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**Policy development**

**Consultation outcomes**

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This publication is for information

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This document reports on the outcomes of, and next steps arising from, the HEFCE consultation 'Review of TRAC: Consultation on streamlining requirements and increasing transparency of the Transparent Approach to Costing' (HEFCE 2012/28).

# Review of TRAC

**Outcomes of consultation and  
report to the HEFCE Board  
from the TRAC Review Group**

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# **Review of TRAC: Outcomes of consultation and report to the HEFCE Board from the TRAC Review Group**

To	Heads of HEFCE-funded higher education institutions Heads of HEFCE-funded further education colleges Heads of alternative providers of higher education in England
Of interest to those responsible for	Senior managers; Finance; Planning; Governing bodies; Academic and administrative staff with an interest in TRAC or provision of information for students; NUS, Student representative bodies, students, prospective students and advisers to students
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## **Executive summary**

### **Purpose**

1. This document reports on the outcomes of, and next steps arising from, the HEFCE consultation ‘Review of TRAC: Consultation on streamlining requirements and increasing transparency of the Transparent Approach to Costing’ (HEFCE 2012/28).

### **Key points**

2. The Government’s 2011 White Paper, ‘Students at the heart of the system’ (June 2011), invited HEFCE to consult the higher education (HE) sector on ‘radically streamlining the reporting requirements of TRAC’. This recognised the importance of costing and pricing systems to the sector, as well as the need for HEFCE to be able to determine the costs of higher-cost subjects within its teaching funding method, and for a costing tool to support the allocation of publicly funded research grants. The White Paper also invited HEFCE to consider how Transparent Approach to Costing (TRAC) data might be used to promote greater transparency and inform the choices of prospective students, recognising the increasing accountability to students under the new arrangements for funding higher education.

3. To pave the way for such a consultation, HEFCE initially undertook a review of TRAC, advised by the TRAC Review Group. This group was chaired by an independent HEFCE Board member, with members drawn from across the key stakeholder groups. The group defined the scope of the review by considering fundamental questions about the rationale for the current TRAC arrangements under the changing higher education environment in England resulting from the White Paper.

4. As part of HEFCE’s review of TRAC, we commissioned consultants KPMG to gather evidence from its many stakeholders and analyse the current arrangements. The review also drew heavily on evidence in ‘Review of time allocation methods: A study by KPMG for the TRAC Development Group’ (available online at [www.hefce.ac.uk/whatwedo/lgm/trac/tracreview/](http://www.hefce.ac.uk/whatwedo/lgm/trac/tracreview/)).

5. The consultation document ‘Review of TRAC: Consultation on streamlining requirements and increasing transparency of the Transparent Approach to Costing’ (HEFCE 2012/28) presented the findings of the review and asked the sector for input on the key issues.

6. The ensuing consultation, which closed on 11 January 2013, elicited 98 responses from across the HE sector and other stakeholders. The TRAC Review Group considered the consultation responses and presented its report to HEFCE with recommendations developed in the light of respondents’ comments.

7. There was general, often overwhelming, support from respondents for most of the proposals in the consultation document, and positive and constructive contributions to the debate. There was strong support for TRAC as a whole, and overwhelming support for the current governance arrangements provided by the Financial Sustainability Strategy Group (FSSG) and the TRAC Development Group (TDG) for oversight and development of TRAC and financial management within the HE sector. The TRAC Review Group recommended that HEFCE should confirm its support for FSSG and TDG maintaining these existing roles.

8. There was widespread recognition of the work by FSSG and TDG on the Management Information Projects, and strong endorsement of this approach to sector-led collaboration on the development and sharing of good practice in costing and the use of cost information to support internal processes.

9. In the main, respondents were of the view that there are no alternative systems or processes that could offer greater benefits or lower burdens to institutions than TRAC, but that a number of steps could be taken to reduce the burden associated with TRAC. There was strong endorsement of the proposals for streamlining the TRAC requirements, improving guidance, adjusting dispensation levels and streamlining the reporting requirements, with some clearly articulated priorities for improvements and suggestions for further enhancements.

10. In the light of the responses to the consultation, the TRAC Review Group has recommended to HEFCE that TRAC should be retained as a sector-wide approach to costing in the HE sector, but that 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.

11. There were two areas which elicited strong objections:

a. Publication of Annual TRAC data or TRAC for teaching (TRAC(T)) data on a named-institution basis: there was almost unanimous and strongly argued objection to this proposal. Given the strength of the responses confirming that higher education institutions (HEIs) consider cost data to be price-sensitive information which could influence behaviour in the market, the TRAC Review Group recommended that HEFCE should reiterate its commitment not to publish individual TRAC and TRAC(T) data.

b. Streamlining TRAC reporting requirements and aligning these with the Annual Accountability Returns: while there was general acceptance of some of the proposals for streamlining the content of TRAC returns, and general support for combining annual TRAC and TRAC(T) in a single return to achieve efficiencies in validation and more timely completion of reporting, there was strong resistance to aligning the timetable for annual TRAC and TRAC(T) reporting with the Annual Accountability Returns in December. The TRAC Review Group recommended that HEFCE should not combine Annual TRAC and

TRAC(T) reporting in a single return at this stage but should consider this following implementation of the new TRAC(T) reporting requirements for HEFCE-funded HEIs, and that HEFCE should work with the sector, through the British Universities' Finance Directors' Group (BUFDG) and other representative groups to explore the possibility of combining annual TRAC reporting with the Annual Accountability Returns, how this could be achieved and how obstacles might be removed or overcome.

12. Another issue which prompted extensive comment was the proposal for accountability through TRAC reporting for all HE providers in receipt of HEFCE grant funding. There was overwhelming endorsement of this proposal, but almost half of respondents commenting suggested that this requirement should be extended to all HE providers in receipt of fees via the Student Loans Company. We acknowledge the concerns raised about this issue, but the current legislative framework does not allow HEFCE to set regulatory arrangements for other HE providers.

13. The TRAC Review Group recommended that HEFCE should confirm that the requirement to implement TRAC-based annual reporting applies to all HE providers in receipt of HEFCE grant funding, excluding those regulated by the Skills Funding Agency.

14. The White Paper required HEFCE to consider the transparency of information for students, prospective students and taxpayers. There was almost unanimous opposition to using or publishing Annual TRAC data or TRAC(T) data for this purpose, with strong arguments that the data were not helpful for students and there were other better sources of information. The complexity of the data leads to a high risk of misleading or being misunderstood. The data were also considered to be commercially sensitive information, likely if published to impact on the market and thus contravene competition law. A significant range of alternative sources of information are already published which provide transparency on how the public investment in higher education is spent, and in the efficiency, effectiveness and quality of HE provision.

15. The TRAC Review Group recommended that HEFCE should reconfirm its commitment to publication of TRAC data at HE-sector aggregate and peer-group level only, and work to ensure better visibility of and access to the wide range of published data and reports about the public investment in and efficiency and effectiveness of the HE sector. The group also recommended that HEFCE should:

- a. Encourage HEIs and sector bodies to develop good practice in providing clear, meaningful and consistent information for students on how public funds and tuition fees are spent in supporting the student experience.
- b. Invite the Higher Education Public Information Steering Group as part of its 2013 to 2015 review to consider opportunities to enhance information on how HEIs invest public funds and tuition fees in support of the student experience.

16. The TRAC Review Group's recommendations have been considered and accepted by the HEFCE Board, and an action plan has been agreed to implement the recommendations. We confirm the use of TRAC as a primary tool to: support costing in HEIs (as part of a suite of tools to provide management information); enable pricing and cost recovery for publicly funded research on a full sustainable cost basis; aid understanding of financial sustainability; and provide regulatory assurance to public funders of teaching and research. We have invited the TDG to develop and lead an improvement programme for TRAC, to streamline its requirements

and enhance it to better meet the needs of HEIs and funders. We have asked the FSSG to oversee the programme, and to monitor yearly progress on its various elements.

17. We will also:

- a. Agree and implement changes to the TRAC reporting requirements, working in collaboration with Research Councils UK, and other UK HE funding bodies.
- b. Develop TRAC(T) requirements to meet HEFCE information requirements to inform HEFCE's teaching funding method, and to better support the needs of HEIs.
- c. Following the implementation of the new TRAC(T) reporting requirements (for reporting by HEFCE-funded HEIs from 2013-14), agree with the TRAC Development Group, and BUFDG, a timetable for combining Annual TRAC and TRAC(T) reporting in a single return.
- d. Agree with Research Councils UK, other UK HE funding bodies and the TDG an increase to the threshold for eligibility for dispensation from compliance with the full TRAC requirements. (Note that all HEIs, whether eligible for dispensation or not, are required to submit annual TRAC and TRAC(T) returns.)
- e. Work with BUFDG, the Association of Heads of University Administration and TDG to establish how progress can be made towards combining annual TRAC reporting with Annual Accountability Returns, and to identify how this may be achieved and obstacles removed or overcome.
- f. Work with the Higher Education Statistics Agency (HESA) and others to ensure harmonisation, efficiencies and utility from the TRAC and HESA datasets, to support the review of the HESA Finance Statistics Return.
- g. Assess the overall accountability and regulatory assurance requirements as part of the development of the replacement for the financial memorandum between HEFCE and HEIs.
- h. Work with the sector through the BUFDG and the National Union of Students (NUS) to build on good practice in providing accessible and meaningful information for students about how public funds and students fees are invested by HEIs.

18. We are committed to improving the TRAC reporting requirements, and providing institutions with streamlined guidance, as quickly as possible. In the next 12 to 18 months we will work to revise the reporting template and agree initial changes with the sector, and to agree the implementation of a revised threshold for dispensation. We are also committed to delivering more transparent TRAC data, and ensuring that there is better visibility of, and access to other published data about, the public investment, efficiency and effectiveness of the HE sector.

19. The HEFCE action plan which sets out in detail our responses to the recommendations of the TRAC Review Group is at Annex A.

20. The TRAC Review Group concluded that if its recommendations are implemented TRAC will:

- be less of a burden on staff and academics
- provide more reliable and accurate cost information to HEIs and their funders

- support increasing focus on decision-making for investment and sustainability
- pave the way for more transparent information for students and taxpayers (although this will be best achieved by using a much wider set of data than is produced by TRAC alone)
- support benchmarking and efficiency in HEIs, and thereby save institutional and public money.

21. The TRAC Review Group concluded, based on an assessment conducted by KPMG, that streamlining TRAC in line with its recommendations will reduce administrative burden by 5 to 25 per cent. However, the potential for reductions in burden will vary across institutions, and will depend on the extent to which TRAC is integrated into existing processes and supports internal information needs.

### **Action required**

22. No immediate action is required, but institutions may wish to identify opportunities to improve the efficiency of their TRAC implementation and enhance the utility of the process to support their internal management needs. Institutions may also wish to engage with and contribute to the work of FSSG, TDG and others in implementing the recommendations from the review.

## **HEFCE response to TRAC Review Group report**

23. HEFCE welcomes the report from the Transparent Approach to Costing (TRAC) Review Group. We were pleased with the excellent response to the consultation, with 82 per cent of higher education institutions (HEIs) in England engaging with the review process by attending the consultation events, responding to the consultation, or both. The responses received were consistent with and amplified the issues debated at the consultation events, and show a high level of support for the majority of the proposals. This level of engagement is particularly welcome in a period of significant change in the higher education (HE) sector in England. We can take confidence that this response indicates the level of interest among the HE sector and representative stakeholder groups.

24. The report from the TRAC Review Group has been considered by the HEFCE Board. The Board has accepted all of the recommendations in the report and has agreed an action plan (at Annex A) to take forward those recommendations.

25. In recognition of the strong support expressed for the current governance arrangements for the oversight and development of TRAC, we have invited the Financial Sustainability Strategy Group (FSSG) and the TRAC Development Group (TDG) to continue their existing responsibilities, and the TDG to develop and lead an improvement programme to address streamlining the TRAC requirements and enhancing TRAC to better meet the needs of HEIs and funders. We have also asked TDG to redevelop the TRAC guidance to reflect these changes, and provide streamlined guidance in a more user-friendly, accessible format.

### **Reducing administrative burden: improving and streamlining TRAC**

26. We will also take forward the following actions to deliver the TRAC Review Group recommendation.

- a. Agree and implement changes to the TRAC reporting requirements, working in collaboration with Research Councils UK (RCUK) and other UK HE funding bodies.
- b. Develop TRAC(T) requirements to meet HEFCE information requirements to inform HEFCE's teaching funding method, and to better support the needs of HEIs.
- c. Following the implementation of the new TRAC(T) reporting requirements (for reporting by HEFCE-funded HEIs from 2013-14), agree with the TDG, and BUFDG, a timetable for combining Annual TRAC and TRAC(T) reporting in a single return.
- d. Agree with RCUK, other UK HE funding bodies and TDG an increase to the threshold for eligibility for dispensation from compliance with the full TRAC requirements. (Note that all HEIs, whether eligible for dispensation or not, are required to submit annual TRAC and TRAC(T) returns.)
- e. Work with the British Universities' Finance Directors' Group (BUFDG), the Association of Heads of University Administration and TDG to establish how progress can be made towards combining annual TRAC reporting with Annual Accountability Returns, and to identify how this may be achieved and obstacles removed or overcome.
- f. Work with the Higher Education Statistics Agency (HESA) and others to ensure harmonisation, efficiencies and utility from the TRAC and HESA datasets to support the review of HESA's Finance Statistics Return (FSR).

g. Assess the overall accountability and regulatory assurance requirements as part of the development of the replacement for the financial memorandum between HEFCE and HEIs.

27. We note that the assessment provided by KPMG to inform this review estimated that streamlining TRAC in line with the recommendations set out in the consultation would reduce administrative burden by 5 to 25 per cent. We recognise that the extent of potential reductions in burden will vary between institutions and depend on how far TRAC is integrated with existing processes and supports internal information needs.

28. We encourage HEIs and the HE sector to participate in this programme of improvements, both individually and collectively, and in a way that optimises utility for institutions.

### **Transparency for taxpayers, students and prospective students**

29. We understand the strength of opposition to the proposals explored in the consultation on providing additional information on HE providers' costs by publishing the TRAC dataset on a named-institution basis, and the compelling reasons for these objections. We accept that a significant majority consider the data to be commercially sensitive information, likely to impact on the market if published, and that their publication would contravene competition law. We will continue to publish TRAC data at sector-aggregate and peer-group level only.

30. However, it is essential that HEIs provide clear information for students to demonstrate where their money goes and what they are receiving for their fees. We therefore wish to work with HEIs to make better use of existing financial information, drawing on information from financial statements, annual reports, HESA FSRs and other non-financial indicators, in ways that are accessible and helpful to students. We have asked FSSG to work with BUFDG, HESA and the NUS to build on good practice in providing accessible and meaningful information for students about how public funds and students fees are invested by HEIs.

31. We look forward to working with HEIs, sector representative bodies, TDG, FSSG and HESA to take forward the recommendations in the report, as well as with RCUK and other UK HE funding bodies.

# **Report to the HEFCE Board from the TRAC Review Group**

## **Introduction**

32. The Higher Education White Paper of 2011 included a request for HEFCE to consider 'radically streamlining' the TRAC, and to review TRAC's potential role in providing greater transparency to support students' choices. The TRAC Review Group was therefore established to oversee a review of the current and future uses of TRAC, taking account of the needs of all stakeholders including HEIs, public funders of teaching and research, students, taxpayers and the Government. This included assessing the merits of publishing data on HE providers' costs to assist prospective students in their choices and provide transparency for taxpayers, and advising HEFCE on a consultation with the HE sector and other stakeholders regarding these topics. Following consultation the review group was asked to make recommendations to the HEFCE Board in the light of the review and consultation outcomes.

33. The review is now complete and we are pleased to present to the HEFCE Board the outcome of the recent TRAC review consultation, with the review group's comments on the responses, and recommendations on the way ahead.

## **Key points**

34. From the outset the TRAC Review Group was conscious of an inherent tension in the White Paper. The challenge for the group has been to balance the desire for greater transparency for students and taxpayers with a radical streamlining of TRAC's reporting requirements to reduce the administrative burden on HEIs.

35. TRAC has been a valuable tool for understanding costs, informing pricing and funding and enabling the assessment of financial sustainability for many years. However, some concerns have been raised about whether the effort and cost required to develop it centrally and implement it locally represent value for money. We looked at how this burden could be reduced and whether TRAC remains fit-for-purpose in a more competitive, student-funded, cost-conscious world.

36. The review group, through its consultation, has concluded that TRAC continues to be a useful tool, but that it can be made even more cost-effective through streamlining and focusing more clearly on institutions' and funders' needs. We make a number of recommendations as to how this might be achieved. If these are implemented TRAC will:

- be less of a burden on staff and academics
- provide more reliable and accurate cost information to HEIs and their funders
- support increasing focus on decision-making for investment and sustainability
- pave the way for increased transparency of information for students and taxpayers (although this will be best achieved by using a much wider set of data than is produced by TRAC alone)
- support benchmarking and efficiency in HEIs, and thereby save institutional and public money.

37. The review group's view, based on an assessment conducted by the consultants KPMG, is that streamlining TRAC in line with our recommendations will reduce administrative burden by 5 to 25 per cent. However, the potential for reductions in burden will vary across institutions and

will depend on the extent to which TRAC is integrated into existing processes and used to support internal information needs.

38. Together, the planned improvements will result in a streamlined process, consuming less administrative time, while delivering more reliable and useful information. We encourage the HE sector to embrace the improvement programme and maximise its use internally.

## **Consultation process**

39. To support our work, we appointed KPMG to gather evidence from across the range of stakeholders, analyse the current TRAC arrangements and assess the administrative burden associated with TRAC. KPMG's work resulted in a report, 'Review of the Transparent Approach to Costing: A report by KPMG for HEFCE'<sup>1</sup>. A key part of the work of KPMG and the TRAC Review Group has been to challenge stakeholders, particularly funders, to justify what data they require and the level of prescription they impose on how the data are produced. Our work was also informed by the TDG's report 'Review of time allocation methods'<sup>2</sup>. We also received papers from the FSSG, TDG, and the Funders' Group which comprises HEFCE, the Scottish Funding Council (SFC), the Higher Education Funding Council for Wales, the Department of Education and Learning in Northern Ireland, and RCUK.

40. Additionally we invited NUS to provide input to the review in respect of the interests of students and prospective students. That dialogue improved the review group's understanding of the information needs of students and prospective students.

41. The consultation 'Review of TRAC: Consultation on streamlining requirements and increasing transparency of the Transparent Approach to Costing' (HEFE 2012/28)<sup>3</sup> contained 13 questions focusing on four themes:

**Theme 1:** The needs of stakeholders, now and in the future

**Theme 2:** Burdens and benefits of TRAC as a costing system for the HE sector

**Theme 3:** Opportunities to improve and streamline TRAC and the associated reporting requirements, and to secure better use of TRAC information

**Theme 4:** Providing greater transparency for taxpayers, students and prospective students.

42. During the consultation period we held two events held in November, in London and Birmingham. These events were well attended, with 85 delegates at the London event, and 37 at the Birmingham event. The presentations were well received and resulted in good engagement and dialogue in the group and plenary sessions. There were a range of well articulated views about why it would not be appropriate to use TRAC data as a source of information to inform student choice, but also a recognition that the HE sector should use this opportunity to define the nature of the relationship with students, and that information about the student experience was part of that relationship.

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<sup>1</sup> Available online at [www.hefce.ac.uk/pubs/rereports/year/2012/trareview/](http://www.hefce.ac.uk/pubs/rereports/year/2012/trareview/)

<sup>2</sup> Available online at [www.hefce.ac.uk/whatwedo/lgm/trac/trareview/](http://www.hefce.ac.uk/whatwedo/lgm/trac/trareview/)

<sup>3</sup> Available online at [www.hefce.ac.uk/pubs/year/2012/201228/](http://www.hefce.ac.uk/pubs/year/2012/201228/)

43. Equally, there were points raised about the inconsistency of disclosure requirements for HEIs compared with HE providers with designated courses eligible for student support from the Student Loans Company (SLC). There seemed to be general acceptance that the process was not an undue burden, even if some academics perceived it to be so. Many stated that the focus should be on having costing systems to support the management of the university, whether these be institutionally defined systems that also provide the outputs required for TRAC, or a costing system more closely built on TRAC.

44. We received 98 formal responses to the consultation document from: HEIs; representative bodies; professional, statutory or regulatory bodies; students, prospective students or student advisers; individuals; and others (see Table 1).

45. We were greatly encouraged by this excellent response, with 82 per cent of HEIs in England engaging with the review process by responding to the consultation, attending consultation events, or both, and thereby demonstrating their willingness to engage in debate on these issues. We take confidence that this level of response is representative of the HE sector and its stakeholder groups.

46. This level of engagement is particularly welcome in a period of significant change and uncertainty in the HE sector in England. We were pleased by the high quality of the responses, which show that the sector is willing to participate in mature debate about securing a better understanding of costs to drive efficiencies and ensure academic and financial sustainability.

## **Consultation responses**

47. The consultation responses align well with the views expressed and issues raised at the consultation events. There was general, often overwhelming, support for most of the proposals in the consultation document and positive and constructive contributions to the debate.

48. The review group was struck by the strength of support for TRAC as a whole, and also the overwhelming support for the continuation of the current governance arrangements for FSSG's and TDG's oversight and development of TRAC and financial management within the HE sector. There was widespread recognition of FSSG's and TDG's work on the Management Information Projects (MIPs), and strong endorsement of this approach to sector-led collaboration on the development and sharing of good practice in costing and the use of cost information to support internal processes.

49. In the main, respondents were of the view that there are no alternative systems or processes that could offer greater benefits or lower burdens to institutions than TRAC, but that a number of steps could be taken to reduce the burden associated with TRAC. There was strong endorsement of the proposals for streamlining the TRAC requirements, improving guidance, adjusting dispensation levels and streamlining the reporting requirements, with some clearly articulated priorities for improvements and suggestions for further enhancements. While the responses were clear that there is scope for streamlining the TRAC requirements, many respondents confirmed that they considered the burden reasonable given the benefits they derived from the process. Much of the work associated with TRAC they would need to carry out anyway for their own purposes, and therefore the potential for reductions to HEIs' operational costs is modest.

50. The consultation therefore confirms that it is 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. The KPMG report estimated that the potential efficiency that might be achieved from improvements and streamlining was in the range of 5 to 25 per cent, and some respondents confirmed this range.

51. However, there were substantial objections to proposals in the consultation that additional information on HE providers' costs might be required, and to suggestions of the TRAC dataset being published on a named-institution basis. A significant proportion of responses were explicit that TRAC-based cost information and course-level or subject-level data were not relevant or appropriate to inform or assist prospective students in their choices. Further, strong arguments were presented that the complexity of the data would lead to a high risk of misunderstanding or misuse. A significant majority stated that they considered the data to be commercially sensitive information, likely to impact on the market if published, and that their publication would therefore contravene competition law.

52. There was significant opposition to the suggestion that TRAC for teaching (TRAC(T)) might be developed to provide course-level costing, on the grounds that it would significantly increase administrative burden, being costly and complex to implement consistently across a diverse sector. It was considered that such development should be undertaken by institutions in a way that best met their internal information needs.

53. All respondents recognised the importance of providers making available clear, helpful and accessible information to assist prospective students in making their choices, and that this was even more relevant in the emerging market-based system for HE in England. However, they were robust in stating that alternative sources of information which could better support students in their choices were already available, including Key Information Sets (KIS), the National Student Survey and reports from the Quality Assurance Agency for Higher Education (QAA). There was no evidence of demand for such cost information from students. This is confirmed in the response from the QAA Student Advisory Board.

54. In addition to the comments received in response to the consultation document, our sources of information from the student viewpoint included informal consultation with the NUS. We also drew on the evidence that informed the development of KIS, and the outcome report which forms part of the early review of KIS. All of these sources of evidence confirmed that the availability of information on HE providers' costs was not a priority for students.

55. However, the review group fully recognised how important it is that the HE sector can provide transparency to the public, whether accountability to taxpayers, or information to students and prospective students. This applies to how the public investment in HE is deployed and, for individual providers, how student tuition fees are spent. The review group accepts that much of the information already available could be better presented and published in more accessible ways to better demonstrate transparency to the public. We propose that HEFCE should work with the sector, including relevant sector groups, to develop good practice and ensure access to enhanced and meaningful information about the public and student investment in higher education.

## **Next steps**

Our summary analysis of the responses to the consultation on the review of TRAC follows, together with our conclusions and recommendations. We commend our report and

recommendations to the HEFCE Board, and encourage the HE sector to embrace and support this substantive programme of improvements.

## **Summary of responses to consultation (with comments and recommendations by the TRAC Review Group)**

56. This is a summary of responses to 'Review of TRAC: Consultation on streamlining requirements and increasing transparency of the Transparent Approach to Costing' (HEFCE 2012/28), with comments and recommendations by the TRAC Review Group.

### **Background**

57. The Government's Higher Education White Paper 'Students at the Heart of the System', published in June 2011, included the following regarding the collection and use of TRAC data:

**6.23** HEFCE has collected data from all HEFCE-funded institutions on the true cost of teaching and research through the Transparent Approach to Costing (TRAC) exercise. It has provided an objective basis for determining how HEFCE teaching grant should be allocated between different subjects. It has also allowed institutions to benchmark their costs against similar institutions, providing useful management information for many universities. It has been designed with, and is reviewed regularly by, the sector and provides credible information that can then be used to satisfy the requirements of a number of major funders, including research funders.

**6.24** Implementing TRAC, however, is far from cost-free and all institutions have to comply with the minimum requirements. While a 2009 report found that the benefits of TRAC outweighed its administrative burden, it is clear that as universities become increasing accountable to their students rather than to Government, there is a diminishing rationale for a universal reporting system measuring costs across the system.

**6.25** We will ask HEFCE to consult with the sector on radically streamlining the reporting requirements of TRAC. The means of determining the costs of higher cost subjects will need to be given consideration. It must remain available as a benchmark for applications for research funding, but HEFCE will look at how far TRAC requirements can be reduced and simplified at the earliest possible opportunity.

**6.26** Alongside our other reforms to improve information, outlined in Chapter 2, we will work with HEFCE to consider how TRAC data might be used to promote greater transparency and help inform the choices of prospective students.

58. In September 2011, HEFCE established a TRAC Review Group to oversee the review<sup>4</sup>. The review group met on four occasions between October 2011 and February 2013 to oversee the work on the review.

59. The consultation was published in October 2012 and closed on Friday 11 January 2013. During the consultation period, HEFCE held two consultation events (in London and Birmingham) to engage in debate on the consultation issues. A total of 99 HEIs were represented at these events.

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<sup>4</sup> Details of the terms of reference and scope of the review, and of the TRAC Review Group's membership, are available at [www.hefce.ac.uk/whatwedo/lgm/trac/tracreview/](http://www.hefce.ac.uk/whatwedo/lgm/trac/tracreview/)

60. At its last meeting, on 4 February 2013, the TRAC Review Group reviewed the analysis of the consultation responses and, in the light of the responses to the consultation, agreed recommendations to the HEFCE Board for taking forward the outcomes from the review of TRAC.

### **Responses to consultation on the review of TRAC**

61. The total numbers of respondents to the consultation are set out in Table 1.

**Table 1: Total responses to consultation**

	Total responses
Higher education institutions	79
Further education colleges	0
Other providers of higher education	0
Representative bodies	7
Professional, statutory or regulatory bodies	2
Students, prospective students or student advisers	2
Individuals	2
Other	6
<b>Total responses</b>	<b>98</b>

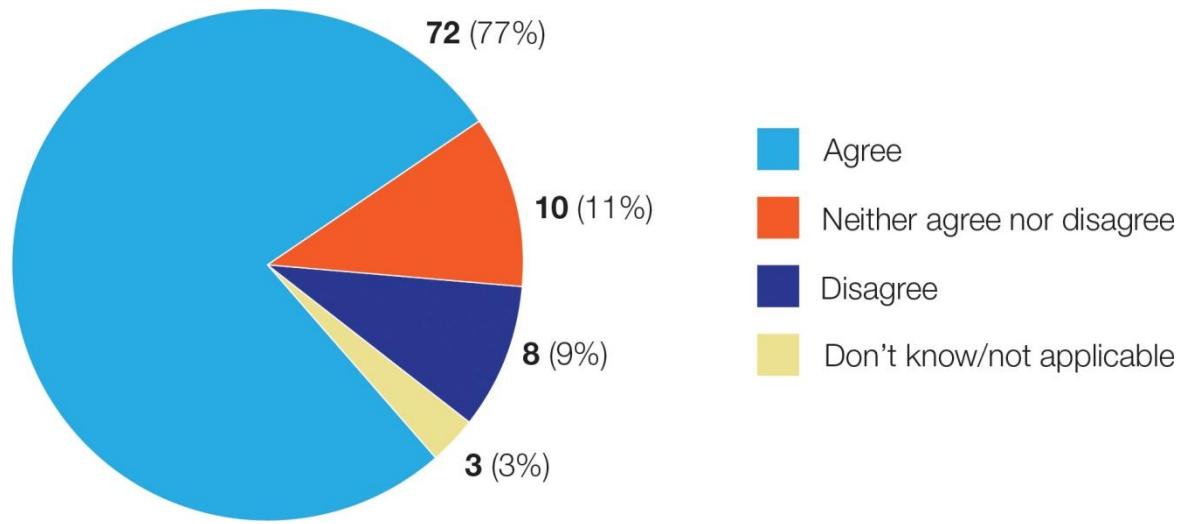
### **Theme 1: The needs of stakeholders now and in the future**

#### **Question 1**

**The initial findings of the TRAC Review Group did not identify evidence that existing sources of cost data other than TRAC provided the same level of useful, consistent and comparable information across the HE sector to meet the needs of stakeholders. Do you agree with this conclusion? If not, what sources of information could be used to meet the needs of existing stakeholders, including funding bodies?**

62. Figure 1 provides a breakdown of responses to question 1, and Table 2 shows a further breakdown of responses by type of respondent.

**Figure 1: Responses to Question 1**



**Table 2: Respondents by type**

Respondent type	Response	Number
HEI	Agree	62
Representative body	Agree	4
Professional, statutory or regulatory body	Agree	1
Individual	Agree	1
Other	Agree	4
HEI	Neither agree or disagree	10
HEI	Disagree	6
Student, prospective student or student adviser	Disagree	1
Other	Disagree	1
HEI	Don't know/not applicable	1
Representative body	Don't know/not applicable	2

63. The strong support for the conclusion of the review group is clear in Figure 1 and Table 2. Additional comments were provided by 75 respondents, with many concluding that no other sources of cost information could provide the same level of information as TRAC, and that given TRAC is now firmly embedded, the focus should be on improving it rather than developing something new which might be more burdensome and costly. In particular, respondents noted the importance of accountability and assurance to funding councils, Research Councils (for pricing research grants and contracts), the Department for Business Innovation and Skills (BIS) and Government in general for the public investment in HE.

64. Many respondents commented that, given the variety of stakeholders and diversity of institutions and provision across the sector, there was no other source of sector-wide activity-based costing data that could provide consistent and comparable costing information

across an HEI's main income-generating activities (Teaching, Research and Other). For some, the most important use of TRAC was in the calculation of research overheads to support the funding of grant applications to Research Councils, with no known alternative source of data to support this requirement. The role of TRAC in informing institutional decision-making by providing information to better understand overhead recovery in research and the costs of educational provision was acknowledged. Given the current economic climate, its use in supporting institutions to understand their effectiveness and efficiency was seen as growing in importance.

65. One respondent commented: 'We agree with this conclusion. There is scope to improve the operation of TRAC and the value of its outputs, but for the purposes for which it was designed, there remains no viable alternative.' Another was disappointed that the research had not identified alternative sector-wide costing systems in use in other countries, but noted that it was likely that such systems (if they existed) would resemble TRAC in their key features.

66. A number of respondents expressed concern about the suggestion of replacing TRAC with an alternative, and the resource implications of making such a change given the sector's investment in the current TRAC systems. For example, one responded stated that '...although TRAC is not perfect, it would be foolish to replace a system that has developed and evolved through significant sector input. We would prefer to engage with further refinement of TRAC, rather than simply set it aside in favour of a new mechanism to be started from first principles.' Another stated '...a lot of time and effort has gone into producing TRAC and it would seem counter-productive to undo this work, particularly at a time when there are other challenges and demands on HEIs.'

67. While a number of respondents raised questions about the total extent of accountability to stakeholders and HEFCE, particularly given the reduction in HEFCE grant funding, these concerns related to a wider range of regulatory and accountability requirements imposed on HEIs including financial accountability and wider accountability, such as the Freedom of Information Act and the information requirements for Unistats and KIS. A number of respondents argued that the accountability provided by the audited financial statements should provide transparency to stakeholders more generally (as for commercial entities reporting to shareholders). Some respondents noted that there was no other form of financial accountability that separately identified teaching and research.

68. Some respondents pointed out that TRAC had its limitations. They commented that, like other costing systems, it is not perfect, and should be used in conjunction with other financial information to inform decision-making.

69. Others commented that TRAC was being used to meet the different and changing needs of stakeholders, and being used by an increasing number of stakeholders. To some it appears that TRAC is trying to fulfil the needs of too many stakeholders, and being used for more purposes than were envisaged when the system was first created. Some expressed caution about attempting to stretch its use beyond those for which it was designed. Stakeholder needs should be regularly re-assessed to ascertain whether TRAC was meeting, or indeed could meet, these needs, and whether alternative sources of information were more appropriate (such as Unistats and KIS for student information needs). Some respondents also commented that the limitations of TRAC did not necessarily detract from the use of TRAC or TRAC data outputs for the

purposes for which the systems were designed. There are limitations inherent in any costing or management information system, and it is necessary to accept and understand these.

70. Many respondents commented that, while they supported the continued use of TRAC for accountability and information, there was scope for improvement through streamlining requirements and improving the efficiency of the processes underlying the methods for producing the data. Enhancements and harmonisation with HESA's FSR were cited by 20 per cent of respondents as alternatives to a separate TRAC reporting process, given that the FSR provides consistent data across the sector drawn from HEIs' financial statements and accounting ledgers. Others, while agreeing that the two systems should be aligned as closely as possible, acknowledged that the FSR provides a different perspective rather than a breakdown of costs between teaching and research activity.

71. HESA commented:

'At present we cannot identify existing sources of cost data that provide comparable information to TRAC, so we would agree with the conclusion of the TRAC review. However, we are intending to undertake a review of the HESA Finance Statistics Return. Given the synergies between these two collections there is great opportunity here to align the two review processes in order to optimise the efficiency and effectiveness of collection and reporting.'

#### *TRAC Review Group comments and recommendations*

72. The responses provide strong endorsement of the TRAC Review Group's conclusion regarding the use of TRAC to provide useful, consistent and comparable cost data across the HE sector to meet the needs of stakeholders. We acknowledge that the continued use of TRAC to provide accountability to public funders of teaching and research in HEIs must be supported by a clear articulation of stakeholder needs, and that this needs to be recognised in taking forward the proposals for streamlining the requirements of the TRAC methodology (the TRAC Statement of Requirements) and in streamlining the TRAC reporting requirements.

73. We recognise that TRAC is a high-level costing tool which is capable of supporting HEIs in understanding their costs and financial sustainability, and that HEIs will wish to make use of a range of costing and analysis tools which may be informed by TRAC analysis or developed from other sources of information for internal management use. We note the endorsement of the FSSG and TDG's work on the Management Information Projects as an approach to developing costing in HEIs.

74. We note that HESA is intending to undertake a review of the FSR, and is committed to exploring opportunities to better align the two processes in order to optimise the efficiency and effectiveness of collection and reporting.

Recommendation 1: We recommend that HEFCE should:

- a. Confirm the use of TRAC as the primary tool for the following:
  - i. Supporting costing in HEIs, as part of a suite of tools to provide management information.
  - ii. Enabling pricing and cost recovery for publicly funded research on a full sustainable cost basis.

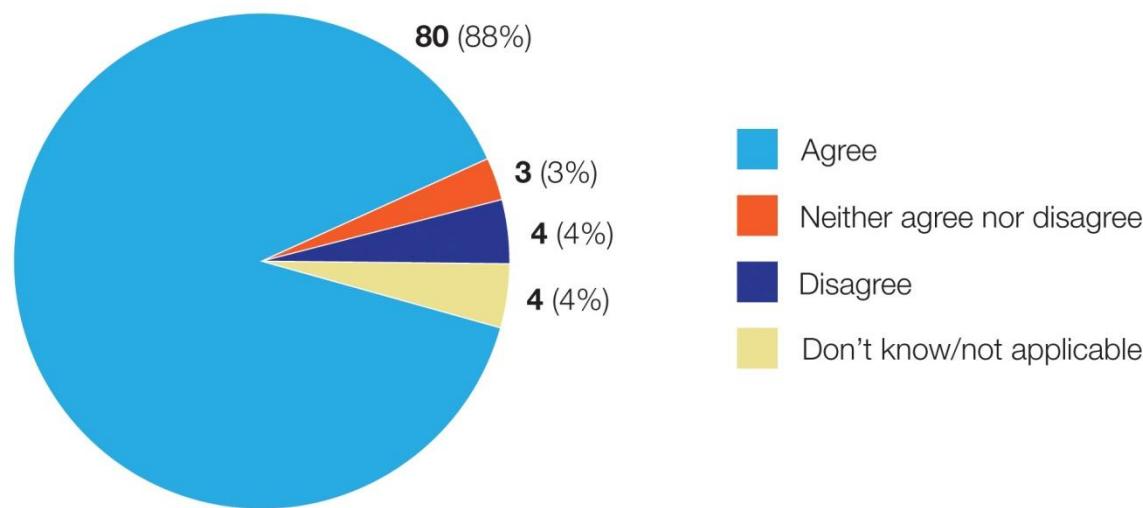
- iii. Aiding understanding of financial sustainability.
- iv. Providing regulatory assurance to public funders of teaching and research.
- b. Work with HESA and others to secure harmonisation, efficiencies and utility from TRAC and HESA datasets to support the review of FSR.
- c. Review the overall accountability and regulatory assurance requirements within its work to revise the Accountability Framework.

## Question 2

**Do you agree with the principle that the requirement to implement a TRAC-based annual reporting requirement should be applicable to all HE providers in receipt of HEFCE grant funding excluding those regulated by the Skills Funding Agency?**

75. Figure 2 provides a graphical analysis of the responses to question 3, and Table 3 provides a further breakdown of responses by type of respondent.

**Figure 2: Responses to Question 2**



**Table 3: Respondents by type**

Respondent type	Response	Number
HEI	Agree	72
Representative body	Agree	5
Individual	Agree	1
Other	Agree	2
HEI	Neither agree or disagree	3
HEI	Disagree	4
Representative body	Don't know/not applicable	1
Student, prospective student or student adviser	Don't know/not applicable	1
Other	Don't know/not applicable	2

76. Figure 2 and Table 3 show that a significant majority of respondents provided positive support for this principle. A significant number of respondents (70) provided additional comments. Of these, 50 per cent (36, including three representative bodies) expressed the view that TRAC-based annual reporting requirements should be applicable to all HE providers receiving public funds, including those receiving tuition fees via the Student Loans Company.

77. While the majority also agreed that providers regulated by the Skills Funding Agency (SFA) should be excluded from TRAC-based annual reporting, some respondents commented that the regulatory oversight by the SFA should ensure the same level of assurance for HE provision as is delivered under TRAC reporting requirements. Five respondents stated that further education colleges delivering HE should be included regardless of their separate regulation.

78. A significant number of respondents expressed concerns regarding the inconsistency in accountability requirements for HE providers with designated courses eligible for student fees via the Student Loan Company.

*TRAC Review Group comments and recommendations*

79. We note the strong endorsement of the principle that TRAC-based annual reporting should be applicable to all HE providers in receipt of HEFCE grant funding, excluding those regulated by the SFA. This provides a sound basis from which to reform and improve TRAC as a costing approach for the HE sector.

80. We acknowledge the concerns raised by half of the respondents commenting on this issue, regarding the different regulatory arrangements applying to HE providers that do not receive funding via the Student Loans Company without direct public funding. However, we note that the current legislative framework does not allow HEFCE to set regulatory arrangements for other HE providers. A guiding principle as the new regulatory regime develops will be to operate a level playing field, while noting that the BIS Technical Consultation envisaged different requirements for those in receipt of HEFCE grant from those applied to other HE providers.

Recommendation 2: We recommend that HEFCE should confirm that the requirement to implement TRAC-based annual reporting applies to all HE providers in receipt of HEFCE grant funding, excluding those regulated by the SFA.

## Theme 2: Burdens and benefits of TRAC as a costing system for HE

### Question 3

Should the accountability requirements to Government and funders be reduced in the new higher education environment, and if so in what way? Given the information supports the accountability requirements of multiple stakeholders, is there merit in seeking use of TRAC to underpin pricing of other publicly funded activity or contracts, such as by the NHS, Ministry of Defence or the European Union for 'Horizon 2020'?

Figure 3: Responses to Question 3

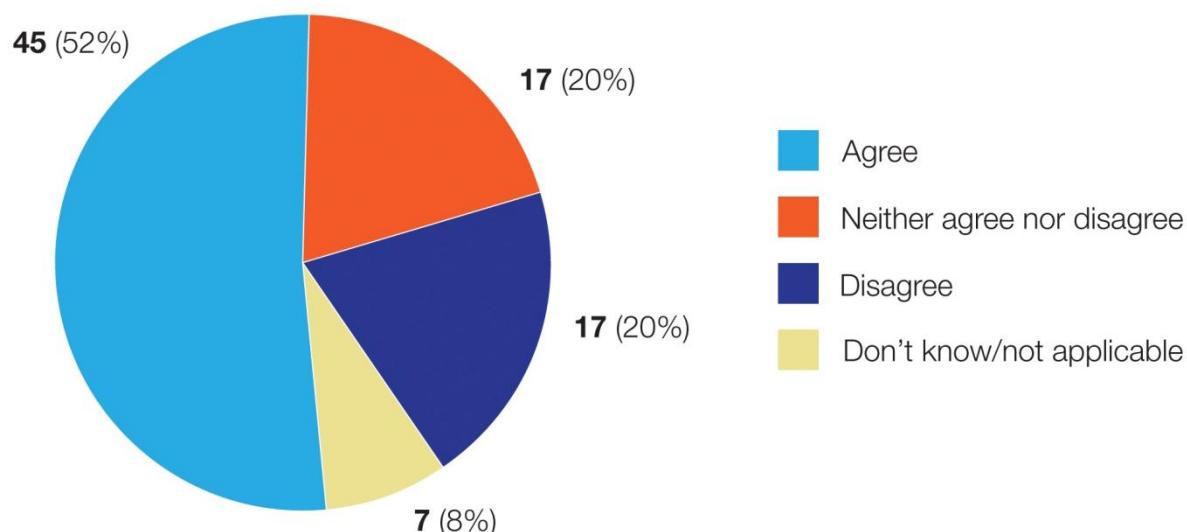


Table 4: Respondents by type

Respondent type	Response	Number
HEI	Agree	40
Representative body	Agree	1
Individual	Agree	1
Other	Agree	3
HEI	Neither agree or disagree	16
Other	Neither agree or disagree	1
HEI	Disagree	14
Representative body	Disagree	3
HEI	Don't know/not applicable	4
Representative body	Don't know/not applicable	2
Student, prospective student or student adviser	Don't know/not applicable	1

81. The question posed has two components – one seeks views on whether the accountability requirements to Government and funders should be reduced, and the second asks whether there is merit in TRAC being used to underpin pricing of other publicly funded activity or contracts.

Although just over half of respondents said that they agreed with the proposals (as shown in Figure 3 and Table 4), we have analysed the detailed comments to determine the extent of agreement with each of these high-level proposals.

### **Should the accountability requirements to Government and funders be reduced?**

82. In response to the question of whether accountability requirements to Government and funders should be reduced, there was a balance of views. One representative body and 26 institutions agreed that the requirements should be reduced, but 28 institutions indicated that they did not believe this was the case. There were a number of other institutions that did either not respond, or did not express a view either way.

83. A common view in support of reducing the accountability requirements was that there was a reduction in the level of direct funding from Government in support of teaching, and that there should be a level playing field with other providers of HE teaching – noting that new HE providers or those with course designation, do not have to comply with TRAC. Some institutions also outlined a need for more clarity regarding the purpose TRAC aims to fulfil, given that its use has expanded into areas for which it was not originally designed. This is aligned with some points made in response to later questions in the consultation, where institutions have asked that there should be a demarcation in the guidance between the mandatory TRAC requirements and those which constitute good practice.

84. There were some suggestions that accountability requirements could be lessened as part of a move to more risk-based and proportionate regulation. Two institutions suggested that this proposal be kept under periodic review.

85. Institutions that were not in favour of reducing the requirements acknowledged that the sector will continue to receive a large amount of public funding, even if indirectly through student loans. Many reiterated a point from the HE White Paper regarding the need for TRAC-based full economic cost (fEC) to continue to support cost-based bids to the UK Research Councils. These views were further supported by the University and College Union (UCU) and the British Medical Association in their responses.

86. Institutions that did not agree with the reduction in accountability requirements further outlined the use of TRAC: in support of Her Majesty's Revenue and Customs' (HMRC's) partial exemption methods; by HEFCE in its role as principal regulator of exempt charities in the sector; and in fulfilling the expectations of BIS. Beyond these formal requirements, a small number of institutions stated that TRAC and the associated data were part of normal data collections and were therefore not a significant burden.

87. In addition, a group of institutions, although not agreeing the accountability requirements should be reduced, did concur that the TRAC methodology should be simplified and streamlined. In this respect there was support for the work of the TDG in reviewing and simplifying the TRAC requirements. There was also support for the current accountability requirements remaining unchanged if TRAC is used more widely to underpin the pricing of other publicly funded activity.

88. A number of institutions answered 'Don't know/not applicable', but some added comments to indicate a balance of views in response to different elements of the question. They suggested that a more holistic view of accountability requirements needed to be taken, rather than focusing purely on TRAC. Again this was driven by the change in the funding landscape. European Union (EU) procurement and the Freedom of Information Act requirements were cited by one institution

as being areas of potentially greater gain, compared with reducing the accountability surrounding TRAC.

**Is there merit in seeking to use TRAC to underpin the pricing of other publicly funded activity?**

89. There was overwhelming agreement to this proposal, with 49 institutions stating that, providing certain conditions could be fulfilled, they would support TRAC being used to inform the pricing of publicly funded activity. Some institutions aired their frustration that as a result of some public bodies not already honouring fEC, these activities have to be subsidised from other sources of income. It was further suggested that the acceptance of TRAC within HEIs could be increased if it were used by more public bodies. Universities UK (UUK) stated that TRAC had an ongoing and important role to play in research funding, not least given the significant public investment in this area, and that they would welcome the promotion and use of TRAC across a wider range of public research funders.

90. Seven institutions disagreed with this proposal, but some of these respondents commented that the established funding process in the NHS meant that it was unlikely that TRAC would be accepted as a basis for pricing. One institution also proffered the view that TRAC had not informed teaching funding, as funding levels have been set by Government.

91. In supporting the proposal for TRAC to be used more widely to inform the pricing of publicly funded activity, institutions suggested that the limited scope of TRAC's current usage is reducing the benefits to the sector, and in turn this lack of demonstrable use by public funders heightens the perception that TRAC is burdensome.

92. The majority of institutions stated that they would only be supportive of extending the use of TRAC by public funders if this could be achieved without substantially increasing the complexity of TRAC requirements, and not requiring several different versions of TRAC to meet the needs of different funders. Institutions also expressed concern that, in pursuing this aim, the balance of burden and benefit should be proportionate.

93. Institutions further stated that they felt that TRAC needed to be more accepted and credible in order for this proposal to be successful. Others commented that TRAC should not form the basis of funding if there was competition with other providers who were not mandated to cost activity in the same way.

94. A number of institutions singled out EU-funded activity as an area where the acceptance of TRAC would be welcomed and would deliver benefits for the sector. Respondents acknowledged that under the EU's Framework Programme 7<sup>5</sup> there is already an accepted adaptation of TRAC, but this is not widely used by HEIs because it is significantly more burdensome to satisfy FP7 grant funding rules. The burden and uncertainty of audit could be reduced if a full cost method was accepted for Horizon 2020<sup>6</sup>.

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<sup>5</sup> Seventh Framework Programme for Research and Technological Development (FP7) is the EU's main instrument for funding research in Europe from 2007 to 2013.

<sup>6</sup> This is the new European Commission's Framework Programme for Research and Innovation operating from 2014 to 2020. It is the successor of the Seventh Framework Programme, bringing together all existing EU

95. In responding to the component elements of Question 3, respondents made of the following comments and suggestions.

- a. The basis of funding policy should not set out to fund activities at a rate that is less than the cost of the activity. One institution sought clarity regarding the body responsible for overseeing the sustainable funding of the HE sector. It was unclear whether this responsibility is now fulfilled by the UK Research Base Funders' Forum or by FSSG.
- b. The changes made by RCUK to cost-based grant funding following the Wakeham report on 'Financial Sustainability and Efficiency in Full Economic Costing of Research in UK Higher Education Institutions'<sup>7</sup> (June 2010) have left some institutions with a view that TRAC does not provide valid information.
- c. The burden of reporting is not significant; rather, it is the preparation of the analysis that consumes time and effort.
- d. The outcomes from the review of TRAC need to acknowledge and cater for the different accountabilities and government funding regime in Scotland.
- e. A number of institutions expressed concern regarding the confidential nature of cost information in a competitive environment. These institutions requested that any broader use of TRAC information should respect these confidences, given the increasing competition in the sector.
- f. Respondents would welcome regular reviews of opportunities for reducing the burden of accountability, rather than these being driven by policy announcements.

#### *TRAC Review Group comments and recommendations*

96. We were interested to note the balance of views regarding the proposition that the accountability requirements of funders should be reduced, and that a number of respondents highlighted the importance of maintaining the confidence of funders and Government because of their reliance on TRAC to inform funding. We acknowledge that while a significant proportion of respondents would wish to see accountability reduced, the burden associated with TRAC was generally seen as modest or low when set in the context of wider accountability and the benefits derived.

97. We recognise that the extent of individual HEIs' use of TRAC varies, and we acknowledge the wish of respondents for the TRAC methodology to be simplified and streamlined.

98. We note that a significant majority of respondents wished to see TRAC-fEC used more widely to inform funding levels by public bodies, but we also note respondents' concern that this should not result in added complexity and unjustified burden.

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research and innovation funding, including FP7, the innovation and related activities of the Competitiveness and Innovation Framework Programme and the European Institute of Innovation and Technology.

<sup>7</sup> [www.rcuk.ac.uk/documents/reviews/fec/fECReviewReport.pdf](http://www.rcuk.ac.uk/documents/reviews/fec/fECReviewReport.pdf)

**Recommendation 3:** We recommend that HEFCE should:

- a. Continue the TRAC-based system for accountability to funders and Government and for use by HEFCE and Research Councils, with a commitment to streamlining the underlying TRAC requirements without compromising the credibility and integrity of TRAC methods for use by public funders of HE.
- b. Work with BIS to secure the commitment of public funders to fund HE activity based on the full sustainable costs.
- c. Continue to advance the use of TRAC-fEC principles to underpin the pricing of publicly funded activity in HE, including EU Horizon 2020, and with HMRC for calculations of partial exemption to Value Added Tax (VAT).

**Question 4**

**The review has sought to establish evidence about the benefits and burdens associated with TRAC. What are your views on the existing burdens and benefits of TRAC? How could the burden be reduced? Is there an alternative to TRAC which could meet the accountability requirements of Government and might offer greater benefits or lower burdens to institutions?**

99. We received a total of 92 comments in response to this question. HEIs provided 78 responses; representative bodies in the sector provided six responses; other groups provided five responses; and individuals, students and professional and regulatory bodies provided a single response each.

**Views on the burdens and benefits of TRAC**

100. The views of respondents were that there are no alternative systems or processes that could offer greater benefits or lower burdens to institutions than TRAC. Many respondents suggested steps that could be taken to reduce the burden associated with TRAC.

101. In overall terms, of the institutions articulating their views on the balance or otherwise between the burdens and benefits of TRAC, 25 expressed a view that the benefits of TRAC outweighed the burden. Of these, 17 were more research-intensive institutions, and the balance were evenly split between post-1992 institutions and smaller institutions. Five institutions further stated that they would continue to operate the process if it were not a funder's requirement.

102. Of the institutions who responded, 13 stated that the burden exceeded the benefits received. Of these, six were post-1992 institutions and seven were smaller institutions. Some mentioned the importance of considering dispensation thresholds, and this is explored in Question 6.

103. A number of sector bodies, interest groups and others provided views on the burdens and benefits of TRAC. The university think-tank Million+ stated that the burden is in excess of the benefits derived. In contrast, UCU stated that TRAC does not appear to be an excessive burden. RCUK stated that it does not want TRAC to be overly burdensome, but at the same time it does not want the robustness of the approach to be weakened. RCUK further stated that TRAC-fEC provides significant benefit to it and to funding councils. FSSG noted the additional investment in research and capital that has been enabled by TRAC.

### **Benefits enabled and delivered by TRAC**

104. Institutions responding outlined a number of benefits that TRAC enables or delivers. These include:

- a change in behaviour and attitude towards cost and sustainability
- influence on the understanding of sustainability and cost
- provision of transparency and accountability to Government and funders
- increases in funding
- benchmarking
- provision of information for internal costing and resource allocation model
- a basis for course costing
- provision of data that can provide a logic check for other information used in decision-making
- support for VAT partial exemption methods
- an information base for valuable studies, for example the Wakeham review and MIPs.

### **Feedback on the burdens of TRAC**

105. Institutions also detailed the burdens associated with the TRAC process, highlighting the following issues and processes:

- the time allocation process
- the complexity of the TRAC guidance and requirements, which creates an actual and perceived burden
- a lack of cross-public-sector acceptance for TRAC and fEC
- institutional administration of TRAC requirements.

### **Proposals for how the burden of TRAC can be reduced**

106. Institutions provided a number of interesting and helpful suggestions for how the burden of TRAC might be reduced. The three most commonly stated opportunities were: to refresh and simplify the TRAC guidance; to consolidate the TRAC, HESA and Estate Management Statistics Service returns into a single return; and to provide further support for the implementation of workload planning as a way of addressing concerns with the Time Allocation Survey (TAS) process.

107. The following were identified as opportunities for addressing the burden of TRAC:

- clear articulation of its purpose
- reducing the frequency with which information has to be produced
- enabling it to be projected forward and included as part of the financial forecast submission to HEFCE
- removing the requirement for a Committee of the Board of Governors to sign off the return

- extending dispensation (explored further under Question 6)
- embedding TRAC and its associated processes within institutions
- increasing the proportion of public bodies using TRAC-fEC as a basis of funding (see Question 3)
- improving communication, support and advocacy regarding TRAC by the sector, funders and associated bodies.

### **Other points of interest**

108. From the responses that have been provided, there are a number of interesting points and perspectives. These are summarised below.

- a. One institution reflected that although TRAC is not perfect, the incremental development of this approach through engagement with the sector is less burdensome than creating a new system from first principles.
- b. A small number of institutions were concerned that costing on an fEC basis can lead to them being uncompetitive compared with the private sector.
- c. There is a disproportionate burden for smaller, less research-intensive institutions.
- d. For greater benefit to be derived from TRAC, information is needed at a more granular level, although it would be important that this did not create a disproportionate burden.
- e. A small number of institutions and Million+ suggested that a second tier of dispensation be introduced which would reduce the frequency of TRAC returns.
- f. Some institutions reflected some concern at the lack of choice regarding software solutions to support TRAC.
- g. Two institutions stated that the basis of funding research bids should move to a ‘cost plus’ basis and the fEC requirements be removed.

### *TRAC Review Group comments and recommendations*

109. We note respondents’ views that there is no alternative to TRAC that could provide greater benefits or lower burdens while satisfying accountability requirements.

110. We also note the significant and varied benefits of TRAC that have been identified, but acknowledge the view expressed by a modest minority of respondents that the burden outweighs these benefits. The issues that are creating unnecessary burdens need to be addressed. We are aware that TDG is already addressing a number of these, including time allocation requirements. The other proposals for reducing the burden also need to be evaluated, and action taken as appropriate.

Recommendation 4: We recommend that HEFCE should invite TDG to lead a programme to take forward the proposals for improvement, and to evaluate the further suggestions for reducing the administrative costs of operating TRAC in HEIs.

## **Question 5**

**Given the increasingly competitive and complex external environment, in which HEIs will need to be better aware of the costs and contributions of all their activities to ensure financial sustainability, how could the HE sector better articulate the uses and benefits of TRAC to reduce the perceptions of burden and promote wider adoption as a management tool?**

111. We received a total of 85 responses to this question: 76 from HEIs, six from representative bodies, two from other groups and one from an individual.

112. The responses from institutions to this question generally repeated points that had been made in the responses to Questions 3 and 4, or in the responses to questions in Theme 3. Therefore we have summarised the feedback, suggestions and proposals into three areas. These are described and summarised below, and further detail can be found elsewhere in the responses to Themes 2 and 3.

113. No institution has suggested that there is no need for cost information. Indeed, one institution provided a view that 'HEIs are or should be becoming increasingly aware of the benefits of having comprehensive and robust cost data on all their activities in the increasingly commercial environment in which they operate to ensure financial sustainability'. The British Medical Association stated its support for maintaining a process to support the funding of grants that is based on robust historical information.

114. Some institutions opined that part of the issue surrounding the perception of burden relates to a lack of clarity as to the purpose that TRAC now fulfils, and mixed expectations regarding the extent to which it is expected to be used instead of other sources of management information within institutions.

115. The key areas identified in consultation responses where the benefits of TRAC and its wider adoption can be better articulated are summarised as follows.

### **Positioning and purpose**

116. The feedback confirms that there is uncertainty and confusion regarding the purpose of TRAC and how it should be positioned in institutions. Institutions reflected that one reason for TRAC being used to different degrees is that managers have identified and established other processes and datasets to meet internal needs. This does not represent a failure of TRAC; rather it reflects sound management in not duplicating effort. Institutions also acknowledge that having a single system that can be used by all institutions in the sector involves some inevitable compromises that will affect the extent to which the data and information can be used.

117. A further factor contributing to the perceptions of burdens associated with TRAC is that it is not being accepted as a basis of funding by all public funders.

### **Guidance and implementation support**

118. Throughout all the consultation questions, institutions and sector bodies and groups have unanimously stated that the unwieldy and overly complex nature of the TRAC requirements and guidance is a significant hindrance in the promotion, understanding and acceptance of TRAC. Further points have been raised by institutions regarding the historical nature of TRAC

information and how more forward-looking data are of greater benefit to institutions. A point made elsewhere in the consultation responses is the need for TRAC to be institutionally focused, while at the same time meeting the needs of funders and Government.

119. In responding to this question, five institutions suggested that it would be beneficial in addressing the issues with the TRAC guidance, to clarify the purpose of the TRAC process and ensure that the associated requirements do not extend beyond this purpose. This should contribute to a reduced perception of burden and provide a sound basis for the successful engagement and acceptance of it across the sector.

120. Institutions also commented favourably on the utility of the MIPs, together with the significant value that has been derived from the various workshops and seminars on TRAC and associated topics. A suggestion was made that the TRAC self-help groups could be a further outlet for sharing good practice and disseminating information.

121. Seven institutions suggested that good practice material should be produced on how TRAC is or can be used for other purposes, as a way of encouraging broader use of the information.

### **Communication and advocacy**

122. Institutions outlined that there is a role for all bodies and institutions to clarify the role, purpose and benefits of TRAC both internally and externally, once these have been agreed following this review. It is not the responsibility of a single body to address this challenge, nor would this be effective. Specifically, institutions made the following observations.

- a. HEFCE should promote the adoption of TRAC across public bodies.
- b. HEFCE, other sector bodies (the National Planners group, the Association of University Directors of Estates, the Leadership Foundation for Higher Education, UUK, the Committee of University Chairs, and the Association of Heads of University Administration) and senior academic teams should work more closely together on the sustainability agenda, of which TRAC is part. A suggestion was that a further topic for exploring would be financial strategies.
- c. Institutions should engage more with their academic communities to clarify the use and benefit (where appropriate) of TRAC. An institution stated that in updating its time allocation process it had invested more in communication across the institution, and that this had enhanced understanding and awareness of TRAC and its benefits. Another institution provided a view that institutions need to take responsibility for managing the perceived burden of TRAC internally. UCU suggested that this should include emphasising to staff how the presentation of accurate and reliable time allocation information can affect the funding their institution receives.
- d. A suggestion was made that TDG should engage with the trade unions to broker acceptance on a national basis for the time allocation requirements.

*TRAC Review Group comments and recommendations*

123. We welcome the constructive feedback on promoting the uses and benefits of TRAC and addressing the perceptions of burden. We consider that the summary presented in paragraphs 116 to 122 provides a useful structure for taking forward the changes to TRAC and will help them balance their efforts in these important areas.

Recommendation 5: We recommend that HEFCE should work with HEIs and sector groups including FSSG, TDG, BUFDG and the Leadership Foundation for Higher Education to enhance understanding of the uses and benefits of TRAC, and promote its wider adoption as a management tool.

### **Theme 3: Opportunities to improve and streamline TRAC and TRAC reporting requirements**

#### **Question 6**

**Please comment on the proposals set out in paragraph 136 for streamlining the minimum requirements for TRAC. Are there areas we have omitted, and are there other ways to improve the efficiency of TRAC implementation? Please include in your response an assessment of the potential to secure operational savings or efficiencies, and any potential loss of benefits that should be considered in relation to these proposals.**

124. We received a total of 92 responses to this question. Higher education institutions provided 78 responses, representative bodies in the sector provided six responses, and six responses were provided by other groups. Two responses were received from an individual and a professional and regulatory body respectively.

#### **Views on the proposals for streamlining the minimum requirements**

125. To a large extent institutions were in favour of many of the proposals made in the consultation for streamlining TRAC requirements, as outlined below.

##### A revised threshold for eligibility for dispensation (paragraph 136a of the consultation document)

126. There was overwhelming support (from 56 institutions, Million+ and UUK) for raising the threshold for dispensation. A small number of institutions suggested that since some institutions may prefer to work to the full TRAC requirements, the adoption of dispensation should remain optional. Some institutions suggested that alongside a revision in the threshold, the basis for the dispensation cost rates should be reconsidered so as not to penalise institutions opting for dispensation. A further suggestion made by some institutions was that the measure of eligibility for dispensation will require amendment to reflect the new funding method for teaching in the English HE sector. Only a small number of respondents expressed views as to the actual level to which dispensation should be raised. No-one stated that the limit should be less than £2 million and the balance of institutions who did respond favoured raising the limit to £3 million.

##### Refining time allocation methods (136b)

127. The majority of institutions that commented were in favour of reassessing and potentially lowering the required response rate for time allocation processes. A smaller number of institutions were not in favour of this proposal due to the risk of it reducing the credibility of the

process in the academic community. There were different opinions on the suggestion that the frequency of time allocation collections should be reduced to once every three years. Indeed, one institution commented that it found a higher error rate when the frequency of collection was reduced. This concern was also cited in the TDG review of time allocation methods.

128. A significant proportion of respondents stated that moving to a workload planning model as a basis for providing time allocation data would provide more credible information and deliver efficiencies. We recognise that workload models are not appropriate for all institutions. A number of requests were made for a practical guide on how workload models can be adapted to meet TRAC requirements, to assist those institutions that are working towards implementing such a model.

129. The lower-level operational proposals regarding the automation of the TAS process, the enhancement of reasonableness checks and the overall improvement of the quality and reliability of time allocation information were supported, where not already implemented by institutions.

#### Alternative approach to calculating cost adjustments (136d)

130. A large proportion of respondents agreed with the need to reconsider the Return of Finance and Investment (RFI) adjustment. Reference was made to the FSSG's work in this area, and although some institutions questioned whether any adjustment can truly reflect the sustainable cost, a number of others accepted the need for consistency in how this is presented at a sector level. FSSG responded to the consultation and outlined how a pilot project involving 30 institutions has identified proposals for an institution-specific indicator of 'target surplus' that can be used to replace the RFI in TRAC. Notwithstanding this feedback, a small minority of institutions suggested that since TRAC has no parallel in the private sector, financial statements alone should be a sufficient basis on which sustainability of institutions can be measured.

#### Research sponsor type analysis (136e)

131. A mixed response was received to this proposal, with a broadly even split between institutions agreeing and disagreeing. Those institutions disagreeing with this proposal were typically more research-intensive, and use this information for decision-making purposes. Some respondents wondered whether the information could be obtained through the HESA FSR.

#### Simplify requirements for research facilities (136f)

132. Many institutions were in favour of simplifying TRAC requirements in this area, but we acknowledge that research facilities are not a relevant area to all institutions. Some institutions, together with RCUK, suggested that the move to share equipment may require a structured approach to charging, and that it will therefore be important to monitor developments in this area as part of revising the TRAC requirements.

#### Simplify the requirements for Laboratory Technicians (136g)

133. A large proportion of respondents agreed with our proposals. Many would like to see these costs form part of the Estates cost pool, as they did previously, with only the directly incurred technician costs being costed separately. A small number of institutions suggested using materiality to determine whether the rates should be required. It is important to note that the TRAC guidance currently allows this freedom.

### Harmonisation of TRAC definitions and HESA FSR categories (136h)

134. There was majority support for these proposals from institutions and bodies such as UUK and HESA. Many institutions cited the duplication between the two returns and supported the amendments, provided that they could be made without adding further complication and compromising accuracy. HESA commented that it welcomed proposals for streamlining reporting between TRAC and the FSR and stated that, in addition to delivering efficiency, combining the records could 'significantly enhance the breadth and utility of the information collected'. HESA also stated that the timeline for reviewing the FSR had not been fixed and might therefore be aligned with that for the review of TRAC.

135. A number of respondents noted that the timing of the HESA FSR (to be submitted on 31 December) and other HESA returns did not align with the submission date for the TRAC returns (currently 31 January and 28 February).

### **Further opportunities for streamlining TRAC requirements and increasing efficiency**

136. A number of institutions provided helpful suggestions of other areas where TRAC requirements could be streamlined and further efficiencies achieved. These are as follows.

- a. The use of standard 'data inputs' to TRAC might be promoted, based on pre-existing returns such as Estates Management Statistics and HESA staff returns.
- b. Accepting that this does not represent a change to TRAC requirements, some institutions suggested that space usage data should only be refreshed every three years, as commonly these data are relatively static.
- c. Some institutions suggested that standard estates weightings should be published.
- d. A large number of institutions questioned the value and necessity for a Committee of the Board of Governors to sign off the TRAC return. A few respondents saw a link between governing bodies signing off their opinions on going-concern status and the TRAC return.
- e. A number of institutions requested that standard 'indexation' rates be published and mandated for use in TRAC, to achieve efficiency and improve the consistency of the data between institutions.
- f. Some further suggestions were made regarding specific details of the TRAC requirements, for example: allocation of corridor space; reconciling the time of staff spent on projects to the original bid; the need to adjust for desk-based research in laboratory departments; and off-campus staff.

### **Impact of the proposed streamlining opportunities and other views**

137. Very few respondents estimated the actual savings that would be achieved from the streamlining proposals, but those responding gave a range of 5 to 25 per cent as being the potential range of long-term efficiency savings.

138. Some institutions commented that the benefits that could be derived from the proposals depended on the extent to which TRAC was already embedded in the institution, and the extent to which requirements for research facilities and laboratory technicians are applied.

139. RCUK outlined its support for streamlining the TRAC requirements, and indicated that the burden could be reduced in some areas. It stated that, subject to any changes in Government requirements, it would not expect to require any information beyond what TRAC already covers,

and it acknowledged the importance of using the information that is already produced for funding councils. RCUK asks for the opportunity to understand the financial impact of certain of the proposals, given the significant amount of funding that is distributed through TRAC-fEC.

140. UCU commented that TRAC provides valuable information about academic staff time and that it would prefer there to be no reduction in the number of institutions submitting a TRAC return. In general terms UCU is supportive of measures that increase the reliability of TRAC data.

141. FSSG and TDG outlined their support for streamlining the TRAC requirements and were in agreement with the proposals outlined. FSSG described the work it has undertaken following the report 'Assessing the sustainability of higher education institutions': in particular an annual assessment of sustainability that it is encouraging institutions to undertake.

142. Supportive and constructive feedback was also received from a number of TRAC self-help groups.

#### *TRAC Review Group comments and recommendations*

143. We appreciate the detailed and helpful comments on the proposals for streamlining the TRAC requirements. In the light of this largely positive response, we will look to HEFCE to take forward the proposals outlined in the consultation document, and to investigate the feasibility of addressing the other suggestions for streamlining and improving TRAC.

144. We note the work led by FSSG to develop metrics for assessing institutional sustainability, as outlined in the report 'Assessing the sustainability of higher education institutions' published in June 2011<sup>8</sup>, and that the FSSG is encouraging all institutions to conduct an annual sustainability assessment during 2013. We understand that another possible outcome of the FSSG work is the evaluation of an institutionally derived metric for sustainability which might be suitable as a replacement for the current RFI.

Recommendation 6: We recommend that HEFCE should:

- a. Take forward the streamlining of TRAC requirements, working with HEIs, RCUK, the SFC, the Higher Education Funding Council for Wales and the Department for Education and Learning in Northern Ireland.
- b. Invite TDG to lead a programme of work to implement the revisions to the TRAC requirements and develop new guidance.
- c. Work with RCUK and the other UK HE funding bodies to agree to implement a revision to the dispensation threshold.
- d. Review, with RCUK and the other UK HE funding bodies, the outcomes from the FSSG's sector-wide pilot on sustainability metrics reporting, to assess its suitability as an alternative metric to the RFI adjustment within the TRAC methodology.

<sup>8</sup> Available online at [www.hefce.ac.uk/whatwedo/lgm/trac/tracforseniormanagers/](http://www.hefce.ac.uk/whatwedo/lgm/trac/tracforseniormanagers/)

## **Question 7**

**Do you have any comments on our proposals for streamlining the reporting requirements for TRAC? Do you have any suggestions on additional areas for streamlining the reporting requirements or improving the efficiency of TRAC reporting arrangements?**

145. We received a total of 90 comments in response to this question. HEIs provided 79 responses, representative bodies in the sector provided five responses and three responses were provided by other groups. Two responses were received from professional and regulatory bodies, and one individual provided a response.

### **Proposals for streamlining the reporting requirements for TRAC**

146. There was general support for the proposals.

147. There was widespread support for combining the annual TRAC and TRAC(T) returns, and the benefit of reviewing this information holistically was recognised. A number of institutions commented that they already produce these returns together, in order to assess the reasonableness of the TRAC results.

148. There was substantial support for removing sections C and D (Further analysis of costs and Analysis of student numbers) from the TRAC(T) return, although a very few institutions stated that they found these sections useful for interpretation purposes. There was some concern regarding the resource pressures that could be created by combining these returns. Although this was generally a greater issue for the smaller, less research-intensive institutions, a number of institutions felt this would be more achievable if the reporting deadline were moved to the current TRAC(T) reporting deadline of the end of February.

149. Some respondents emphasised the need for careful transition planning and the clear communication of any changes in TRAC reporting, and that TRAC(T) templates should be made available earlier in the year.

150. The proposals regarding the definition of subject-related full average costs of teaching (Subject-FACTS), and the suggestion of separating the cost of postgraduate and undergraduate teaching costs within TRAC(T), received significant support. There was some suggestion that this could be onerous and might make the results at institution level more volatile, given the potential sensitivity of student number data. Some institutions requested that the classification of 'franchised students' be amended in TRAC(T), such that the costs and the figures for full-time equivalent students (FTEs) be more consistently matched to improve the validity of the results.

151. A number of responses outlined how institutions use different levels and types of classification when analysing teaching costs. It was therefore suggested that while the choice of teaching cost analysis is a matter for institutions and not the funding council, it may improve the utility of TRAC information if there was consultation with institutions regarding the categories and levels of cost data for TRAC(T). It may be that the outcome of this consultation would not lead to all types of analysis being mandated, but there was a common view that TRAC should be designed to be institution-focused, and satisfy funder requirements from this, rather than the opposite.

152. The proposals also attracted some disagreement, most notably the suggestion that the TRAC report might be combined with the annual accountability process for HEIs in England. The logic for this was understood, but many respondents felt that it would be impractical to return the

annual TRAC and TRAC(T) report by 1 December. The reasons for this included: the timing and availability of the audited financial statements; the pressure on staff resources to undertake the TRAC work at the same time as the financial statements process; financial forecasting and financial planning work; the availability of the HESA FSR; and the reduced time for performing reasonableness checks. One respondent commented that combining TRAC with annual accountability as things currently stand could increase the cost of compliance.

153. The SFC and a number of institutions in Scotland pointed out that their submission deadline differs from England's, with accounts submitted by 31 December each year. Since the Scottish teaching funding method uses TRAC(T) Subject-FACTS, this information will continue to be required for the SFC-funded sector.

#### **Additional opportunities for streamlining TRAC reporting**

154. A number of suggestions of additional areas for streamlining the reporting requirements or improving the efficiency of TRAC reporting arrangements were also made. These were as follows.

- a. Several institutions stated that the amendments to TRAC(T) need to reflect the changes in how teaching is now funded in English institutions. This includes the removal of the 'regulated/non-regulated' analysis in the return.
- b. There were further calls for the committee sign-off on the returns to be removed (also mentioned in response to Question 6).
- c. The TRAC guidance should remove any punitive requirements, and achieve greater balance and consistency in the level of detail and prescription that is required in each area.

#### **Other perspectives, views and suggestions**

155. Some suggestions made by institutions, although not necessarily common views, represent areas of interest. Suggestions included the following.

- a. Standardising the definition and categories of expenditure analysis in financial statements to those required in the HESA FSR and TRAC return.
- b. Introducing a process to overcome the apparent difficulties arising from making earlier returns, whereby 'early indicative' returns are made to meet the required deadlines, and are then subject to confirmation once the various processes and approvals have been completed.
- c. Understanding and illustrating the costs of postgraduate research students, this being apparently an area that is underfunded and therefore cross-subsidised.
- d. Not introducing the Research Cost Relativities reporting which a number of institutions trialled as part of a study.
- e. Ceasing collection of TRAC(T) information and instead conducting a detailed costing study at the times when this information is required for funding policy.
- f. Having a TRAC method that is highly prescribed and removes much of the flexibility and freedoms it currently offers, which one institution believed would increase efficiency and consistency of the information produced.

156. UCU outlined its support for the continued use of 'Teaching', 'Research' and 'Other' as categories of activity in TRAC, and promotes the use of these to HESA in the staff return. UUK encouraged continued close cooperation between the development of TRAC and the ongoing project looking at the future information landscape.

*TRAC Review Group comments and recommendations*

157. We acknowledge the significant level of resistance to combining TRAC reporting with the Annual Accountability Returns submitted in December each year. We note the support for the proposals to combine the reporting of TRAC and TRAC(T) in a single return to achieve efficiencies in validation and more timely completion of reporting, and the support for the proposal to remove the optional sections C and D from the TRAC(T) return.

Recommendation 7: We recommend that HEFCE should:

- a. Continue with the decision announced in 'Student number controls and teaching funding in 2013-14 and beyond: Summary of responses to consultation and decisions made' (HEFCE 2012/19)<sup>9</sup>, to develop a modified version of TRAC(T) reporting to provide data for the teaching funding method for high-cost subjects.
- b. Remove the optional sections (C and D) from the TRAC(T) reporting template.
- c. Following the implementation of the modified TRAC(T) reporting requirements for HEFCE-funded HEIs, explore and agree a timetable for combining the Annual TRAC Return and TRAC(T) reporting in a single return.
- d. Invite TDG to develop the methodology and revised guidance for HEFCE-funded HEIs to support HEFCE's new requirements, and improvements to better meet HEIs' information needs.
- e. Work with the sector, through BUFDG and other representative groups, to explore the possibility of combining annual TRAC reporting with the Annual Accountability Returns, how this could be achieved and how obstacles might be removed or overcome.

## Question 8

### **Do you have any comments on the proposals for enhancing the utility or increasing the benefits from TRAC?**

158. We received a total of 75 comments in response to this question. Higher education institutions provided 67 responses, representative bodies in the sector provided three responses, four responses were provided by other groups, and one response was provided by an individual.

159. Institutions provided further support for comments previously made regarding the usefulness of the TRAC datasets in providing a consistent basis for benchmarking costs at sector and peer group level.

160. In addition to the responses to previous questions in Theme 3, a number of institutions expressed a consistent view that the extent to which TRAC is used is a matter for institutions,

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<sup>9</sup> Available online at [www.hefce.ac.uk/pubs/year/2012/201219/](http://www.hefce.ac.uk/pubs/year/2012/201219/)

and not funders. Some requests were also made that TRAC should not be expanded or made more complex in order to encourage greater use of the data. Responses demonstrated that institutions successfully use TRAC information to varying degrees but that where TRAC is not used, alternative information is used by institutions.

161. The evolution of the Management Information Project concept was one that was welcomed and some respondents noted the usefulness of these studies, not least because they were optional and developed collaboratively. One respondent proposed that TRAC self-help groups could have a role in developing the operational ‘manual’ for implementing MIPs at a detailed level.

162. Respondents made the following suggestions as to how the utility of TRAC could be further enhanced.

- a. A significant number of institutions stated that TRAC and fEC should be more widely accepted as a basis for funding by public bodies. Institutions reflected that although this is technically already the case, relatively few honour fEC in the grants or contracts they award.
- b. Benchmarking peer groups should be revised, and be subject to periodic revision.
- c. Increasing the level to which benchmarking can be undertaken (for example to department level) was suggested as beneficial. Similarly, the use of a tool such as the Higher Education Information Database for Institutions (HEIDI) for enabling bespoke benchmarking by institutions was suggested, although it was acknowledged that issues around competition law should be considered.
- d. The current development for benchmarking that is being explored by UUK and FSSG was considered to be potentially useful.
- e. The need for simplification in the TRAC guidance was further echoed. Some institutions commented that the perceived burden of TRAC will be lessened once this is addressed. Other comments on the guidance requested that it be made more practical in nature.

163. A small number of institutions requested clarification regarding the impacts of competition law on the generation and benchmarking of TRAC data.

164. Some additional suggestions were made for streamlining requirements by providing institutions with greater scope for flexibility and judgement regarding their treatment of items in the TRAC process.

165. HESA commented that it is supportive of combining the reporting of TRAC with the FSR and other HESA collections, and that this could significantly increase the quality and benefits that can be derived from benchmarking. HESA suggested that this enhanced data source could deliver a very valuable resource to HEIs as an evidence base for the development of strategic policy and planning, and would also have greater potential usefulness to Government and other HE stakeholders.

166. FSSG stated that it viewed the MIPs as a useful resource and model for assisting institutions where this is required or helpful. FSSG also identified opportunities for using TRAC information where existing institutional processes do not already fulfil these needs.

167. Respondents provided further support for previous comments regarding the usefulness of the TRAC datasets as a consistent basis upon which costs can be benchmarked at sector and peer-group level.

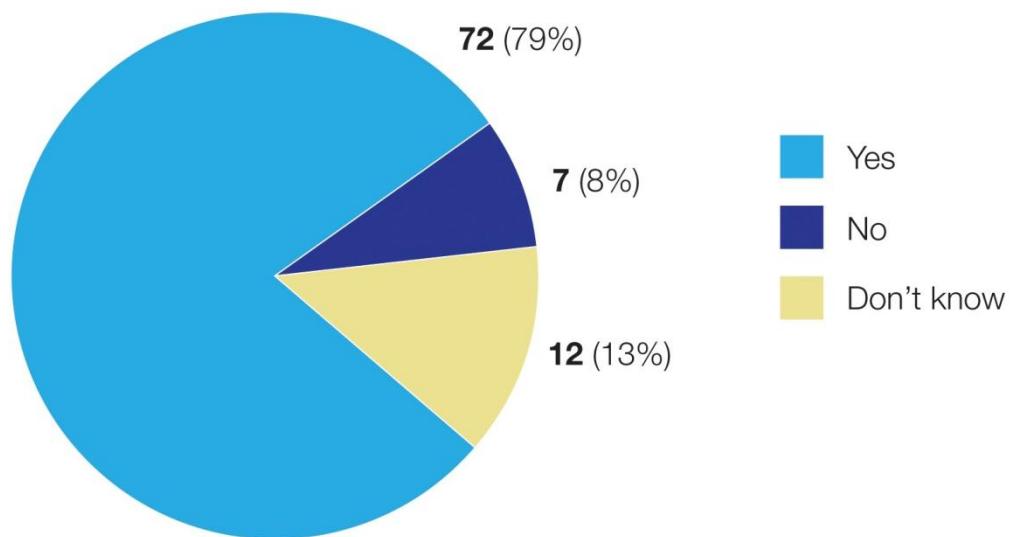
*TRAC Review Group comments and recommendations*

Recommendation 8: We recommend that HEFCE should invite TDG to evaluate the further suggestions for enhancing the utility and increasing the benefits of TRAC within its programme of improvements.

**Question 9**

**Do you agree with the proposal that FSSG and TDG maintain their existing roles for oversight of financial sustainability, and oversight of the maintenance and development of TRAC? Do you have any comments on how these groups should be funded and resourced?**

**Figure 4: Responses to Question 9**



**Table 5: Respondents by type – Question 9**

Respondent type	Response	Number
HEI	Yes	64
Representative body	Yes	4
Professional, statutory or regulatory body	Yes	1
Other	Yes	3
HEI	No	5
Individual	No	1
Student, prospective student or student adviser	No	1
HEI	Don't know	8
Representative body	Don't know	2
Other	Don't know	2

168. Of the 91 responses to this question, the majority agreed with the proposal that FSSG and TDG should maintain their existing roles in overseeing financial sustainability and the maintenance and development of TRAC.

### **Oversight roles**

169. Of the respondents, 58 added comments. The majority said that the TDG and FSSG should continue as at present. Views expressed included the following.

- a. The status quo, which had the benefits of familiarity and experience, should be maintained.
- b. It was helpful that the sector-wide overview of HE sustainability provided by FSSG kept the issue in the forefront of minds of stakeholders. FSSG was well placed to do this with its broad membership and access to the Treasury, BIS, HEFCE and RCUK. This rationale applied equally to TDG which was fulfilling a key role in making sure that the principles and methodologies of TRAC remained current and efficient.
- c. One institution, supporting the continuation of the current oversight roles, commented that the sector was supported by a number of interest groups to which interested parties gave their time freely, and that any move away from this model might have much wider implications.

170. Some respondents, while agreeing that FSSG and TDG should continue, made suggestions as to how the operation of the groups could be improved. They suggested that the roles and responsibilities of the groups were unclear, and saw a need clearly to rearticulate the governance and different roles of, and the relationships between, the groups, and to ensure efficiency in their collaboration. Others suggested that the membership of both groups should be reviewed and refreshed regularly to ensure that there was appropriate input, expertise and representation. Three respondents commented that the role of either TDG or FSSG might not be required, while eight suggested that their remits might be combined. Four respondents suggested that the groups should be maintained in the short to medium term, particularly during the current period of sectoral change and financial austerity. One respondent added that in the longer term there were likely to be diminishing returns from the groups' work, and that it would be sensible to assess this periodically, for instance every three years.

171. Only two respondents said that both groups were failing to deliver and should be disbanded. One commented that, given the track record of the FSSG and the TDG in failing to gain support for TRAC or to adapt it quickly enough to meet HEIs' needs, there seemed to be little objective grounds for continuing with either group.

172. A number of responses commented on the importance of clear lines of communication for the two groups, suggesting that there was scope to improve the level of public information about the groups.

173. Some respondents, while supporting the continuation of both groups, expressed concern that the core guidance documentation for TRAC had not been updated in recent years. It was noted that developmental work had been piecemeal, slow and to some extent unsatisfactory since the Joint Costing and Pricing Steering Group had stood down in 2005. A more visible,

active and ongoing engagement with the sector would have a positive impact in promoting the benefits of TRAC and developing an engaged user community.

174. One respondent commented that further support to institutions at a practical level would aid the consistent application of TRAC, and suggested that consideration should be given to establishing a TRAC support function within HEFCE.

175. Several respondents commented that there needed to be assessment of whether the groups really provide value for money.

### **Funding and resourcing**

176. Of the 25 respondents who addressed the question of how the groups should be funded and resourced, 18 (72 per cent) said that they should continue to be funded through the bodies which requested and used the data, notably the funding councils and RCUK.

177. Two respondents suggested that it was preferable for the groups to be funded centrally or, if this was not possible, through contributions from institutions. One of these respondents added that in the longer term, depending on the groups' performance, funding could potentially come through some form of sector-wide annual subscription.

178. One respondent commented that these groups should ideally be funded by the sector independent of stakeholders, to enhance the view that TRAC is developed and managed by institutions rather than HEFCE and other stakeholders.

179. Four respondents expressed the contrary view that institutions should not be expected to subscribe to the cost of these groups, as they were already funding the TRAC function within their respective institutions.

#### *TRAC Review Group comments and recommendations*

180. We note the strong support for the continuation of FSSG and TDG in their roles with responsibility for leadership and oversight of financial sustainability and TRAC on behalf of the sector and key stakeholders.

Recommendation 9: We recommend that HEFCE should:

- a. Confirm its support for FSSG and TDG maintaining their existing roles for oversight of financial sustainability, and oversight of the maintenance and development of TRAC.
- b. Agree the remits and priorities with the chairs of FSSG and TDG and invite them to develop a work programme including the re-launch of TRAC.
- c. Agree, with other funders and sector stakeholders, funding and resources to support the FSSG and TDG work programmes.
- d. Agree with the other UK HE funding bodies that FSSG and TDG should be reviewed periodically to ensure that their activities continue to be relevant and useful and provide value for money to institutions and funders.

## Theme 4: Achieving greater transparency

### Question 10

Should additional information on HE provider costs be made available to assist prospective students in their choices of course or where to study?

Figure 5: Responses to Question 10

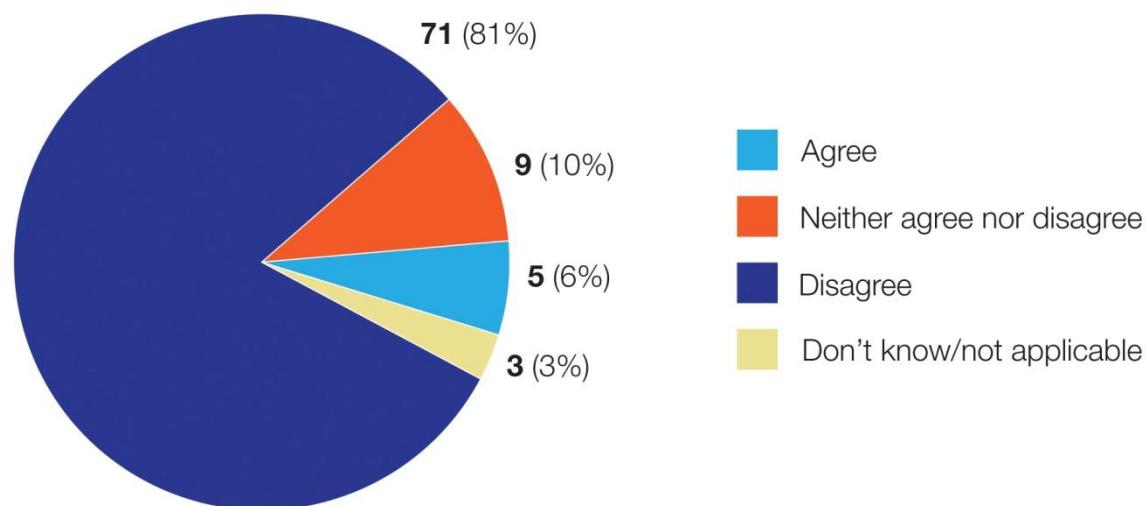


Table 6: Respondents by type

Respondent type	Response	Number
HEI	Agree	3
Representative body	Agree	2
HEI	Neither agree or disagree	8
Representative body	Neither agree or disagree	1
HEI	Disagree	64
Representative body	Disagree	1
Professional, statutory or regulatory body	Disagree	1
Individual	Disagree	1
Student, prospective student or student adviser	Disagree	1
Other	Disagree	3
HEI	Don't know/not applicable	1
Representative body	Don't know/not applicable	1
Other	Don't know/not applicable	1

181. An overwhelming majority of all respondents disagreed with the suggestion that additional information on HE provider costs should be available to assist prospective students in their choices. Of the 76 HEIs responding, 64 (84 per cent) disagreed, with only three indicating that

they supported provision of information on HE providers' costs. Eight neither agreed nor disagreed. Of the 12 responses from non-HEIs seven disagreed, while only two agreed with providing HE provider cost information. The response from a representative of students, prospective students or their advisers, and the one individual student who responded, disagreed with the suggestion. Ninety respondents provided comments.

182. The majority of respondents recognised the importance of HE providers making available clear, helpful and accessible information to assist prospective students in making their choices, and that this was even more relevant in the emerging market-based system for HE in England. There were strong and almost unanimous objections from respondents to the proposition of publishing HE provider cost information, and a significant proportion of respondents were explicit that TRAC-based cost information and course-level or subject-level data were not relevant or appropriate to inform or assist prospective students in their choices.

183. The majority of respondents cited one or (usually) more of the following reasons.

- a. Choices about where or what subject to study should be informed by the quality of the course or institution, the value or benefits to the student and the overall student experience, rather than by provider costs or expenditure.
- b. Information from Unistats and KIS, QAA reports and the National Student Survey are the primary sources of information for prospective students making their choices, alongside other sources such as HEIs' own web-sites, prospectuses and visits to HEIs.
- c. In a competitive market-based higher education system, HEIs' cost data were considered to be commercially sensitive information, the publication of which would risk breaching competition legislation. The lack of consistency in accountability and transparency across all providers of higher education (whether designated HEIs, or providers of courses designated for access to Student Finance) would mean that there was not a level playing field, as some providers could gain competitive advantage from accessing published information that they were not themselves required to publish. Some respondents noted that this would not just apply in respect of UK-based competitors, but could also put HEIs at a disadvantage against international HE providers. It is difficult to draw meaningful conclusions using provider cost information to judge the quality of the student experience. For example, a high cost or expenditure might be misleadingly equated with high quality when it could indicate inefficiency: this might even provide a perverse incentive for spending. There were also concerns about ensuring consistency of information across a diverse HE sector, where the diversity of programmes and student experience would require significant explanatory narrative to avoid misinterpretation.
- d. There was no evidence of a need or demand for this information from students, prospective students or their advisers. A number of respondents echoed that the NUS had indicated that this information was not a priority.

184. Most respondents felt that it was more important to provide information about value, benefits, the nature of the student experience and an HEI's commitments in return for the fees paid, with a clear emphasis on the use of Unistats-KIS as the primary source of information.

185. Three respondents agreed with the proposal to make additional information available on HE provider costs for students: one commented that such disclosure was inevitable, while

another felt that additional information should be provided, but only at whole-institution level and not at course level.

186. Of the two responses received from student representatives (QAA's Student Advisory Board) and an individual (international) student, both disagreed with the proposal to provide additional information on HE provider costs. In its response the QAA's Student Advisory Board provided the following comments:

'It is important that students have easy access to an accurate and appropriate range of information when choosing a course...

'We are predominantly concerned with prospective and current students and their representatives being able to access information which illustrates the student learning experience and demonstrates that the course upholds academic standards in line with the UK Quality Code...

'We agree with the NUS and echo the sentiments of the research which informed the KIS developments in affirming that information on the cost of running a course is not a priority for prospective students in choosing a course...

'We are not opposed to institutions giving their students a broad indication of their spending priorities at the institutional level as has been piloted by some institutions already. If this could be achieved through the publication of aggregated data from TRAC returns in a way which presents data consistently, the review should give this serious consideration.'

187. The individual student response indicated that such information was not considered useful and stated 'What students need to know is what they are getting for their course [fee].'

188. Two institutions indicated that they had sought views from student representatives in considering the information needs of students, and both reported that students had not expressed interest in information on the costs of providing courses.

#### *TRAC Review Group comments and recommendations*

189. The clear message from respondents (including student representatives) is that they did not support the suggestion to provide additional information on HE provider costs to assist students in their choices of course. All endorsed the need to provide information to assist students, but were robust in stating that alternative sources of information, already available (such as Unistats and the National Student Survey), better support students in their choices.

190. There was no evidence of demand from students for additional information on HE providers' costs. This is supported by evidence from the early review of KIS.

191. We support the need to provide clear, helpful and accessible information to assist prospective students, their parents and advisers in their choices about what and where to study. We recognise the limitations of and concerns about the use of cost or expenditure data to assist prospective students, and the legitimate concerns about publishing information which is considered to be commercially sensitive within an evolving and competitive market environment in the UK and internationally. We recognise the concern that publication of such data would be

likely to breach competition law and would thus be illegal.

Recommendation 10: We recommend that HEFCE should:

- a. Require HEIs to work with the Higher Education Public Information Steering Group to continue to enhance the provision of information for students, informed by reviews of Unistats and KIS in 2013-14 and 2014-15.
- b. Work with HESA and BUFDG to secure better financial (and non-financial) data for the HE sector and HEIs, in a user-friendly format for students and taxpayers, to show how public funds are deployed to support higher education and how student fees are spent by HE providers.

### **Question 11a**

**Do you have any comments on the proposals for providing greater transparency of TRAC and TRAC(T) data (Options 3a, 3b, 3c and 4)? Please comment on the proposals in relation to providing information:**

- **for taxpayers**
- **for students, prospective students, their parents and advisers.**

### **Q11b**

**Option 3b suggests publishing extracts from individual HE providers' annual TRAC returns, to provide greater transparency. What data should be exempt from publication at named individual institution level?**

### **Question 11c**

**How could TRAC(T) reporting be developed to provide more useful data on the cost of teaching for HEIs' own use and/or to provide more meaningful data for taxpayers and students (Options 4, 5 and 6)? What are the drawbacks in making such data more widely available?**

### **Greater transparency of TRAC and TRAC(T) data (Options 3a, 3b, 3c and 4)**

192. The substantial majority of respondents did not agree with the proposals to publish any TRAC data for named institutions. While some respondents did not comment explicitly on each of the elements of Option 3 and Option 4, almost all made the case that the data were not meaningful for students, prospective students or taxpayers, and could be significantly unhelpful or misleading. The majority reiterated the issues and concerns raised in response to Question 10.

193. A significant number of respondents felt that such data constituted commercially sensitive information, the release of which might contravene competition law, and asserted (often strongly) that it was not appropriate to publish such data, or for HEFCE to make them publicly available. A number of others commented that there were other more suitable sources of information to assist students and prospective students. Many respondents referred to existing financial information, such as HEIs' audited financial statements, annual reports including operating and financial reviews and data from the HESA FSR, which are publicly available and meet the public need for

transparency. Many also expressed concern that this did not represent a level playing field, as only those HE providers regulated by HEFCE would be required to publish such information.

#### Option 3a

Publish Section A showing institutional costs of teaching, research and other activities on a full economic cost basis, together with the income allocation to these categories

194. A significant number also cited that they felt that such data was commercially sensitive information and asserted (often strongly) that it was not appropriate to publish such data, or for HEFCE to make the data publicly available. A number of others commented that they felt that some of the TRAC data may help provide transparency to taxpayers, while others felt strongly that there were significant amounts of data already available which provided accountability to taxpayers, and that there was no justification for the provision of additional TRAC data. Specific examples mentioned included HEIs' audited financial statements, annual reports including an operating and financial review, and HESA FSR data.

195. There was general acceptance for HEFCE publishing sector-aggregated TRAC data to provide transparency for taxpayers and accountability to BIS and Government, and some respondents commented that publication of aggregated data at 'peer group' level might also be appropriate, but more granular data would not be appropriate for publication.

196. There was a significant degree of consensus in the responses from HEIs and sector representative bodies, which is summed up in the response quoted below:

'We do not believe that publishing any of this data in the manner proposed would prove useful for any of the stakeholder groups identified. Responding to a need to be more transparent doesn't mean publishing data unless it is clear that the data would be understood, would be useful to those groups and would avoid the risk of misleading conclusions being drawn. The proposals, in our view, fail in respect of each of these criteria.'

197. Six respondents from HEIs agreed with the proposal to publish Section A of the Annual TRAC data returns; one commented that these data are reflected in the financial statements which are already published.

198. A number of respondents commented on the significant additional burden of assuring the accuracy and consistency of the data, if these data were to be used to inform student choice. Several also noted that it would be a significant task to provide clear explanatory notes to aid interpretation, or to address misunderstandings arising from the data. A small number of respondents suggested that publication of such data might change the attitude of institutions to the way in which they are produced, meaning that some might choose to use the legitimate flexibility within the TRAC methodology to give a particular impression rather than reflecting reality.

#### Option 3b

Publication of the complete dataset from the Annual TRAC return, on a named-institution basis, with the exception of identified items

199. As indicated, the significant majority of respondents opposed or strongly opposed the publication of TRAC data on an individual, named-institution basis. Four institutions were willing for the data to be published and agreed with the proposed exclusions from publication, while two

of the six that had agreed with Option 3a did not support publication of the complete TRAC dataset as proposed in this option.

200. One respondent felt that the ‘research sponsor type’ analysis in sections C and D of the return should also be excluded.

#### Option 3c

##### Calculation and publication of an ‘institutional teaching cost per FTE’ derived from annual TRAC data and student data returns

201. The majority of respondents commenting on this proposal stated that ‘institutional teaching cost per FTE’ was too simplistic an indicator, and thus opposed its calculation and publication. It was felt to be of limited value given the diversity of HE course provision. Only three respondents supported this option, of which one was a specialist institution. The other two (both multi-faculty providers) noted the need for consistency and suggested the indicator could be provided at subject group level.

#### Option 4

##### Publication of TRAC(T) Subject-FACTS

202. There was strong, almost unanimous objection to publication of individual HEIs’ Subject-FACTS. Only two HEIs indicated a willingness to publish TRAC(T) Subject-FACTS data, one of which was a specialist provider whose provision was concentrated in a single cost centre in TRAC, while the other supported publication on the grounds of transparency for taxpayers. The main objection, cited by a significant majority of respondents, was that these data do not represent the total cost of teaching, since significant items are excluded: for example the costs of student bursaries, the proxy costs of activities funded via HEFCE’s targeted allocations such as the widening participation premium, and premium funding for small and specialist institutions. Respondents stated that the data were complex and misleading if used without a detailed understanding of the methods and purpose for which they are produced. Most argued that since the TRAC(T) reporting was devised to inform HEFCE’s teaching funding method and price band relativities under the ‘old regime’, it was not appropriate for other purposes and would be particularly misleading for students and prospective students.

#### **What data should be exempt from publication at named individual institution level?**

203. As stated, the significant majority of the 78 respondents who provided comments objected to publication of individual TRAC returns on a named-institution level. Six respondents considered it acceptable for extracts of the annual TRAC dataset to be published, but that this should be limited to Section A of the return, providing only data on the TRAC costs for Teaching, Research and Other activities. Two commented that there should be additional exemptions from publication, specifically the ‘research sponsor type’ analysis of costs, surpluses and deficits by research-sponsor category. Additionally, a number of respondents endorsed the explicit exemptions listed in Option 3b even when they objected to publication of the wider dataset. A number were also explicit that data from time allocation surveys (section F) should not be published.

204. A tiny minority of respondents indicated that they agreed with publication of TRAC data or extracts of TRAC data on a named-institution basis. Two supported publication of TRAC(T) data.

205. In contrast, UCU (the largest trade union and professional association for academic and academic-related staff working in further and higher education throughout the UK) stated:

'UCU supports greater transparency from institutions about the resources they invest in academic and support staff resources, to inform prospective students, and to assist UCU in campaigning for adequate staff resources and to minimise occupational stress relating to workload. UCU therefore supports greater transparency in making available TRAC data, particularly TAS returns at the institutional level.'

#### **Suggestions for developing TRAC(T) reporting (Options 4, 5 and 6), and drawbacks to the wider availability of data**

206. Comments were provided by 71 respondents. A number cross-referenced these with their comments in response to Questions 10, 11a and 11b.

207. Over half of the respondents to this question prefaced their answers by repeating that they did not support publication of these data, and over a third reiterated that TRAC(T) data were not a suitable source of information for students or taxpayers. Some respondents commented that TRAC(T) had been designed to inform HEFCE's teaching funding method, and that it was not appropriate to extend its availability to other users for whom it had not been designed. A number of respondents noted that TRAC(T) costs included the costs of non-completing students, and that a single year's data could be difficult to interpret or compare with student fee levels, given variations in course life-cycle and demand, and volatility in student numbers. Others commented that the TRAC(T) data did not recognise the benefits of a research-led teaching environment, and that lack of consistency at sector level and between institutions would make comparisons difficult, unhelpful or meaningless.

208. Approximately a third of respondents opposed Option 4, publication of TRAC(T) Subject-FACTS data. The principal reason cited was that these data do not represent the total cost of teaching a student due to the specifically excluded elements.

209. Over 20 respondents supported the proposal set out in Option 5: modification of TRAC(T) to record the total cost of teaching a student. Most stated that this would be more useful for internal management purposes and would be more readily understood than Subject-FACTS. Most cautioned that it would still be inappropriate to publish these data other than at the whole sector aggregate level, and that this would be a more suitable basis to inform the teaching funding method. Only one respondent indicated an objection to Option 5, suggesting that it was unlikely that the benefits for students, prospective students or taxpayers would outweigh the burden of generating the new data. One institution stated that it already produced information on the full cost of teaching a student for internal use, since this helped to overcome the limitations of the TRAC(T) Subject-FACTS.

210. Approximately 20 respondents agreed that Option 6, the development of TRAC(T) to provide cost data disaggregated to course level, while potentially useful for internal purposes, should not be pursued for the sector as a whole. To implement costing at this level of granularity would create significant additional burden for very little benefit, and comparability between institutions would be impossible to achieve. Most respondents who comment on this option indicated that developing course-level information should be left to individual institutions who might determine how best to meet their own information needs.

211. One institution in Scotland did not support disaggregation of costs at course level: in addition to being a substantial burden, it would result in misleading data of questionable use, since the flexibility and choice within degree programmes with modular structures would undermine comparability.

212. HESA commented that there were opportunities to align the reviews of the FSR and TRAC, for example improving benchmarking by making TRAC data available for use in HEIDI. TRAC data on staff time allocation could also be used to improve the split of staff resource between teaching and research when deriving student-staff ratios. It was recognised that developments in these areas would need to take account of the sector's emerging understanding of competition issues when achieving an appropriate balance between providing access to useful data and ensuring that data are not published in a form which could distort the competitive environment.

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213. The strength of concerns presented in response to the options for publication of TRAC and TRAC(T) data, in particular those regarding the commercial sensitivity of TRAC data, was significant. We also note the significant reservations about the proposal to provide additional transparency through the calculation and publication of a single institutional metric for the teaching cost per FTE.

214. We concur with the view that there are already significant volumes of published information and data which can offer demonstrable evidence of the value delivered in return for the taxpayer's investment in HE as a whole.

215. We accept the case made regarding the commercial sensitivity of the TRAC dataset, and the potential contravention or breach of competition law were such data to be published on a named-institution basis.

216. We acknowledge the comments regarding the limitations of TRAC(T) Subject-FACTS data, and similarly recognise the case for not publishing such data on the grounds that they constitute commercially sensitive information.

217. We note the views of respondents on Option 6, the development of TRAC(T) to provide disaggregation at course level, which confirm our assessment that it would be burdensome, costly and complex to implement, and that such development is best undertaken by individual institutions in a way that best meets their internal information needs.

Recommendation 11: We recommend that HEFCE should:

- a. Reconfirm its current commitment to publication of TRAC data at HE sector aggregate and peer group level only.
- b. Work to ensure better visibility and access to the wide range of published data and reports about the public investment, efficiency and effectiveness of the HE sector.
- c. Confirm its commitment not to publish individual TRAC and TRAC(T) data.
- d. Reconfirm its decisions in HEFCE 2012/19 to use a modified form of TRAC(T) to inform the funding of high-cost subjects.
- e. Agree with TDG the development of TRAC(T) to inform HEFCE's teaching funding

method in a way that also provides optional enhancements supporting the production of meaningful data for HEIs' own use.

f. Confirm that Option 6, the development of TRAC(T) to provide course-level costing, should not be taken forward on a sector-wide basis, while noting that HEIs should develop their own approaches to course-level costing for internal management and decision-making purposes.

## Question 12

### **Do you have any suggestions about how HEIs can present information to students about how their tuition fees are spent?**

218. A significant number of respondents reiterated earlier comments that information that could assist in assessing the value, quality and benefits of the student experience was more important and relevant for students and prospective students, while noting that information about an HE provider's costs or expenditure emphasised a single factor and could be misleading. Many stated that Unistats was the most appropriate source of information for students, and that it was important to establish it as the primary source of such information.

219. A number of respondents suggested that the review of Unistats and KIS should seek to establish what additional information students are interested in.

220. A number of respondents were developing, and some were already producing, information for students through engagement with their student representative bodies. One referred to the information published as part of the financial statements in its annual report under 'Finance and Operating Results', in which some simple charts show income and a breakdown of expenditure. Another described examples of analysis it had provided for students in the form of bar charts; while a third referred to a web page for students showing planned and projected income and expenditure, by broad categories, in graphical form. A number of respondents noted that they already provide information for international students.

221. Respondents' suggestions emphasised simple, high-level analysis using broad categories of expenditure in support of teaching and the student experience. Some commented that this should be supported by a statement on investment in the student experience, and that it was important to provide non-financial indicators alongside cost and expenditure data.

222. Many respondents suggested that data could be drawn from the financial statements and the HESA FSR, thus avoiding the need for new data sources and collection processes. A small number suggested it might be appropriate to supplement this with some data from TRAC.

223. Some respondents suggested that data could be made available on some key elements of resources and expenditure in support of students, for example academic and support staff and library, information technology and student services. One respondent suggested that student-staff ratios could be derived from TRAC time allocation data, rather than using the HESA calculation.

224. Most respondents suggested that graphical presentations of data in the form of bar charts and pie charts would be most useful, showing proportions or percentages of costs. A number endorsed an approach to presenting information similar to the 'Council Tax pie charts' provided by local authorities to show how Council Tax is spent.

225. Almost all respondents stated that information should be at whole-institution level, and only one respondent felt that course-level or modular-level expenditure should be provided. In addition, it was noted that other sources of income than the student tuition fee were available to support teaching – for instance HEFCE grants and, for medicine and dentistry, NHS funds and resources – and that it would therefore not be possible to identify discrete activity funded from the tuition fee.

226. A significant number of respondents felt that it should be for individual institutions to decide on the information to present to students, noting that such varied information would reflect the diversity of the HE sector in terms of course provision and the student experience. In contrast, a number would welcome good practice guidance as a way of providing some consistency in providing information for students.

227. A number of respondents felt that HEIs' own web-sites represented the most appropriate way of providing information that would be accessible to students and prospective students. Another institution proposed such information should be included in the finance and operating return within the annual report.

228. The QAA Student Advisory Board emphasised the importance of consistency and accessibility in publishing information for students, and stated that such information should be made available via Unistats.

229. The student who responded stated that 'Students want to know what they are going to receive for their money before they come to their course, and they want someone to check that they have received it.'

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230. We support the provision of clear and consistent information that is accessible to students and prospective students, and recognise the importance of Unistats as a key source of such information.

231. We note that the early evaluation of Unistats confirmed the NUS's position that HE provider cost information is not a priority for students or prospective students.

Recommendation 12: We recommend that HEFCE should:

- a. Encourage HEIs and HE sector bodies to develop good practice in providing clear, meaningful and consistent information for students on how public funds and tuition fees are spent in supporting the student experience in higher education.
- b. Invite the Higher Education Public Information Steering Group to consider opportunities to enhance information on this point as part of its 2013 to 2015 review.

## **General comments**

### **Question 13**

#### **Do you have any other comments or suggestions to contribute to HEFCE's Review of TRAC?**

232. Many institutions responding to this question reiterated views and suggestions made in their responses to previous questions.

233. The SFC, together with a number of Scottish institutions, pointed out that the use of TRAC(T) in Scotland is different from that in English institutions, in that the information underpins the SFC's teaching funding methodology. Therefore, irrespective of changes to TRAC(T) for English institutions, the Subject-FACTS as currently calculated will continue to be required by the Scottish sector. A further helpful point regarded a difference in the submission requirements for financial statements in Scotland, which are required by 31 December compared with 1 December in England. The SFC requested that, if submission dates change for the TRAC returns, these should be agreed with institutions and transitional arrangements should be established, to acknowledge the differences in current requirements.

234. FSSG noted the importance of TRAC to support institutions in understanding their costs and managing their long-term sustainability, and as a key mechanism through which institutions and the sector can provide consistent assurance to funders and Government regarding the public investment in higher education.

235. TDG reflected on the benefits that TRAC has delivered to the sector over the last 10 years, and how these have contributed to research being funded on a more sustainable basis. TDG noted that lying behind TRAC as an activity-based costing system is the need for costing information to demonstrate the financial sustainability of HEIs to funders and to HEIs themselves. It is acknowledged that meeting this spectrum of requirements necessitates some compromises. TDG reflected that funders' needs focus on accountability and require information that is backward-looking, while in contrast institutions are more interested in prospective information. Finally TDG acknowledges that while improvements can be made, they should protect the confidence of funders and institutions and not put at risk the benefits achieved through TRAC.

236. A large number of institutions outlined their dissatisfaction with the TRAC guidance, a point that had already been made throughout the consultation responses.

237. Some institutions mentioned the negative impact that RCUK's funding and efficiency mechanisms have had on TRAC. It was suggested that the way in which the recommendations from the Wakeham review have been implemented is undermining the aim of sustainable funding, thus eroding the perceived benefits of TRAC. It was suggested that a reduction in the percentage of fEC paid would be preferable as a more transparent representation of the funding of Research Council projects. It was also argued by one institution that the efficiency factor could encourage institutions perversely to stray from these rules.

238. A small number of institutions requested that funders consider all the data requirements placed on them, to reflect the changing environment. One institution speculated that resource implications could grow, depending on the extent of enhancements that institutions make to provide more robust and accurate costing information.

*TRAC Review Group comments and recommendations*

239. We note the views expressed by FSSG and TDG regarding the TRAC process, and ask that HEFCE should consider them when taking forward the changes arising from this consultation.

240. We understand the points made regarding RCUK funding policy and efficiency, but note that these are issues for which RCUK is responsible.

241. The TRAC guidance is an area of known discontent and we are pleased that TDG has already undertaken work to identify how it can be improved.

Recommendation 13: We recommend that HEFCE should:

- a. Continue to work with the other UK HE funding bodies and RCUK to maintain the principles and consistency of the TRAC system where possible, and to maintain all users' confidence in the credibility and integrity of TRAC systems.
- b. Consider with FSSG, UUK and RCUK the impacts of the funding pressures and efficiencies on the sustainability of research activity in HEIs.

## List of abbreviations

<b>BIS</b>	Department for Business, Innovation and Skills
<b>BUFDG</b>	British Universities' Finance Directors' Group
<b>EU</b>	European Union
<b>fEC</b>	Full economic cost
<b>FSR</b>	HESA Finance Statistics Return
<b>FSSG</b>	Financial Sustainability Strategy Group
<b>FTE</b>	Full-time equivalent (students)
<b>HE</b>	Higher education
<b>HEI</b>	Higher education institution
<b>HEFCE</b>	Higher Education Funding Council for England
<b>HEIDI</b>	Higher Education Information Database for Institutions
<b>HEPISG</b>	Higher Education Public Information Steering Group
<b>HESA</b>	Higher Education Statistics Agency
<b>HMRC</b>	Her Majesty's Revenue and Customs
<b>KIS</b>	Key Information Set(s)
<b>MIP</b>	Management Information Project
<b>NHS</b>	National Health Service
<b>NUS</b>	National Union of Students
<b>QAA</b>	Quality Assurance Agency for Higher Education
<b>RCUK</b>	Research Councils UK
<b>RFI</b>	Return for Financing and Investment
<b>SFA</b>	Skills Funding Agency
<b>SFC</b>	Scottish Funding Council
<b>SLC</b>	Student Loans Company
<b>Subject-FACTS</b>	Subject-related full average costs of teaching a funding council fundable FTE student
<b>TAS</b>	Time allocation survey
<b>TDG</b>	TRAC Development Group
<b>TRAC</b>	Transparent Approach to Costing
<b>TRAC-fEC</b>	Full economic cost based on TRAC
<b>TRAC(T)</b>	TRAC for teaching
<b>UCU</b>	University and College Union
<b>UUK</b>	Universities UK
<b>VAT</b>	Value Added Tax

## Annex A: TRAC Review outcomes – HEFCE action plan

### Theme 1: The needs of stakeholders now and in the future

Question 1: The initial findings of the TRAC Review Group did not identify evidence that existing sources of cost data other than the Transparent Approach to Costing (TRAC) provided the same level of useful, consistent and comparable information across the higher education (HE) sector to meet the needs of stakeholders. Do you agree with this conclusion? If not, what sources of information could be used to meet the needs of existing stakeholders, including funding bodies?

Consultation conclusion	TRAC Review Group comments and recommendations	HEFCE response with proposed actions and responsibilities
<p>86 per cent of respondents supported retaining TRAC, while recognising the need for improvements and streamlining. There was support for seeking greater harmonisation and efficiency between TRAC and the Higher Education Statistics Agency (HESA) Finance Statistics Return (FSR) data collections.</p> <p>Some respondents challenged the total extent of higher education institutions' (HEIs') accountability to stakeholders including HEFCE in the light of the reduction in HEFCE grant funding, noting other mechanisms for financial accountability, and wider public accountability requirements, such as Unistats and Freedom of Information.</p>	<p>We <b>recommend</b> that HEFCE should:</p> <ul style="list-style-type: none"> <li>a. Confirm the use of TRAC as the primary tool for the following: <ul style="list-style-type: none"> <li>i. Supporting costing in HEIs, as part of a suite of tools to provide management information.</li> <li>ii. Enabling pricing and cost recovery for publicly funded research on a full sustainable cost basis.</li> <li>iii. Aiding understanding of financial sustainability.</li> <li>iv. Providing regulatory assurance to public funders of teaching and research.</li> </ul> </li> <li>b. Work with HESA and others to secure harmonisation, efficiencies and utility from TRAC and HESA datasets to support the review of FSR.</li> <li>c. Review the overall accountability and regulatory assurance requirements within its work to revise the Accountability Framework.</li> </ul>	<p>a. HEFCE has invited the Financial Sustainability Strategy Group (FSSG) and the TRAC Development Group (TDG) to develop and lead an improvement programme that will address the streamlining of TRAC requirements and enhance TRAC to better meet the needs of HEIs and funders. Target dates will be set for each element of the programme, and outcomes will be monitored regularly.</p> <p>(See Theme 3 for further details.)</p> <p>b. HEFCE will work with HESA, the British Universities' Funding Directors' Group (BUFDG) and TDG on the review of the HESA FSR, to identify areas for greater harmonisation of the TRAC and HESA data collections, and enhance the utility and value of the datasets. Changes will be implemented in the next review of the HESA FSR by a date to be agreed.</p> <p>c. HEFCE will assess the overall accountability and regulatory assurance requirements as part of the development of the replacement for the financial memorandum between HEFCE and HEIs.</p>

Question 2: Do you agree with the principle that the requirement to implement a TRAC-based annual reporting requirement should be applicable to all HE providers in receipt of HEFCE grant funding excluding those regulated by the Skills Funding Agency (SFA)?

Consultation conclusion	TRAC Review Group comments and recommendations	HEFCE response with proposed actions and responsibilities
<p>88 per cent per cent of respondents supported this principle.</p> <p>36 respondents (half of those providing comments) indicated that they felt the requirement should apply to all HE providers with designated courses eligible for Student Support from the Student Loans Company.</p>	<p>We note that the current legislative framework does not allow HEFCE to set regulatory arrangements for other HE providers. A guiding principle as the new regulatory regime develops will be to operate a level playing field, while noting that the BIS Technical Consultation envisaged different requirements for those in receipt of HEFCE grant from those applied to other HE providers.</p> <p>We <b>recommend</b> that HEFCE should confirm that the requirement to implement TRAC-based annual reporting applies to all HE providers in receipt of HEFCE grant funding excluding those regulated by the SFA.</p>	<p>HEFCE will reconfirm the requirement for TRAC-based annual reporting for all HE providers in receipt of HEFCE funding, excluding those regulated by the SFA, within the new accountability framework.</p>

## Theme 2: Costs and benefits of TRAC as a costing system for HE

Question 3: Should the accountability requirements to Government and funders be reduced in the new higher education environment, and if so in what way? Given the information supports the accountability requirements of multiple stakeholders, is there merit in seeking use of TRAC to underpin pricing of other publicly funded activity or contracts, such as by the NHS, Ministry of Defence or the European Union for 'Horizon 2020'?

Consultation conclusion	TRAC Review Group comments and recommendations	HEFCE response with proposed actions and responsibilities
<p>There were mixed responses to this question.</p> <p>Overall just over half of respondents (52 per cent) supported the proposition that the accountability requirements to Government and funders should be reduced. Half did not agree, pointing to the need for TRAC-based full economic costing (fEC): to support the costing of Research Council funded grants and Her Majesty's Revenue and Customs' (HMRC's) acceptance of TRAC-based methods for Value Added Tax (VAT) partial exemption; by HEFCE in its role as principal regulator of exempt charities and to inform its teaching funding method; and for accountability to the Department for Business, Innovation and Skills (BIS) and to the Treasury.</p> <p>There were mixed views on whether it was appropriate to extend the use of TRAC to underpin the pricing of other publicly funded activity. Some felt that such an extension (and reaffirmation of other government departments' existing requirement to use fEC) would enhance utility and acceptance for HEIs and ensure a fair, consistent basis for costing publicly funded activity. Others expressed concern about the possibility of extending TRAC's use without additional administrative costs or complexity.</p>	<p>We recommend that HEFCE should:</p> <ul style="list-style-type: none"> <li>a. Continue the TRAC-based system for accountability to funders and Government and for use by HEFCE and Research Councils, with a commitment to streamlining the underlying TRAC requirements without compromising the credibility and integrity of TRAC methods for use by public funders of HE.</li> <li>b. Work with BIS to secure the commitment of public funders to fund HE activity based on the full sustainable costs.</li> <li>c. Continue to advance the use of TRAC-fEC principles to underpin the pricing of publicly funded activity in HE, including EU Horizon 2020 and with HMRC for calculations of partial exemption to VAT.</li> </ul>	<ul style="list-style-type: none"> <li>a. HEFCE will work with TDG and other HE funders to ensure that the work to streamline and improve TRAC is achieved in a way that reduces the administrative costs associated with TRAC without undermining the confidence of public funders and Government.</li> <li>b. HEFCE will maintain dialogue with BIS and other public funders and government departments to seek a commitment to relying on TRAC-fEC principles to inform publicly funded activity in HE, including for the European Union funded 'Horizon 2020', programme, while avoiding additional complexity and disproportionate operational costs .</li> <li>c. HEFCE will continue dialogue with HMRC to exploit TRAC fully for calculations of partial exemption to VAT.</li> </ul>

Question 4: The review has sought to establish evidence about the benefits and burdens associated with TRAC. What are your views on the existing burdens and benefits of TRAC? How could the burden be reduced? Is there an alternative to TRAC which could meet the accountability requirements of Government and might offer greater benefits or lower burdens to institutions?

<b>Consultation conclusion</b>	<b>TRAC Review Group comments and recommendations</b>	<b>HEFCE response with proposed actions and responsibilities</b>
<p>The majority of respondents thought that no alternative systems or processes could offer greater benefits or lower administrative costs to institutions than TRAC, but that there was scope to reduce its operational costs. A modest majority of respondents' comments suggested that the benefits outweighed the costs (or that the same costs would necessarily be incurred without funders' requirements), while a minority considered that burdens outweighed the benefits. Proportionately more research-intensive HEIs took the former view.</p> <p>Respondents provided constructive comments on the benefits enabled or delivered by TRAC, confirmed some areas and issues contributing to administrative burden, and made a range of helpful additional suggestions for opportunities to address or balance the burdens.</p>	<p>The consultation has confirmed that there is no alternative to TRAC that could deliver greater benefits or lower burdens while satisfying accountability requirements.</p> <p>We <b>recommend</b> that HEFCE should invite TDG to lead a programme to take forward the proposals for improvement, and to evaluate the further suggestions for reducing the administrative costs of operating TRAC in HEIs.</p>	<p>a. HEFCE has invited TDG to lead a programme to take forward the proposals for improvement to TRAC, including those endorsed by the consultation and additional suggestions put forward in responses to the consultation.</p> <p>b. HEFCE has invited FSSG to review annually the progress achieved against the improvement programme.</p> <p>(See Theme 3 for further details)</p>

Question 5: Given the increasingly competitive and complex external environment in which HEIs will need to be better aware of the costs and contributions of all their activities to ensure financial sustainability, how could the HE sector better articulate the uses and benefits of TRAC to reduce the perceptions of burden and promote wider adoption as a management tool?

<b>Consultation conclusion</b>	<b>TRAC Review Group comments and recommendations</b>	<b>HEFCE response with proposed actions and responsibilities</b>
Respondents reiterated views expressed in responses to earlier questions or to questions under Theme 3. Responses highlighted key actions that could address perceptions of burden and promote wider adoption: clarifying the positioning and purpose of TRAC; streamlining, simplifying and relaunching the TRAC guidance; sharing and developing good practice from within practitioner groups and further Management Information Projects; carrying out communication and advocacy to promote acceptance of TRAC principles across public funders.	<p>We welcome the constructive feedback on promoting the uses and benefits of TRAC and addressing the perceptions of burden.</p> <p>We <b>recommend</b> that HEFCE should work with HEIs and sector groups including FSSG, TDG, BUFDG and the Leadership Foundation for Higher Education to enhance understanding of the uses and benefits of TRAC, and promote its wider adoption as a management tool.</p>	<p>HEFCE has asked FSSG:</p> <ul style="list-style-type: none"> <li>a. To lead the relaunch of TRAC with a clear articulation of purpose, uses and benefits.</li> <li>b. With TDG, to facilitate a shared commitment to communication and promotion of the use of TRAC with BUFDG and the Association of Heads of University Administration.</li> <li>c. With TDG, to continue the programme of promoting, sharing and disseminating good practice through sector-led developments extending the approach used for the Management Information Projects.</li> </ul>

### Theme 3: Opportunities to improve and streamline TRAC and TRAC reporting requirements

Question 6: Please comment on the proposals set out in paragraph 136 for streamlining the minimum requirements for TRAC.

Consultation conclusion	TRAC Review Group comments and recommendations	HEFCE response with proposed actions and responsibilities
<p>There was strong endorsement for our proposals for streamlining the TRAC requirements.</p> <p>Priorities identified in responses and that it was felt would deliver the most improvement were:</p> <ul style="list-style-type: none"> <li>• revising the threshold for dispensation</li> <li>• improving the time allocation method</li> <li>• creating an alternative approach to calculating the RFI adjustment</li> <li>• harmonising the TRAC and HESA FSR returns, and removing duplication between them.</li> </ul>	<p>We <b>recommend</b> that HEFCE should:</p> <ol style="list-style-type: none"> <li>a. Take forward the streamlining of TRAC requirements, working with HEIs, Research Councils UK (RCUK) and the other UK HE funding bodies.</li> <li>b. Invite TDG to lead a programme of work to implement the revisions to the TRAC requirements and develop new guidance.</li> <li>c. Work with RCUK and the other UK HE funding bodies to agree to implement a revision to the dispensation threshold.</li> <li>d. Review, with RCUK and the other UK HE funding bodies, the outcomes from the FSSG's sector-wide pilot on sustainability metrics reporting, to assess its suitability as an alternative metric to the RFI adjustment within the TRAC methodology.</li> </ol>	<ol style="list-style-type: none"> <li>a. HEFCE will agree a programme of work led by TDG to support the streamlining, improvement and revision of the TRAC Statement of Requirements and the TRAC guidance, to be completed by autumn 2014.</li> <li>b. HEFCE will work with TDG and RCUK to agree the implementation of a revised threshold for dispensation for TRAC reporting in 2012-13<sup>10</sup>, so that HEIs eligible for and choosing to claim dispensation can use the dispensation default rates from 1 April 2014.</li> <li>c. HEFCE will consider, with RCUK, the outcomes of the FSSG work and the 2013 sector pilot exercise for assessing institutional sustainability, and then determine of an institutional 'margin for sustainability' as a proposed replacement for the RFI adjustment currently used in TRAC. This work will be completed by spring 2014.</li> </ol>

<sup>10</sup> All years are academic years, unless otherwise stated.

Question 7: Do you have any comments on our proposals for streamlining the reporting requirements for TRAC? Do you have any suggestions on additional areas for streamlining the reporting requirements or improving the efficiency of TRAC reporting arrangements?

Consultation conclusion	TRAC Review Group comments and recommendations	HEFCE response with proposed actions and responsibilities
<p>While there was a level of acceptance of the merits of combining the annual TRAC reporting and TRAC for teaching (TRAC(T)) reporting as a single return, there was significant resistance to combining the TRAC reporting with the Annual Accountability Returns and reporting in December. A number of additional suggestions for revision and improvement were put forward, with a significant number challenging the value and necessity of a Committee of the Board of Governors signing off the annual TRAC return.</p>	<p>We <b>recommend</b> that HEFCE should:</p> <ul style="list-style-type: none"> <li>a. Continue with the decision announced in HEFCE 2012/19 to develop a modified version of TRAC(T) reporting to provide data for the teaching funding method for high cost subjects.</li> <li>b. Remove the optional sections (C and D) from the TRAC(T) reporting template.</li> <li>c. Following implementation of the modified TRAC(T) reporting requirements for HEFCE-funded HEIs, explore and agree a timetable for combining the Annual TRAC Return and TRAC(T) reporting in a single return.</li> <li>d. Invite TDG to develop the methodology and revised guidance for HEFCE-funded HEIs to support HEFCE's new requirements, and improvements to better meet HEIs' information needs.</li> <li>e. Work with the sector, through BUFDG and other representative groups, to explore the possibility of combining annual TRAC reporting with the Annual Accountability Returns, how this could be achieved and how obstacles might be removed or overcome.</li> </ul>	<ul style="list-style-type: none"> <li>a. HEFCE will work with TDG, RCUK and the other UK HE funding bodies to revise the reporting template and agree initial changes with the sector and RCUK for reporting in 2012-13.</li> <li>b. HEFCE will define data requirements for informing the funding of high-cost subjects to enable these to be reflected in the development of the modified TRAC(T) methodology.</li> <li>c. HEFCE will invite TDG to review and revise the TRAC(T) methodology and requirements to enable implementation of the new reporting by HEFCE-funded HEIs from 2013-14, and to accommodate optional enhancements to provide better information for HEIs' internal use. HEFCE will explore with TDG and BUFDG a timetable for combining the Annual TRAC Return and TRAC(T) reporting in a single return.</li> <li>e. HEFCE will ask TDG to ensure that developments maintain the consistency of TRAC reporting across the UK as far as possible.</li> <li>f. HEFCE will work with BUFDG, the Association of Heads of University Administration and TDG to establish how progress could be made towards combining annual TRAC reporting with the Annual Accountability Returns, and to identify how this may be achieved and obstacles removed or overcome.</li> </ul>

Question 8: Do you have any comments on the proposals for enhancing the utility or increasing the benefits from TRAC?		
<b>Consultation conclusion</b>	<b>TRAC Review Group comments and recommendations</b>	<b>HEFCE response with proposed actions and responsibilities</b>
Respondents made a number of positive and helpful suggestions, including: enhancing the use of TRAC datasets for benchmarking at sector and peer group level to assist in delivery of cost reductions and efficiency; improving the efficiency of data collections; and wider acceptance of TRAC by public bodies as a basis for funding.	We <b>recommend</b> that HEFCE should invite TDG to evaluate the further suggestions for enhancing the utility and increasing the benefits of TRAC within its programme of improvements.	HEFCE has asked TDG to evaluate the additional suggestions for enhancing utility and increasing the benefits of TRAC as part of its programme of improvements.

Question 9: Do you agree with the proposal that FSSG and TDG maintain their existing roles for oversight of financial sustainability, and oversight of the maintenance and development of TRAC? Do you have any comments on how these groups should be funded and resourced?

Consultation conclusion	TRAC Review Group comments and recommendations	HEFCE response with proposed actions and responsibilities
<p>There was substantial support (79 per cent) for FSSG and TDG continuing their roles, and strong endorsement of the groups' work on Management Information Projects.</p> <p>There was also significant support for the continuation of current arrangements for funding FSSG and TDG programmes.</p>	<p>We <b>recommend</b> that HEFCE should:</p> <ul style="list-style-type: none"> <li>a. Confirm its support for FSSG and TDG maintaining their existing roles for oversight of financial sustainability, and oversight of the maintenance and development of TRAC.</li> <li>b. Agree the remits and priorities with the chairs of FSSG and TDG and invite them to develop a work programme including the re-launch of TRAC.</li> <li>c. Agree, with other funders and sector stakeholders, funding and resources to support the FSSG and TDG work programmes.</li> <li>d. Agree with the other UK HE funding bodies that FSSG and TDG should be reviewed periodically to ensure that their activities continue to be relevant and useful and provide value for money to institutions and funders.</li> </ul>	<ul style="list-style-type: none"> <li>a. HEFCE confirms its support for maintaining FSSG and TDG in their existing roles in the oversight of financial sustainability, and of the maintenance and development of TRAC.</li> <li>b. HEFCE will agree the remits and priorities with the chairs of FSSG and TDG, and has invited them to develop a work programme for the period to 2015-16, including the relaunch of TRAC.</li> <li>c. With the other funders and sector stakeholders, HEFCE will agree funding and resources to support the FSSG and TDG work programmes to be agreed by July 2013.</li> <li>d. HEFCE will agree with other UK HE funding bodies that FSSG and TDG should be reviewed after three years, to ensure that their activities continue to be relevant and useful and provide value for money to institutions and funders.</li> </ul>

## Theme 4: Achieving greater transparency

Question 10: Should additional information on HE provider costs be made available to assist prospective students in their choices of course or where to study?

Consultation conclusion	TRAC Review Group comments and recommendations	HEFCE response with proposed actions and responsibilities
<p>A substantial majority of respondents (81 per cent, including those respondents representing students) rejected the suggestion of providing HE provider cost information to assist students in the choices of course.</p> <p>All respondents endorsed the need to provide information to assist students, but were robust in stating that alternative sources of information which provided better information to support students in their choices were already available, such as Unistats and the National Student Survey.</p> <p>There was no evidence of demand for such information from students. This was confirmed in Quality Assurance Agency for Higher Education Student Advisory Board's response, which echoed the views contributed by the National Union of Students (NUS).</p>	<p>We <b>recommend</b> that HEFCE should:</p> <ul style="list-style-type: none"> <li>a. Require HEIs to work with the Higher Education Public Information Steering Group (HEPISG) to continue to enhance the provision of information for students, informed by the reviews of Unistats and KIS in 2013-14 and 2014-15.</li> <li>b. Work with HESA and BUFDG to secure better financial (and non-financial) data for the HE sector and HEIs in a user-friendly format for students and taxpayers, to show how public funds are deployed to support higher education and how student fees are spent by HE providers.</li> </ul>	<ul style="list-style-type: none"> <li>a. HEPISG will publish the outcome of the early evaluation of Unistats and lead the review of Unistats and KIS in 2013-14 and 2014-15.</li> <li>b. The HEFCE learning and teaching team will continue to promote and enhance Unistats as a primary source of information for prospective students.</li> <li>c. HEFCE will ask BUFDG, HESA and NUS to work with FSSG to develop good practice in the presentation and publication of information for students and taxpayers.</li> </ul>

Question 11a: Do you have any comments on the proposals for providing greater transparency of TRAC and TRAC(T) data (Options 3a, 3b, 3c and 4)? Please comment on the proposals in relation to providing information:

- for taxpayers
- for students, prospective students, their parents and advisers.

<b>Consultation conclusion</b>	<b>TRAC Review Group comments and recommendations</b>	<b>HEFCE response with proposed actions and responsibilities</b>
<p>There was almost unanimous opposition to using or publishing TRAC or TRAC(T) data for this purpose, with strong arguments presented that the data were not helpful for students, that there were other better sources of information, and that the complexity of the data leads to a high risk of it misleading or being misunderstood. It was also widely considered that this was commercially sensitive information, likely to impact on the market if published, and thus that such publication would contravene competition law.</p> <p>A significant range of alternative sources of information are already published that provide transparency on how the public investment in higher education is spent, and on the efficiency, effectiveness and quality of HE provision.</p>	<p>We <b>recommend</b> that HEFCE should:</p> <ol style="list-style-type: none"> <li>a. Reconfirm its current commitment to publication of TRAC data at HE sector aggregate and peer group level only.</li> <li>b. Work to ensure better visibility and access to the wide range of published data and reports about the public investment, efficiency and effectiveness of the HE sector.</li> </ol>	<p>a. HEFCE will continue to publish TRAC data at sector aggregate and peer group level only.</p> <p>b. HEFCE will establish a project to ensure the accessibility and visibility of key sector data and reports that provide transparency for taxpayers and the wider public on the public investment in higher education.</p>

<p>b. Question 11b: Option 3b suggests publishing extracts from individual HE providers' annual TRAC returns, to provide greater transparency. What data should be exempt from publication at named individual institution level?</p>		
Consultation conclusion	TRAC Review Group comments and recommendations	HEFCE response with proposed actions and responsibilities
<p>There was almost unanimous opposition to using or publishing TRAC data or TRAC(T) data.</p> <p>A small minority of respondents considered that extracts from Section A of the annual TRAC return could be released on a named institution level.</p>	<p>We <b>recommend</b> that HEFCE should confirm its commitment not to publish individual TRAC and TRAC(T) data.</p>	<p>HEFCE will continue to publish TRAC and TRAC(T) data at sector aggregate and peer group level only. Individual HEIs' TRAC and TRAC(T) data will not be published.</p>

c. Question 11c: How could TRAC(T) reporting be developed to provide more useful data on the cost of teaching for HEIs' own use and/or to provide more meaningful data for taxpayers and students (Options 4, 5 and 6)? What are the drawbacks in making such data more widely available?

<b>Consultation conclusion</b>	<b>TRAC Review Group comments and recommendations</b>	<b>HEFCE response with proposed actions and responsibilities</b>
<p>There was unanimous opposition to publication of TRAC(T) for taxpayers and students.</p> <p>TRAC(T) data is considered to be of limited value for internal use in HEIs.</p> <p>There was general agreement that a modified version of TRAC(T) based on the total costs of teaching a student (Option 5) would provide more meaningful data for HEIs, and could provide the information required to inform the funding of high-cost subjects. This was favoured over the current reporting of TRAC(T) Subject-FACTS data.</p> <p>There was significant opposition to Option 6, the development of TRAC(T) to provide course level costing, on the grounds that it would be significantly burdensome, costly and complex to implement consistently across a diverse sector of HE providers. Such development was considered best undertaken by institutions in a way that meets their internal information needs.</p>	<p>We <b>recommend</b> that HEFCE should:</p> <ul style="list-style-type: none"> <li>a. Reconfirm its decisions in HEFCE 2012/19 to use a modified form of TRAC(T) to inform the funding of high-cost subjects.</li> <li>b. Agree with TDG the development of TRAC(T) to inform HEFCE's teaching funding method in a way that also provides optional enhancements supporting the production of meaningful data for HEIs' own use.</li> <li>c. Confirm that Option 6, the development of TRAC(T) to provide course-level costing, should not be taken forward on a sector-wide basis, while noting that HEIs should develop their own approaches to course-level costing for internal management and decision-making purposes.</li> </ul>	<p>a. HEFCE will develop data requirements to inform the teaching funding model for high-cost subjects, and identify modifications required to the TRAC(T) data collection.</p> <p>b. HEFCE will confirm new requirements to be introduced for HEFCE-funded HEIs from 2013-14.</p> <p>c. HEFCE will ask TDG to work with HEIs to modify TRAC(T) and produce revised definitions and guidance to enable the new requirements to be implemented for reporting by HEFCE-funded HEIs from 2013-14. This should include the development of optional enhancements to provide more meaningful data on teaching costs for HEIs' internal use. HEFCE does not require the development of TRAC(T) to provide course-level costing data.</p>

Question 12: Do you have any suggestions about how HEIs can present information to students about how their tuition fees are spent?

Consultation conclusion	TRAC Review Group comments and recommendations	HEFCE response with proposed actions and responsibilities	
<p>A significant proportion of respondents reiterated comments emphasising that information to assist in assessing the value, quality and benefits of the student experience is already provided, and citing Unistats as a source of information for prospective students.</p> <p>Some institutions referred to analysis they already provide for students, with a number noting that they already provide information for international students.</p> <p>While a significant number felt that it was a matter for individual institutions to decide on the information to present to students, others would welcome good practice guidance.</p>	<p>We understand that the early evaluation of Unistats confirmed the NUS position that HE provider cost information is not a priority for students or prospective students.</p> <p>We also understand that HEFCE has invited BUFDG and NUS to work with them to develop better access to HEIs' financial information published on their web-sites.</p> <p>We <b>recommend</b> that HEFCE should:</p> <ul style="list-style-type: none"> <li>a. Encourage HEIs and HE sector bodies to develop good practice in providing clear, meaningful and consistent information for students on how public funds and tuition fees are spent in supporting the student experience in HE.</li> <li>b. Invite HEPISG to consider opportunities to enhance information on this point as part of its 2013 to 2015 review.</li> </ul>	<p>a. HEFCE will ask BUFDG, HESA, NUS and others to work with FSSG to develop good practice in presentation and publication of information for students and taxpayers.</p> <p>b. HEFCE will ask HEPISG to consider opportunities to enhance information on how public funds and tuition fees are invested by HEIs in support of the student experience as part of its 2013 to 2015 review.</p>	

## General comments

Question 13: Do you have any other comments or suggestions to contribute to HEFCE's Review of TRAC?

<b>Consultation conclusion</b>	<b>TRAC Review Group comments and recommendations</b>	<b>HEFCE response with proposed actions and responsibilities</b>
<p>The Scottish Funding Council and HEIs in Scotland noted that TRAC(T) data are used to underpin the teaching funding method, and that their financial reporting deadlines differ from those which apply in England.</p> <p>A number of respondents commented that RCUK's funding and efficiency mechanisms have had a negative impact on TRAC, and that this approach was undermining the aim of sustainable funding of research, one of the accepted benefits secured by TRAC.</p>	<p>We <b>recommend</b> that HEFCE should:</p> <ul style="list-style-type: none"> <li>a. Continue to work with the other UK HE funding bodies and RCUK to maintain the principles and consistency of the TRAC system where possible, and to maintain all users' confidence in the credibility and integrity of TRAC systems.</li> <li>b. Consider with FSSG, UUK and RCUK the impacts of the funding pressures and efficiencies on the sustainability of research activity in HEIs.</li> </ul>	<ul style="list-style-type: none"> <li>a. HEFCE will work through FSSG and TDG to support the commitment of the UK HE funding bodies, RCUK and other public funders to maintain the principles and consistency of TRAC as a UK-wide system as far as possible, while acknowledging that some divergence in detail may be necessary to support the different arrangements for funding HE across the devolved administrations.</li> <li>b. HEFCE will work through FSSG and UUK to assess the impacts of the funding pressures and efficiencies on the sustainability of research activity in HEIs.</li> </ul>