

## Meeting of the Audit Committee

4.00 pm on Thursday, 13 June 2019  
in 1B16 - Technopark, SE1 6LN

### Agenda

<i>No.</i>	<i>Item</i>	<i>Pages</i>	<i>Presenter</i>
14.	LSBU TRAC (T) return	3 - 10	RF

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CONFIDENTIAL	
Paper title:	Transparent Approach to Costing – TRAC(T) Sign off
Board/Committee	Audit Committee
Date of meeting:	13 June 2019
Author:	David Kotula, Reporting Analyst
Executive/Operations sponsor:	Richard Flatman, Chief Financial Officer
Purpose:	To understand the cost of teaching across each of the current HESA cost centres
Which aspect of the Strategy/Corporate Delivery Plan will this help to deliver?	Financial sustainability
Recommendation:	The Committee is requested to ratify the TRAC(T) return as outlined in the appendix

## Executive Summary

The Transparent Approach to Costing (Teaching) return - TRAC(T), is a sub-analysis of the Transparent Approach to Costing (TRAC) return and has been made annually since 2007.

TRAC (T) has three main aims:

- to enable higher education institutions (HEIs) to understand their own costs better, so that they can use cost information for planning, decision-making and management;
- to inform HEFCE's allocation of funds for teaching;
- to assist in understanding the total costs of sustainable teaching.

The 2017/18 TRAC(T) return was signed off and submitted to the OfS on 27 February 2019. All figures are reconciled to LSBU's audited 2017/18 Financial Statements. The return itself and assurances on the process are included in the Appendix for information.

## Key Outputs

- 1) The mean cost per Funding Council FTE student for 2017/18 is £9,513 (prior year £9,159) based on 6,888.75 Student FTEs (prior year 6,537.34 Student FTEs) and applicable costs of £65.530M (prior year £59.877M).
- 2) The £5.653M year-on-year increase in costs is due to the introduction of Student Loans to Health students.
- 3) The underlying year-on-year increase in mean cost per Funding Council FTE student excluding Health is 3.3%.

		2017/18	2016/17	YoY movement	
<b>Total</b>	Costs £m	65,530	59,877	5,653	9.4%
	Student FTEs	6,889	6,537	351	5.4%
	<b>Cost per FTE £</b>	<b>9,513</b>	<b>9,159</b>	<b>353</b>	<b>3.9%</b>
<b>Health</b>	Costs £m	8,181	1,530	6,651	434.7%
	Student FTEs	818	155	663	426.9%
	<b>Cost per FTE £</b>	<b>10,001</b>	<b>9,855</b>	<b>146</b>	<b>1.5%</b>
<b>Total exc. Health</b>	Costs £m	57,349	58,347	(998)	-1.7%
	Student FTEs	6,071	6,382	(311)	-4.9%
	<b>Cost per FTE £</b>	<b>9,447</b>	<b>9,142</b>	<b>304</b>	<b>3.3%</b>

We have had confirmation from OfS that the return relating to TRAC(T) has been received and no detailed issues have been raised following submission.

## Recommendation

The Committee is requested to ratify the TRAC(T) return as outlined in the Appendix attached with this paper.

## **Assurances regarding process**

The following assurances are provided to Committee with regard to process:

1. Reconciliation to accounts

- The TRAC(T) return is an annual return based on the teaching element of the TRAC annual return. The basis for the 2017/18 return was the financial accounts for year ending 31/07/2018.
- The financial information used is a sub-set of the TRAC return. All costs that do not relate to publicly funded teaching are extracted. This information includes costs down to individual staff level for teaching staff and to cost centre level for school support staff. The individual staff costs are extracted from establishment data used in the budgeting process. All figures are reconcilable back to the published accounts and the 2017/18 TRAC return.

2. Compliance with guidelines/regulations

- The return has been prepared by the University's Reporting Analyst in accordance with the regulations set down by OfS for the preparation of the TRAC(T) return. This includes any updated regulations or issues raised at TRAC self-help groups organised by the TRAC Development Group and BUFDG.
- The report has been shared with Schools and input received as appropriate.
- There has been a change from this year with regards to the report sign off. The final report was issued to OfS on 27th February, without the usual benchmarking documentation being received from OfS.
- The core costing information is based on the amount of time spent teaching for each academic member of staff. This is derived from a Workload Planning Tool. The results have been reviewed and verified by school managers to allow for any adjustments to be made prior to using the data in the TRAC return.
- The TRAC(T) requirement is for all costs to be allocated based on the relevant HESA Cost centres. Staff HESA cost centres are derived from a report collated by the HR department and then reviewed by school managers at a division level.
- Non-Staff costs are derived from the TRAC return that is sourced from the Agresso finance system at a cost centre level. HESA cost centres are applied on a department level.
- The robustness and accuracy of the data is verified during a reconciliation process by a suitably qualified colleague.

## Appendix

- Our data return sign-off protocols have been complied with, including review and approval by the Data Steward and the Head of Planning, Performance and Assurance before signature by the Vice Chancellor.

### **Explanation of the Return**

A reconciliation of the total costs in TRAC(T) to the figures published in the TRAC return is shown in table A – Source Data. The return analyses the costs of OfS fundable teaching into HESA cost centres and then divides this cost by the total student numbers in each of those cost centres as reported in the HESA return to give *Subject-FACTS* for each of the current HESA cost centres (Full Average Annual Subject-related Cost of Teaching a OfS-fundable FTE student in a HESA academic cost centre). This output forms table B of the return (see Appendix 1).

**TRAC(T) 2017-18**

**Sign-off sheet**

**Institution: London South Bank University**  
**UKPRN: 10004078**

**Declaration by accountable officer**

I confirm that the subject-related costs of teaching a Funding Council-fundable student by cost centre reported in the attached return are correct and have been prepared in accordance with the TRAC requirements as set out in the TRAC guidance (Version 2.3.1 October 2018, <http://www.trac.ac.uk/tracguidance/>).

I confirm that a full self-assessment of compliance against each requirement listed in the guidance has been carried out in the last twelve months. I also confirm that a Board Committee has specifically reviewed the results of the tests for reasonableness and has either confirmed compliance or has drawn up an action plan for any areas where the institution is not fully compliant. I confirm that the Board Committee has lay membership (TRAC guidance section 2.1.5.18).


I understand that the TRAC(T) data may be used by the Office for Student (OfS) and other Funding Councils to inform their teaching funding methods.

With reference to the TRAC(T) data submitted to the OfS on: 27/02/2019 15:10

Name of Board committee which confirmed compliance with the TRAC requirements.	Date of meeting at which compliance was confirmed (Please enter in the format of dd/mm/yyyy)
Audit Committee	05/02/2019

If the Board Committee is meeting after the date of this return, please also state in the box below who provided the confirmation for this return, and the date (e.g. if approved by the committee chair under chair's action). Please note that responsibility still lies with the Board Committee for this confirmation.

Name of person/committee who provided confirmation for this return.	Date of confirmation (Please enter in the format of dd/mm/yyyy)
Natalie Ferer - Financial Controller	27/02/2019

Signed: 

Name: Prof. David Phoenix (type name into cell B24)

Job title: Vice Chancellor and Chief Executive (type job title into cell B27)

Date (dd/mm/yyyy): 27/02/2019

**To be returned no later than 28 February 2019.**

The name and job title of the accountable officer who will be signing this return must be entered into cells B24 and B27 before the return is uploaded to the OfS portal. Please then print out, sign and date the sign-off sheet, and then scan and upload this document electronically to the OfS/Funding Councils via the OfS portal no later than **Thursday 28 February 2019**. The OfS/Funding Councils do not require a paper copy.

This workbook contains two sections: A and B (in 2 worksheets)

A provides source data for Subject-FACTs

B is the calculation of Subject-FACTs

Sections A and B are mandatory (part of the TRAC requirements).

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## A Source data

MANDATORY

This section should be completed by all institutions.

The purpose of this section is to provide a reconciliation to the figures returned under annual TRAC.

	£000		
Total expenditure (derived from audited financial statements)	143,688		per annual TRAC return
plus Sustainability adjustment (EBITDA for MSI)	17,694		per annual TRAC return
gives TRAC costs	161,382		per annual TRAC return
less Research	16,359		per annual TRAC return
Other	19,111		per annual TRAC return (Other income generating activity plus Other Non-commercial activity)
gives Teaching	125,911		per annual TRAC return
less NPFT	9,005	% of Teaching	per annual TRAC return
non-OfS/Funding Council-fundable PFT	43,930	7.2%	
gives OfS/Funding Council-fundable PFT	72,977	34.9%	
		% of Funding Council-fundable PFT	
less non-subject related funding proxy	7,123	9.8%	per funding table (Annex 4.3c or Annex 4.3d) (note 1)
bursaries (note 2)	324	0.4%	actual costs and charges included in financial statements
total non-subject related	7,447	10.2%	
gives Subject-related costs of OfS/Funding Council-fundable provision	65,530		

### Notes:

1. The funding proxy total should agree to the total costs of non-subject related areas where OfS/Funding Council funding is used as the proxy. This figure is provided at the bottom of the table in Annex 4.3c of the TRAC(T) guidance. The main exceptions to this are listed in Section 4.3.5.15 of the TRAC Guidance published in October 2018, (<https://www.trac.ac.uk/tracguidance/>).

Please note that the figures in Annex 4.3c are displayed to the nearest £ and need to be divided by 1000 before entering in this table. Annex 4.3c for 2017-18 can be found on the TRAC website (<https://www.trac.ac.uk/tracguidance/>)

If you wish to enter a figure that is different to that provided in Annex 4.3c please provide reasons/explanation in the "Validation" worksheet or on a separate word document if necessary.

2. The non-subject related bursaries figure comprises the actual costs or charges made to the financial statements for bursaries, hardship payments and scholarships of OfS/Funding Council-fundable taught students. Please note that any scholarships relating to research students or non-OfS/Funding Council-fundable students should not be included in this figure - those are Research costs or non-OfS/Funding Council-fundable Teaching costs and should be deducted under the lines "less Research" or "less non-OfS/Funding Council-fundable PFT" or "less NPFT" in the table above. Also note that fee waivers should not be included in this figure - they should instead be netted off against income.

### A.1 Cost recording methods

MANDATORY

Do you consider that you have met all of the TRAC requirements (once your figures have been benchmarked and reviewed for reasonableness)?

Please select Yes or No from the drop-down list

Yes

To inform their teaching funding methods, the OfS/Funding Councils need representative data for the sector (covering all subject areas) on the costs of different subjects. Do you believe that your TRAC(T) figures are fit for the purpose of informing the OfS/Funding Councils' teaching funding methods?

Please select Yes or No from the drop-down list

Yes

Do you consider your figures to be robust at the level of department? (Robustness is defined as: meeting the TRAC requirements and recording academic time allocation data that are statistically robust at the level of department)

Please select Yes or No from the drop-down list

Yes

Do you produce a cost per student by department for use by institutional managers?

Please select Yes or No from the drop-down list

No

If you reporting that you recover more than 105% of your costs on PFT activity on your Annual TRAC return, have you assessed the impact of this on your Subject-FACTS?

Please select Yes, No or n/a from the drop-down list

n/a



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**B. Report to Ofs/Funding Councils** MANDATORY  
This section should be completed by all institutions.

The purpose of this section is to collect the information that may be used by the Ofs/Funding Councils.

	Price groups in use for 2017-18 reporting	Total subject-related costs of Ofs/Funding Council-fundable provision		Ofs/Funding Council-fundable student FTEs from HESA (b)	Subject-FACTS (c)=(a)/(b)*1000
		£000	FTEs		
<b>HESA academic cost centre</b>					
101	Clinical medicine	A	0	0.00	0
		B	0	0.00	0
		Total	0	0.00	0
102	Clinical dentistry	A	0	0.00	0
		B	0	0.00	0
		Total	0	0.00	0
103	Nursing and allied health professions	B	2,160	213.99	10,094
		C1	3,680	368.00	10,001
		C2	2,341	236.00	9,918
	Professional qualifications (Scottish institutions only)		0	0.00	0
		Total	8,181	817.98	10,001
104	Psychology and behavioural sciences		2,940	313.66	9,372
105	Health and community studies		0	0.00	0
106	Anatomy and physiology		0	0.00	0
107	Pharmacy and pharmacology		0	0.00	0
108	Sports science and leisure studies		684	71.08	9,629
109	Veterinary science	A	0	0.00	0
		B	0	0.00	0
		Total	0	0.00	0
110	Agriculture, forestry and food science		1,343	136.76	9,822
111	Earth, marine and environmental sciences		0	0.00	0
112	Biosciences		2,130	206.17	10,333
113	Chemistry		0	0.00	0
114	Physics		0	0.00	0
115	General engineering		0	0.00	0
116	Chemical engineering		2,048	206.53	9,915
117	Mineral, metallurgy and materials engineering		0	0.00	0
118	Civil engineering		4,693	485.91	9,658
119	Electrical, electronic and computer engineering		1,629	167.81	9,709
120	Mechanical, aero and production engineering		3,051	334.72	9,116
121	Information technology, systems sciences and computer software engineering		1,779	188.41	9,444
122	Mathematics		0	0.00	0
123	Architecture, built environment and planning		9,496	1,013.24	9,372
124	Geography and environmental studies		0	0.00	0
125	Area studies		0	0.00	0
126	Archaeology		0	0.00	0
127	Anthropology and development studies		0	0.00	0
128	Politics and international studies		0	0.00	0
129	Economics and econometrics		0	0.00	0
130	Law		2,952	313.15	9,428
131	Social work and social policy	C2	1,331	196.22	6,784
		D	6	0.88	6,698
		Total	1,337	197.11	6,784
132	Sociology		2,337	242.08	9,655
133	Business and management studies		10,411	1,118.70	9,306
134	Catering and hospitality management		0	0.00	0
135	Education	C2	0	0.00	0
		D	2,470	248.40	9,945
	Professional qualifications (Scottish institutions only)		0	0.00	0
		Total	2,470	248.40	9,945
136	Continuing education		0	0.00	0
137	Modern languages		0	0.00	0
138	English language and literature		0	0.00	0
139	History		0	0.00	0
140	Classics		0	0.00	0
141	Philosophy		0	0.00	0
142	Theology and religious studies		0	0.00	0
143	Art and design		4,428	452.31	9,789
144	Music, drama, dance and performing arts		2,301	241.23	9,541
145	Media studies		1,318	133.49	9,870
	Total in HESA academic cost centres		65,530	6,888.75	9,513
999	Cost centre not assignable		0	0.00	0
<b>Total</b>			<b>65,530</b>	<b>6,888.75</b>	<b>9,513</b>

2016-17 data for comparison

	Total subject-related costs of Funding Council-fundable provision (d)	Funding Council-fundable student FTEs from HESA (e)	Subject-FACTS (f)=(d)/(e)*1000	% change in subject-related costs	% change in Ofs/Funding Council-fundable student FTEs	% change in Subject-FACTS
	0	0.00	0			
	0	0.00	0			
	0	0.00	0			
	0	0.00	0			
	0	0.00	0			
	1,530	155.25	9,853			
	0	0.00	0			
	1,530	155.25	9,853	434.8%	426.9%	1.5%
	2,907	337.78	8,605	1.1%	-7.1%	8.9%
	0	0.00	0			
	0	0.00	0			
	0	0.00	0			
	900	94.40	9,533	-23.9%	-24.7%	1.0%
	0	0.00	0			
	0	0.00	0			
	0	0.00	0			
	1,428	151.62	9,415	-5.9%	-9.8%	4.3%
	0	0.00	0			
	1,944	203.91	9,534	9.6%	1.1%	8.4%
	0	0.00	0			
	0	0.00	0			
	3,582	391.06	9,159	-100.0%	-100.0%	-100.0%
	2,409	254.11	9,480	-15.0%	-18.7%	4.6%
	0	0.00	0			
	2,545	271.27	9,381	84.4%	79.1%	2.9%
	1,852	203.99	9,081	-12.0%	-17.7%	6.9%
	1,794	199.13	9,008	70.1%	68.1%	1.2%
	0	0.00	0			
	1,813	197.09	9,200	-1.9%	-4.4%	2.7%
	0	0.00	0			
	9,545	1,046.63	9,120	-0.5%	-3.2%	2.8%
	0	0.00	0			
	0	0.00	0			
	0	0.00	0			
	0	0.00	0			
	0	0.00	0			
	3,231	353.32	9,145	-8.6%	-11.4%	3.1%
	1,195	184.19	6,490	11.4%	6.5%	4.5%
	44	6.82	6,414	-86.5%	-87.1%	4.4%
	1,239	191.01	6,487	7.9%	3.2%	4.6%
	2,643	280.47	9,425	-11.6%	-13.7%	2.4%
	10,419	1,151.26	9,050	-0.1%	-2.8%	2.8%
	0	0.00	0			
	0	0.00	0			
	2,273	231.17	9,833	8.7%	7.5%	1.1%
	2,273	231.17	9,833	8.7%	7.5%	1.1%
	0	0.00	0			
	0	0.00	0			
	0	0.00	0			
	3,673	382.49	9,603	20.5%	18.3%	1.9%
	2,675	287.12	9,318	-14.0%	-16.0%	2.4%
	1,475	154.26	9,561	-10.7%	-13.5%	3.2%
	59,877	6,537.34	9,159	9.4%	5.4%	3.9%
	0	0.00	0			
	59,877	6,537.34	9,159	9.4%	5.4%	3.9%

Notes:

- Where students in one cost centre are funded across a number of price groups, please enter costs against the relevant price groups where possible. If this is not possible, enter figures in the Total line for that cost centre (over-riding the formula that is in the 'Total' cell).
- The total costs in column (a) should agree with the total subject-related costs of Funding Council-fundable provision at the bottom of Section A.
- The student FTEs in column (b) are defined in section 4.3.5.6 of the TRAC Guidance (v2.3.1) published in October 2018, (<https://www.trac.ac.uk/tracguidance/>). These are Ofs/Funding Council-fundable student FTEs, excluding sandwich year-out students. If you require further information on how these FTEs have been derived you should refer to the document 'Useful links and information about the Ofs data checking tool' which can be found on the TRAC website <https://www.trac.ac.uk/tracguidance/ofs-portal/>.
- Institutions in Scotland may overwrite the FTEs in this table if they believe they are inaccurate. Total student numbers should remain the same. An explanation of changes made should be provided in the box below or alternatively in an accompanying word document.

Please use the box below, or a separate word document if you wish to provide commentary on the data above e.g. if you know reasons why any of the figures may be an outlier.

Please type directly into this comment box, rather than copying and pasting text. Pasting text may cause errors when you upload your return.

## TRAC(T) 2017-18 Validation report

Your workbook has passed all validation checks

Please ensure that your return shows "Validation passed" for checks 1 to 7 before submitting your workbook to OfS.

1. The name and job title of the Head of institution or accountable officer who will be signing this return should be entered on the "Sign-off" worksheet.

Validation passed

2. Total subject-related costs of Funding Council-fundable provision in Section A should equal those returned in Section B.

Validation passed

3. The cost of bursaries should be completed in Section A. If you have a genuine reason for having no bursary costs please provide commentary in the box below.

Validation passed

Comments box on no bursary costs.

4. Section A.1 is mandatory and should be completed.

Validation passed

5. Funding proxy figures provided in Section A should agree to the total provided in Annex 4.3c (England and NI)/Annex 4.3d (Scotland). If you have a genuine reason for altering the income proxy figure used (e.g. institutions with collaborative awards) please provide commentary on this in the box below.

Validation passed

Comments box on funding proxy differences.

6. Section B should not be showing cost centre(s) with costs but no students, or students but no costs. If it is, please amend or provide commentary on this in the box below.

Validation passed

Comments box on cost centre(s) with costs but no students, or students but no costs.

7. In Section B, the Subject-FACTS for all cost centres should not be the same.

Validation passed

Validation checks 8 to 13 will be carried out on submission of data to OfS. Please check your results package to ensure your data has passed these additional checks.

8. Total expenditure reported in Section A should equal total expenditure returned through the annual TRAC return in January 2019.

Validation passed

9. Sustainability adjustment (EBITDA for MSI) reported in Section A should equal the sustainability adjustment returned through the annual TRAC return in January 2019.

Validation passed

10. Research costs reported in Section A should equal Research costs returned through the annual TRAC return in January 2019.

Validation passed

11. Other costs reported in Section A should equal Other costs returned through the annual TRAC return in January 2019.

Validation passed

12. NPFT costs reported in Section A should equal NPFT costs returned through the annual TRAC return in January 2019.

Validation passed

13. The cost of bursaries reported in Section A should be less than or equal to the cost of bursaries returned in Table 8 of the HESA Finance Record in December 2018.

Validation passed

If you have uncovered errors in your 2017-18 annual TRAC return data submitted to OfS at the end of January 2019 please email [trac@officeforstudents.org.uk](mailto:trac@officeforstudents.org.uk).