

	PAPER NO: AC.36(12)	
Committee:	Audit Committee	
Date:	20 June 2012	
Paper title:	Transparent Approach to Costing – TRAC(T) Sign off	
Author:	David Kotula, Reporting Analyst (Special Projects)	
Executive sponsor:	Richard Flatman, Executive Director of Finance	
<b>Recommendation by the Executive:</b>	The Executive recommends, based on the assurances provided herein, that the committee retrospectively approves the attached return which was made to HEFCE on 27 April 2011.	
Aspect of the Corporate Plan to which this will help deliver?	Financial sustainability.	
Matter previously considered by:	N/A	
Further approval required?	N/A	
Communications – who should be made aware of the decision?	HEFCE (Already Advised)	

## 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.

A reconciliation of the total costs in TRAC(T) to the figures published in the TRAC return is shown in table A (see Appendix 1). LSBU is benchmarked against a group of universities with similar levels of income from Teaching. For this purpose we are included in Peer Group E. (see Appendix 2). The return analyses the costs of HEFCE 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 HEFCE-fundable FTE student in a HESA academic cost centre). This output forms table B of the return (see Appendix 1).

The outcome of the benchmarking exercise was that LSBU has a lower mean Subject-FACT of £5,209, compared to the peer group mean of £6,373. The average for LSBU is 18% lower than last year. The variance can be attributable to an additional 1,500 student FTE, (19% higher than 2009/10) and a 2.8% reduction in costs compared to 2009/10.

The draft benchmark figures have been reviewed and we are satisfied that we have complied in full with the requirements. The report was signed off and has been submitted to HEFCE. We have had confirmation from HEFCE that the return relating to TRAC(T) has been received.

## **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 2010/11 return was the financial accounts for year ending 31/07/2011.  
The return has been checked and reconciles to the published financial accounts for the year ending 31/07/2011.
- 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 faculty 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 2010/11 TRAC return.

### 2. Compliance with guidelines/regulations

- The return has been prepared by the University's Reporting Analyst (Special Projects) in accordance with the regulations set down by HEFCE 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 regulations state that support and guidance should be gathered from faculty managers and that a TRAC steering committee be set-up that includes participants from each faculty and Research. LSBU has an established Full Economic Costing Group (FECG) chaired by the Director of Finance which fulfils this role.
- The regulations state that a draft report should be issued to HEFCE by the end of February. This is followed by a benchmarking exercise with our peer group. This exercise allows for adjustments to be made prior to the final report sign off at the end of April. The final report is then issued to HEFCE.

- The core costing information is based on the amount of time spent teaching for each academic member of staff. This is derived from a Time Allocation Survey (TAS) that is completed four times a year. The regulations state that the results should be reviewed and verified by faculty 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 faculty managers at a department 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.
- Andrew Owen has reviewed the TRAC process and a copy of the TRAC( T) return has been issued to him.

The committee is requested to retrospectively approve the attached return made to HEFCE on 25 April 2012.

## TRAC(T) 2010-11

Institution: London South Bank University Code: H-0076 UKPRN: 10004078
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This form should be completed by the Head of the institution or an appropriate deputy and not by the individual responsible for completing the return.

With reference to the TRAC(T) data loaded on: 27/04/2012 09:57

I confirm that the data held by the HEFCE for this institution are correct.

I understand that this data may be used by the funding councils to inform their teaching funding methods.

Signed:

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Name:

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Position:

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Date (dd/mm/yyyy):

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Please print out and fill in the confirmation sheet and then scan and upload this document to the funding councils via the HEFCE extranet no later than Wednesday 25 April 2012. The funding councils no longer require a paper copy.

## TRAC(T) 2010-11 Validation report

Your workbook has passed all validation checks

Please ensure that your return shows "validation passed" for checks 1 to 19 before submitting your workbook to HEFCE.

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

Validation passed

2. Funding proxy figures used for non-subject related costs in Section A should be returned in £000s.

Validation passed

3. Total institutional costs in column (a) of Section C.4 should equal those returned in Section A.

Validation passed

4. Total Research costs returned in column (b) of Section C.4 should equal those returned in Section A.

Validation passed

5. Total Other costs returned in column (c) of Section C.4 should equal those returned in Section A.

Validation passed

6. Total NPFT costs returned in column (d) of Section C.4 should equal those returned in Section A.

Validation passed

7. Total non-Funding Council-fundable costs returned in column (e) of Section C.4 should equal those returned in Section A.

Validation passed

8a. Total non-subject related costs returned in column (f) of Section C.4 should equal those returned in Section A.

Validation passed

8b. Total non-subject related costs returned in column (g) of Section C.5 should equal those returned in Section A.

Validation passed

9. Bursaries should be completed in Section A . If you have a genuine reason for having no bursaries please provide commentary in the box below.

Validation passed

Comments box on no bursaries

10. Total subject-related costs of Funding Council-fundable T returned in column (h) of Section C.5 should equal those returned in Section A

Validation passed

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

Validation passed

12. Funding proxy figures provided in Section A should agree to the total provided in Appendix 10/Appendix 12-2. If you have a genuine reason for altering the income proxy figure used (eg. institutions with collaborative awards) please provide commentary on this in the box below.

Validation passed

Comments box on funding proxy differences

13. 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.

14. Section C.2 should be completed for all activities. If you are choosing to complete this table, please do not partially complete the table.

Validation passed

15. Section C.4 should not contain negative figures.

Validation passed

16. Section C.4 column (g) should be less than or equal to column (a).

Validation passed

17. Section C.4 column (f) should be filled in only if all Section C.4 is completed.

Validation passed

18. The value of bursaries entered in row 184, columns (b) and (c) of Section C.5 should equal those returned in Section A.

Validation passed

19. Section C.6 should not be showing cost centre(s) with costs but no students or students but no costs

Validation passed

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

Data will be subject to some additional validation checks on submitting the data to HEFCE. The results of these will appear below in the results package.

20. Total expenditure reported in Section A should equal total expenditure returned through the annual TRAC return in January 2012.

Validation passed

21. Net cost adjustments reported in Section A should equal net cost adjustments returned through the annual TRAC return in January 2012.

Validation passed

22. Research costs reported in Section A should equal Research costs returned through the annual TRAC return in January 2012.

Validation passed

23. Other costs reported in Section A should equal Other costs returned through the annual TRAC return in January 2012.

Validation passed

24. NPFT costs reported in Section A should equal NPFT costs returned through the annual TRAC return in January 2012.

Validation passed

25. NPFT income reported in Section C.2 should equal NPFT income returned through the annual TRAC return in January 2012.

26. Total PFT income reported in Section C.2 should equal total PFT income returned through the annual TRAC return in January 2012.

If you find that any of the data returned in your annual TRAC return at the end of January 2012 are incorrect please contact Anna Hertzberg-Sully (e-mail: a.hertzberg-sully@hefce.ac.uk, tel: 0117 931 7395).

## TRAC(T) 2010-11

Validation passed

This workbook contains four sections: A; B; C; and D (in 4 worksheets)  
 A provides source data for Subject-FACTs  
 B is the calculation of Subject-FACTs  
 C provides an analysis of costs and should be of value in understanding your figures  
 D provides further analysis of student FTEs

Only Sections A and B are mandatory (part of the **minimum requirements**).  
 Sections C and D are optional.

Institution: London South Bank University  
 Code: H-0076  
 UKPRN: 10004078

### 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 in financial statements	135,025		per annual TRAC report
plus net cost adjustments	10,876		per annual TRAC report (infrastructure adjustment + return for financing and investment adjustment)
gives TRAC costs	145,902		per annual TRAC report
less Research	14,189		per annual TRAC report
Other	17,388		per annual TRAC report
gives Teaching	114,325		per annual TRAC report
		% of Teaching	
less NPFT	10,767	9.4%	per annual TRAC report
non-Funding Council-fundable PFT	42,541	37.2%	
gives Funding Council-fundable PFT	61,016	53.4%	
		% of Funding Council-fundable	
less non-subject related			
funding proxy	10,933	17.9%	per funding table (Appendix 10 or Appendix 12-2) (note 1)
bursaries (note 2)	3,068	5.0%	actual costs and charges included in financial statements
total non-subject related	14,001	22.9%	
gives Subject-related costs of Funding Council-fundable provision	47,016		

#### Notes:

1. The funding proxy total **should** agree to the total costs of non-subject related areas where Funding Council funding is used as the proxy, provided at the bottom of the table in Appendix 10/Appendix 12-2 of the TRAC(T) guidance. The main exceptions to this are listed in Part VIII, Section C, paragraph 9, and are:

- institutions with collaborative awards or arrangements eg. Summer Schools, Strategic Alliance Partnership
- lead institutions in HEFCE-recognised funding consortia
- institutions with 'London whole institution' funding
- three named institutions
- institutions with negative funding
- institutions who are carrying forward or bringing forward some of this income, or who are capitalising it.

Please note that the figures in Appendix 10/Appendix 12-2 are displayed to the nearest £ and need to be divided by 1000 before entering in this table. Appendix 10 and Appendix 12-2 for 2010-11 can be found on the JCPSG website ([www.jcpsg.ac.uk/guidance/2008/](http://www.jcpsg.ac.uk/guidance/2008/))

Please give reasons for differences to Appendix 10/Appendix 12-2 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, fee remissions, hardship payments and scholarships of Funding Council-fundable taught students. Please note that any scholarships relating to research students or non-Funding Council-fundable students should not be included in this figure - those are research costs or non-Funding Council-fundable Teaching costs and should be deducted under the lines "less Research" or "less non-Funding Council-fundable PFT" or "less NPFT" in the table above.

### A.1 Cost recording methods MANDATORY

Do you believe that you have met all of the minimum 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 Funding Councils need representative data for the sector covering all subject areas, so that they can determine the relative (rather than absolute) costs of different subjects. Do you believe that your TRAC(T) figures are fit for the purpose of informing the relevant Funding Councils' review of its teaching funding method?

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 minimum 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

No

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

Are you showing a surplus on PFT (above 5%) on your annual TRAC return and if so have you assessed the impact of this on your subject-FACTS?

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

No



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**B. Report to Funding Councils**

MANDATORY

This section **should** be completed by all institutions.

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

		Price groups currently in use	Total subject-related costs of Funding Council-fundable provision (a) £000	Funding Council-fundable student FTEs from HESA (b) FTEs	Subject-FACTS (c)=((a)/(b))*1000 £
<b>HESA academic cost centre</b>					
01	Clinical medicine	A	0	0.00	0
		B	0	0.00	0
		<b>Total</b>	0	0.00	0
02	Clinical dentistry	A	0	0.00	0
		B	0	0.00	0
		<b>Total</b>	0	0.00	0
03	Veterinary science	A	0	0.00	0
		B	0	0.00	0
		<b>Total</b>	0	0.00	0
04	Anatomy and physiology		0	0.00	0
05	Nursing and paramedical studies		2,211	276.98	7,983
	Professional qualifications (Scottish institutions only)		0	0.00	0
	<b>Total</b>		2,211	276.98	7,983
06	Health and community studies		196	30.09	6,511
07	Psychology and behavioural sciences		1,777	261.24	6,804
08	Pharmacy and pharmacology		0	0.00	0
10	Biosciences		3,398	455.91	7,454
11	Chemistry		0	0.00	0
12	Physics		0	0.00	0
13	Agriculture and forestry		0	0.00	0
14	Earth, marine and environmental sciences		0	0.00	0
16	General engineering		1,117	343.12	3,255
17	Chemical engineering		1,881	189.52	9,927
18	Mineral, metallurgy and materials engineering		0	0.00	0
19	Civil engineering		1,670	310.69	5,375
20	Electrical, electronic and computer engineering		2,728	319.25	8,546
21	Mechanical, aero and production engineering		1,952	315.37	6,189
23	Architecture, built environment and planning		5,551	1,195.32	4,644
24	Mathematics		0	0.00	0
25	Information technology and systems sciences, and computer software engineering		2,456	367.79	6,677
26	Catering and hospitality management		0	0.00	0
27	Business and management studies		12,272	2,313.76	5,304
28	Geography		0	0.00	0
29	Social studies		3,928	1,218.22	3,224
30	Media studies	B	0	0.00	0
		C	1,183	214.26	5,522
		D	0	0.00	0
	<b>Total</b>		1,183	214.26	5,522
31	Humanities and language based studies		250	82.67	3,025
33	Design and creative arts		2,713	754.42	3,596
34	Education	C	543	124.20	4,369
		D	276	117.18	2,359
	Professional qualifications (Scottish institutions only)		0	0.00	0
	<b>Total</b>		819	241.38	3,393
35	Modern languages		11	2.00	5,523
37	Archaeology		0	0.00	0
38	Sports science and leisure studies	B	0	0.00	0
		C	587	75.11	7,815
		D	0	0.00	0
	<b>Total</b>		587	75.11	7,815
41	Continuing education		317	58.59	5,404
<b>Total in HESA academic cost centres</b>			47,018	9,025.68	5,209
99	Cost centre not assignable			0.00	
<b>Total</b>			47,018	9,025.68	5,209

## Notes:

1. Where students in one cost centre are funded across a number of price groups, please enter costs against the relevant price group/s where possible. If this is not possible, enter figures in the Total line for that cost centre (over-riding the formulae that are in the 'Total' cells). Please do not allocate costs between price groups using the current price group relativities - just enter a figure in the Total line.

2. 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.

3. The student FTEs in column (b) are defined in Part VII, Chapter E.3 of the Guidance. These are 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 'Information about the 2010-11 HEFCE web facility: HEFCE-fundable student FTEs for TRAC(T)' which can be found on the TRAC(T) guidance web page <http://www.jcpsg.ac.uk/guidance/2008/>.

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Please use the box below, or a separate word document if you want to make commentary on the data above eg. If you know reasons why any of the figures may be an outlier

## Appendix 2

Peer Groups for annual TRAC, TRAC fEC and TRAC (T) benchmarking 2010/11

### **Criteria (references to income are to 2004/05 data)**

Peer group A: Russell Group (all have medical schools) excluding LSE plus specialist medical schools

Peer group B: All other institutions with Research income of 22% or more of total income

Peer group C: Institutions with a Research income of 8%-21% of total income

Peer group D: Institutions with a Research income of between 5% and 8% of total income and those with a total income > £120m

Peer group E: Teaching institutions with a turnover of between £40m and £119m

Peer group F: Smaller teaching institutions

Peer group G: Specialist music/arts teaching institutions

### **Peer Group E**

H-0047 Anglia Ruskin University

H-0026 University of Bedfordshire

H-0049 University of Bolton

H-0050 Bournemouth University

H-0009 Buckinghamshire New University

H-0012 Canterbury Christ Church University

H-0011 University of Chester

H-0056 Coventry University

H-0038 University of Cumbria

H-0057 University of Derby

H-0058 University of East London

H-0016 Edge Hill University

H-0061 University of Huddersfield

H-0062 University of Lincoln

H-0023 Liverpool Hope University

H-0076 London South Bank University

H-0027 University of Northampton

H-0031 Roehampton University

H-0037 Southampton Solent University

H-0077 Staffordshire University

H-0078 University of Sunderland

H-0079 University of Teesside

H-0080 Thames Valley University

H-0105 University of the West of Scotland