

# UK Higher Education Regulators and Funders (Financial Sustainability) Group

## Statement in response to the review of TRAC, November 2021

The Regulators and Funders Group (RFG)<sup>1</sup> commissioned a review of the Transparent Approach to Costing (TRAC) in response to the government's request as part of a wider review of bureaucratic burden,<sup>2</sup> to assess and identify options for ensuring it is not disproportionately burdensome and that it appropriately provides the data the government, regulators, funders and higher education institutions need. This review has been carried out by KPMG.

The TRAC data system provides unique and invaluable information on the cost of different higher education activities in the UK. It is used by multiple stakeholders for a range of important purposes that cannot be produced by other data. Some of the main uses are, for example:

- to inform rates of research grant funding
- as an evidence base about the costs of research and higher education for government, including for spending reviews or costing studies on particular activities
- to provide valuable financial sustainability information for higher education institutions.

The UK higher education sector consists of a hugely diverse range of autonomous institutions with diverse activity profiles. The TRAC system uses a consistent methodology, to ensure that this data is as accurate as possible. This makes it possible to benchmark across similar groupings of institutions to provide information that is both useful and beneficial to institutions for their own internal purposes as well as for use funders, regulators and government.

## Review findings

The group welcomes the report and the findings, which reflect significant sector and stakeholder consultation. We are extremely grateful for all contributions. They have been a fundamentally important part of this review and have demonstrated the breadth of engagement and interest in TRAC.

The report finds that overall, while there is some burden in completing the TRAC return requirements, this was felt to be justified by most higher education institutions. The review also found that it now takes less time to administer TRAC than it did in 2012. Several reasons contribute to this, including an increasing use of workload planning-based approaches to provide data on the how academic staff time is allocated, which enables TRAC to draw on an existing institutional process; and that the TRAC guidance was re-written and simplified in 2014. However,

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<sup>1</sup> The UK Higher Education Regulators and Funders Group includes the Office for Students (OfS), UK Research and Innovation (UKRI), Research England (RE), Higher Education Funding Council for Wales (HEFCW), Scottish Funding Council and Department for the Economy in Northern Ireland (DFENI). This group work collaboratively on areas relating to sector financial sustainability, including matters relating to the Transparent Approach to Costing (TRAC).

<sup>2</sup> See <https://www.gov.uk/government/publications/reducing-bureaucratic-burdens-higher-education/reducing-bureaucratic-burdens-on-research-innovation-and-higher-education#the-office-for-students-and-dfe>.

a lower proportion of higher education institutions believed the burden required to complete the TRAC(T) return was justified by the perceived benefit and this is clearly an area where reforms are needed.

The report makes a number of recommendations to improve the ratio of burden to benefit in the TRAC system, including enhancing the utility of data through, for example, improved benchmarking. The RFG will consider all recommendations, including collecting further evidence and consulting with relevant stakeholders as necessary.

Nolan Smith, Director of Resources and Finance at the Office for Students and chair of the RFG said:

‘On behalf of the RFG I would like to thank KPMG for this comprehensive review and the significant input provided from the sector. It is clear that the majority of contributors to this review acknowledged the benefits of TRAC.

The review focused on burden, and KPMG has provided a number of recommendations about how burden could be reduced and/or greater value could be derived through TRAC.

In the latest TRAC guidance, we have already implemented the recommendation that the review suggested would make the most difference– streamlining the requirements around the governance sign-off process within institutions.

The RFG is now working through the recommendations and will prioritise the four areas highlighted below.’

## **Priorities**

The RFG will phase the consideration and implementation of the review, initially prioritising responses to the following:

### **1. Replacement for TRAC for Teaching – TRAC(T)**

This review has confirmed that the current TRAC for Teaching (TRAC(T)) does not provide useful information for institutions and as such the preparation and reporting of TRAC(T) is considered a burden. The OfS, HEFCW, SFC and DFE(NI) will work together to develop a replacement for TRAC(T). The replacement will aim to provide funders and government with a better source of information about the full costs of teaching, which they can use to inform higher education policy and funding for teaching. This will also provide more suitable information for institutions.

The group will also evaluate the burdens and benefits of consolidating the currently separate TRAC and TRAC(T) returns, into one format and consider which higher education institutions will be required to submit TRAC returns.

### **2. Defining the requirements for time allocation methods**

The review has highlighted the resources needed to comply with the time-allocation requirements in TRAC. It also identified opportunities to improve the efficiency or reduce the burden of these processes while ensuring an appropriate level of confidence and reliability in the data for

institutions and assurance to funding bodies. The group will work with the TRAC Development Group<sup>3</sup> to take this forward.

### **3. Research-led actions**

The report has identified that there is an opportunity to remove some TRAC requirements and guidance related to research proposal submission where there is duplication with funder specific guidance. UKRI will lead on this work and will consult with relevant stakeholders as necessary.

The report also recommends a review of how research facilities and equipment are treated in TRAC guidance; RFG will collect further evidence and consult with relevant stakeholders as necessary in taking forward this recommendation.

### **4. Increase understanding of TRAC and its importance to stakeholders**

The review has noted that the sector has limited awareness of why TRAC is important or how it is used. Awareness among the academic community is particularly limited. These issues contribute to some views that burdens of TRAC significantly outweigh the value of it.

RFG will work to update and further clarify the guidance and communications around the purpose of TRAC and work with sector bodies in raising awareness of the value of this data to funders, institutions and the wider research community. Alongside this, we will encourage institutions to ensure their TRAC systems and the TRAC returns they submit are of sufficient quality to meet the assurance requirements for use of public funds.

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<sup>3</sup> See [www.trac.ac.uk/about/tdg/](http://www.trac.ac.uk/about/tdg/).