allocation. — Consideration should be given to reminding the sector of the option for only collecting time allocation information every three years. — TDG or another sector body should provide some practical guidance/workshops to illustrate how TRAC data can be used for other management purposes. — Consideration should be given to promoting the redesign of the time allocation categories to be more closely aligned to institutional and/or other external data reporting requirements.
Frequency of data collection and returns	A range of views have been expressed about the impact on burden of the need for data to be collected each year when the results are relatively consistent. This is true for example of TAS data and TRAC(T) returns. The majority of interviewees expressed a view that annual collection was felt to be appropriate. Anything more frequent would be subject to distortion from phasing issues and probably be unusable for internal purposes. It would also be irrelevant to the setting of annual research recovery rates. Anything less frequent would probably

Area	Issue
	be less likely to become established as a meaningful measure of financial performance. Some stakeholders have suggested that combining the Annual TRAC and TRAC(T) returns (submitted at the end of January and February respectively) would reduce the burden on institutions through combining review and sign off and reasonableness checking processes.
Dispensation arrangements	These are in place for HEIs with publicly funded research income of less than £500k per annum[41]. This threshold has been in place since the inception of TRAC whilst overall levels of income and research income have generally increased. Approximately 50 out of 175 UK institutions were within the dispensation limit at the time. Had the dispensation limit been inflated over the past 12-15 years the level of dispensation would be between £0.7 million and £0.8 million. The majority of the institutional representatives we interviewed confirmed that they considered this the current level to be too low and that a level of between £1 million and £5 million, or perhaps a percentage of total income, could be supported. Our analysis of the HESA data suggests that in 2010-11 some 25 English HEIs had total publicly funded research income of less than £0.5 million and 10 more had income between £0.5 million and £1.0 million. Of those 35 HEIs, 20 received no income from Research Councils in 2010-11. It should be noted that the dispensation research charge out rates are set at the lower quartile of the data available through the TRAC benchmarking process and therefore the dispensation rates may be lower than institutions might otherwise be able to charge if dispensation was not sought. Therefore, individual institutions may not consider that it would be advantageous to adopt the dispensation rates. Nevertheless, **we recommend that the dispensation level is raised or alternatively, consideration be given to an option that any institution can apply the dispensation rates**.
Research sponsor types.	Although the analysis of research income and expenditure to research sponsor types provides a view of the extent to which Research for different sponsors is fully funded, the allocation of income and costs can be subjective, depending on the data collection methods, which for some institutions can affect the reliability of the results reported. It is not presently a TRAC requirement for institutions to be able to report robust data at research sponsor-type level (including the costs of postgraduate research students), although it is planned that this becomes a mandatory requirement from 2013-14. In the 2010-11 TRAC return HEIs were asked to state whether their allocation of academic staff time to research sponsor types was robust. 107 (67%) reported that it was so. Although funding bodies have indicated that they use this information and would not wish this requirement to be removed, the current approach could be reviewed and considered for simplification.
Other areas	— Reducing the requirements for management and Board review (for example through incorporating sign off into the annual accountability framework, although this might result in a need to change the timing of some of the institutional activity in gathering TRAC data).

[41] Based on a rolling average of research income from public sources over five years. “Public sources” is defined as recurrent research grants for HE provision, plus research grants and contracts from BIS Research Councils, UK Central Government/local authorities, health and hospital authorities and EU government bodies, as reported in the HESA Finance Statistics Return Table 6b

Area	Issue
	— Reviewing the requirements that seek to separate the costs for postgraduate research students to the extent to which this requirement is not required by the research funding bodies. (We note however that HEFCE have proposed they will collect separate cost data for Undergraduate and Postgraduate teaching to inform future funding policy). — Reducing the minimum requirements around research facilities, although some flexibility could be maintained for those institutions which wished to cost additional facilities. — Simplifying the requirements for costing Laboratory Technicians, which are currently costed in three ways. — Allowing greater flexibility in the allocation of space to Teaching, Research and Other, considering weighting space using standard weightings, and considering revising the requirement to include circulation space in the overall allocation of space.

Appendix 7 Peer Groups for Annual TRAC, TRAC fEC and TRAC(T) benchmarking 2018-19

This appendix details the TRAC Peer Groups. The TRAC Peer Groups are used to disaggregate the analysis of TRAC data into institutions with similar characteristics.

Criteria (references to income are to 2012-13 data)

- Peer group A: Institutions with a medical school and research income* of 20% or more of total income – 33 institutions
- Peer group B: All other institutions with research income* of 15% or more of total income – 23 institutions
- Peer group C: Institutions with a research income* of between 5% and 15% of total income – 23 institutions
- Peer group D: Institutions with a research income* less than 5% of total income and total income greater than £150M – 15 institutions
- Peer group E: Institutions with a research income* less than 5% of total income and total income less than or equal to £150M – 45 institutions
- Peer group F: Specialist music/arts teaching institutions – 22 institutions

Peer Group A

The University of Birmingham

University of Bristol

University of Cambridge

University of Exeter

Imperial College of Science, Technology and Medicine

Institute of Cancer Research: Royal Cancer Hospital

King's College London

Lancaster University

University of Leeds

University of Leicester

University of Liverpool

Liverpool School of Tropical Medicine

University College London

London School of Hygiene and Tropical Medicine

University of Manchester

University of Newcastle upon Tyne

University of Nottingham

University of Oxford

Queen Mary University of London

University of Sheffield

University of Southampton

St. George's Hospital Medical School

University of Sussex

The University of Warwick

University of York

University of Aberdeen

University of Dundee

University of Edinburgh

University of Glasgow

University of St Andrews

Cardiff University

Swansea University

Queen's University of Belfast

Total number of institutions in peer group A = 33

Peer Group B

Aston University
University of Bath
Birkbeck College
Brunel University London
Cranfield University
University of Durham
University of East Anglia
University of Essex
University of Keele
University of Kent
The London School of Economics and Political Science
Loughborough University
University of Reading
Royal Holloway and Bedford New College
Royal Veterinary College
University of Surrey
Heriot-Watt University
SRUC
University of Stirling
University of Strathclyde
Prifysgol Aberystwyth
Bangor University
University of Ulster

Total number of institutions in peer group B = 23

Peer Group C

University of Bradford
University of Brighton
City, University of London
De Montfort University
Goldsmiths' College
University of Greenwich
University of Hertfordshire
University of Huddersfield
University of Hull
University of Lincoln
Liverpool John Moores University
The Open University
School of Oriental and African Studies
University of Plymouth
University of Portsmouth
University of Salford, The
University of the West of England, Bristol
University of Westminster
University of Abertay Dundee
Edinburgh Napier University
Glasgow Caledonian University
Queen Margaret University, Edinburgh
Robert Gordon University

Total number of institutions in peer group C =23

Peer Group D

Anglia Ruskin University
Birmingham City University
University of Central Lancashire
Coventry University
University of East London
Kingston University
Leeds Beckett University
Manchester Metropolitan University
Middlesex University
University of Northumbria at Newcastle
Nottingham Trent University
Oxford Brookes University

Sheffield Hallam University

University of Wolverhampton

University of South Wales/Prifysgol De Cymru

Total number of institutions in peer group D =15

Peer Group E

AECC University College

Bath Spa University

University of Bedfordshire

University College Birmingham

Bishop Grosseteste University

University of Bolton

Bournemouth University

Buckinghamshire New University

Canterbury Christ Church University

University of Chester

University of Chichester

University of Cumbria

University of Derby

Edge Hill University

University of Gloucestershire

Harper Adams University

Leeds Trinity University

Liverpool Hope University

University of London

London Business School

London Metropolitan University

London South Bank University

Newman University

University of Northampton

University College of Osteopathy

Roehampton University

Royal Agricultural University

Solent University

University of St Mark & St John

St Mary's University, Twickenham

Staffordshire University

University of Suffolk

University of Sunderland

Teesside University

University of West London

University of Winchester

University of Worcester

Writtle University College

York St John University

University of the Highlands and Islands

University of the West of Scotland

Cardiff Metropolitan University

University of Wales Prifysgol Cymru

University of Wales: Trinity Saint David

Glyndwr University

Total number of institutions in peer group E =45

Peer Group F

Arts University Bournemouth

University of the Arts, London

The Conservatoire for Dance and Drama

Courtauld Institute of Art

University for the Creative Arts

Falmouth University

Guildhall School of Music & Drama

Leeds Arts University

The Liverpool Institute for Performing Arts

National Film and Television School

Norwich University of the Arts

Plymouth College of Art

Ravensbourne University London

Rose Bruford College of Theatre and Performance

The Royal Academy of Music

The Royal Central School of Speech and Drama

Royal College of Art

Royal College of Music

Royal Northern College of Music

Trinity Laban Conservatoire of Music and Dance

Glasgow School of Art.

Royal Conservatoire of Scotland

Total number of institutions in peer group F =22

Total number of institutions

UK 162

***Research income is defined as the funding council recurrent research grant plus the total research grants and contracts returned in the 2012-13 HESA Finance Statistics Return (FSR).**

Appendix 8 Dispensation – TRAC requirement exemptions due to dispensation

This appendix outlines the exemptions that are available to HE providers that claim dispensation. The sections have been included within the table from the table within the guidance. This means that it can be clearly linked through to the TRAC guidance.

Section of TRAC Guidance	TRAC requirements that institutions taking dispensation are exempt from
SECTION 3.1.4 – Data required for TRAC	
3.1.4.6	Income should not be used as a cost driver unless proven (and evidence is retained) to reflect the consumption of cost. Head of Department (academic department) estimates can be used to allocate academic department general support costs, but these should be refreshed annually and evidence retained of the rationale for the allocation decisions.
TRAC requirements for staff data	
3.4.1.11	Staff full time equivalent (FTE) and headcount data should be representative of the FTE for the year as a whole and agree with those held on the human resources system, the Higher Education Statistics Agency (HESA) Staff record, or the numbers reported in the consolidated financial statements at institutional level.
3.4.1.13	Adjustments should be made for long-term absence where material at academic department level.
3.4.1.14	Postgraduate Research Student (PGR) FTEs should be weighted by 0.2 when included in the indirect cost rate, 0.8 for laboratory estate rates and 0.5 for non-laboratory estates rates.
TRAC requirements for time allocation methods:	
3.1.4.20	Clear instructions and definitions should accompany the time allocation forms. Where different activity definitions and categories of time are used in workload planning models, these should be mapped appropriately to the required TRAC categories and definitions.
3.1.4.21	Reasonableness of time allocation data should be ensured by a review of the results by the Head of Department (academic department).
3.1.4.24	Where the institution has chosen to collect academic time in hours, this should be converted to percentages and weighted by FTEs.
3.1.4.26	All academic pay costs should be allocated using one of the following time allocation methods: a. In-year data collection b. Statistical data collection c. Workload planning methods **The TRAC requirements specified under each method of time allocation should all be complied with.**

Section of TRAC Guidance	TRAC requirements that institutions taking dispensation are exempt from
3.1.4.26a	For in-year data collection: — The year should be split into at least three periods — The collection should cover all staff not directly charged to TRAC activities for periods representative of 12 months within a three-year cycle, ensuring that the returns received are representative of the grade mix for each academic department. — The collection is completed by individual academics whose pay costs are to be allocated. — There is a maximum look-back period of: Six months to the start of the collection window, which includes eight weeks from the end of the collection window. Institutions have until the submission of the 2021-22 TRAC return to comply with this requirement. — A minimum response rate of 75% for academic departments with a total population of less than 50 academic staff; or 50% or 38 returns (whichever is greater) for academic departments with 50 academic staff or more, is achieved. — There is no duplication of costs already directly allocated to a TRAC category (3.1.4.17)
3.1.4.26b	For statistical data collection: — The collection should be undertaken annually and cover all staff not directly charged to TRAC activities — The sample should be representative of types of staff, academic department, research sponsor type and of the weeks of the year. — The collection should achieve acceptable levels of statistical accuracy; input from a statistician should be evidenced at the stage of designing the process, and in reviewing the levels of response and the results. — The collection is completed by individual academics whose pay costs are to be allocated. — There is a maximum look-back period of: Six months to the start of the collection window, which includes eight weeks from the end of the collection window. Institutions have until the submission of the 2021-22 TRAC return to comply with this requirement. — There is no duplication of costs already directly allocated to a TRAC category (3.1.4.17).
3.1.4.26c	For workload planning methods: — The collection should be undertaken annually and cover all staff not directly charged to TRAC activities. — Each academic should agree to the plan drawn up for them at the start of the year as part of a formal process. At the end of the year the academic should confirm that the plan was delivered, or revise the data to represent the actual balance of activities undertaken.

Section of TRAC Guidance	TRAC requirements that institutions taking dispensation are exempt from
	— Revisions to workload planning data should be jointly agreed and approved by a relevant manager. — Workload data that has not been confirmed by the academic should not be used. — A minimum confirmation rate of 75% for academic departments with a total population of less than 50 academic staff; or 50% or 38 returns (whichever is greater) for academic departments with 50 academic staff or more, is achieved. There is a maximum look-back period of eight weeks from the end of the collection window. — There is no duplication of costs already directly allocated to a TRAC category (3.1.4.17).
TRAC requirements for other cost drivers	
3.1.4.29	Selection of cost drivers and any weightings for the allocation of higher cost support activities (e.g. Library, Learning resource centres and Information Technology) should be informed by the relevant director of these areas to ensure that the driver, or combination of drivers and weightings used, reflects the usage/consumption of those resources.
TRAC requirements for weighting data	
3.1.4.30	— Weighting factors applied to cost drivers within the TRAC model should be both institutionally recognised and utilised, or approved by the TRAC Oversight Group when designed uniquely for the TRAC process. — Space weighting factors should be determined with input from the Estates/Facilities department – the workings for which should be retained by the TRAC Manager. — Standard weightings are mandated for use in TRAC for the following analysis: - Postgraduate research (PGR) FTEs are weighted 0.2 when included in the indirect cost rate, 0.8 for laboratory estate rates and 0.5 for non-laboratory estates rates. - Academic staff time allocations should be weighted for salaries and FTE when calculating the cost of academic time. The weighting by FTE may or may not be relevant, depending on how the institution's time allocation data are used and applied in the TRAC model.
TRAC requirements for overseas operations	
3.1.4.32	— Overseas operations should be treated the same as onshore activities where the costs are included in the consolidated financial statements; — Overseas operations that are not included in the consolidated financial statements should not be included in TRAC.

Section of TRAC Guidance	TRAC requirements that institutions taking dispensation are exempt from
SECTION 3.4.4 – ALLOCATING ACADEMIC DEPARTMENT AND CENTRAL COSTS	
3.4.4.2	Cost drivers used to allocate support costs to academic and central departments and activities should be appropriate, robust and have been applied to the appropriate cost pools. The drivers have also been refreshed in line with requirement 3.1.4.3.
3.4.4.3	Where weighted cost drivers are used there should be an agreed rationale for the weighting, and this is reconsidered in line with the timescales for refreshing the cost drivers.
3.4.4.4	Cost drivers selected should reflect the consumption of resource and do not include bias to achieve a desired allocation of costs.
3.4.4.6	Costs should be allocated through the cost driver model and aggregated to institutional level in line with process steps 3.4.5.10 to 3.4.5.12.

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