4.3 TRAC for Teaching return – TRAC(T)

4.3.1 Introduction

Background
TRAC for Teaching (TRAC(T)) is a framework for costing teaching based on the established principles of and building on existing TRAC methods. Under TRAC(T), institutions provide further analysis of the costs of publicly funded Teaching (PFT) reported in Annual TRAC. Submission of a TRAC(T) return is a requirement for all UK higher education institutions in receipt of grant funding from HEFCE, the Scottish Funding Council (SFC) or the Department for Education and Learning of Northern Ireland (DELNI). TRAC(T) is not required from institutions funded by the Higher Education Funding Council for Wales (HEFCW). Key attributes of TRAC(T) are summarised below.

Purpose and use of the TRAC(T) information
The TRAC(T) return is used to calculate the subject-related average annual cost of teaching a full time equivalent (FTE) Funding Council-fundable student in a HESA academic cost centre. This is referred to as 'Subject-related full annual cost of teaching a student' (Subject-FACTS).

TRAC(T) data are used by the Funding Councils to inform their teaching funding methods. The TRAC(T) data do not represent the total cost of teaching a student (in a subject) as the TRAC(T) method requires HEIs to remove the costs that are not directly related to the subject (non-subject-related costs). An institution may wish to include these non-subject-related costs when using the data for internal purposes. It is important to be clear that TRAC(T) is not course costing; rather it is a process that provides Funding Councils with data on the costs of teaching different subjects which is used in aggregate to inform their teaching funding methods.

Key aspects of the TRAC(T) process
Subject-FACTS are the average cost of teaching a student in each subject (defined consistently as a HESA academic cost centre). The costs exclude:

- costs of Research and Other activities;
- costs of NPFT, e.g. costs of overseas students;
- costs of PFT provision that is not fundable by Funding Councils, e.g. those funded by the Department of Health or the National College for Teaching and Leadership;
- costs that are incurred on specified non-subject related activities.

Subject-FACTS are based on the full economic costs of Teaching (as defined by TRAC), i.e. including an appropriate element of central services costs, estates costs and the TRAC sustainability adjustments.
The costs of subject-related activity vary by subject and volume. They therefore do not include additions (or reductions) to those subject-related Teaching costs that are caused by a wide range of non-subject related factors — called the differential costs of non-subject related activities.

Funding councils provide specific funding for some activities through separate funding streams outside of the core teaching funding model (e.g. HEFCE’s targeted allocations, SFC’s disabled students premium, or DELNI’s widening participation grant). The costs equal to the amount of this specific funding should be removed from the publicly funded teaching cost pool to be used in deriving the Subject-FACTS. This method ensures that the costs of activity already funded are not counted when calculating costs to inform the core teaching funding model. It also ensures that where the institution’s costs of supporting a particular teaching-related or student-related activity exceed the funding received for that activity, any excess costs will be included in the cost pool used to inform the core teaching funding model. The costs of bursaries to students are also excluded, as these are payments to support students with maintenance and living costs, and are not a direct cost of delivering teaching.

4.3.2 The aim — What are we trying to achieve from explaining how to complete and submit the TRAC(T) return?

To ensure that institutions know:

- where to access the TRAC(T) return;
- how to allocate the costs to calculate the Subject-related average annual cost of teaching a Funding Council-fundable FTE student (Subject-FACTS);
- the Funding Councils' submission deadlines.

4.3.3 Process flowcharts

Chapter 3 explains the processes necessary to generate the output data required by the TRAC return and the cost rates. This section explains how to use the TRAC(T) process to present the outputs in the TRAC(T) return.
Figure 4.3a: Overall approach to TRAC(T)

Obtain PDF version of TRAC(T) return template

In advance of receiving the institutional template for TRAC(T), liaise with Registry colleagues to review the student data that will populate the TRAC(T) return prior to its submission to HESA.

Obtain copy of letter issued by funding councils in early January regarding access to the HEFCE extranet for TRAC(T).

Obtain access to the HEFCE extranet.

Download institutional tailored template and instructions.

Populate and review TRAC(T) return

Review TRAC(T) return template for new requirements (see chapter 2).

Analyze cost of FC-fundable provision by HESA academic cost centre.

Calculate subject-related costs of FC-fundable provision.

Populate TRAC(T) return.

Review validation checks and assess results for reasonableness.

Validate and submit TRAC(T) return

Present Annual TRAC(T) return to TRAC Oversight Group.

Upload TRAC(T) return and commentary documents before 26 February.

Obtain institutional sign-off.

Review benchmark results returned by funding council and re-submit TRAC(T) if necessary.

Figure 4.3b: Calculation of TRAC(T) subject-related costs

Annual TRAC

Publicly funded teaching

Non-publicly funded teaching

FC-fundable

Non-FC-fundable

Subject-related

Non-subject related

HESA cost centres

Subject-FACTS

Start with the total cost of teaching calculated in TRAC

Remove the costs of teaching students funded from non-public sources (4.3.5.3)

Remove the costs of teaching students funded from non-Funding Council sources (4.3.5.7)

Remove non-subject related costs, including the cost of bursaries (4.3.5.12)

Divide the subject-related costs in each HESA academic cost centre by the Funding Council-fundable student FTEs to calculate Subject-FACTS (4.3.5.21)
The following sections and tables of guidance explain each of the elements in Figure 4.3a and Figure 4.3b, and outline the process institutions should follow to calculate the Subject-FACTS by HESA academic cost centre. References to guidance are shown in brackets in Figure 4.3b.

### 4.3.4 The requirements

| 4.3.4.1 | Each year HEFCE produces the TRAC(T) return template for HEIs in England, and on behalf of the Scottish Funding Council and the Department for Employment and Learning of Northern Ireland for HEIs in Scotland and Northern Ireland. The template is made available as a PDF document for reference (see annex 4.3a), but data should be completed on individualised Excel spreadsheets, accessed and submitted on line, via the HEFCE extranet. All institutions in England, Scotland and Northern Ireland, including those claiming dispensation from the TRAC requirements, should complete the TRAC(T) return (see workbook 4.3a). |
| 4.3.4.2 | The full economic cost of teaching is derived from Annual TRAC (section 4.1). |
| 4.3.4.3 | Institutions should review the student numbers used as cost drivers to allocate costs, to ensure they are robust at academic department level. |
| 4.3.4.4 | Definitions used in the Higher Education Student Early Statistics (HESES) return, for HEIs in England and Northern Ireland, and the SFC Early Statistics return for HEIs in Scotland, to classify students should be used in TRAC(T) together with additional definitions given in the TRAC Guidance. |
| 4.3.4.5 | The costs of non-publicly funded teaching and non-Funding Council-fundable teaching should be removed from the Teaching costs to determine the Teaching cost of Funding Council-fundable provision at academic department level in line with sub-sections 4.3.5.3 to 4.3.5.11. |
| 4.3.4.6 | Non-subject-related costs which are either funded from separate Funding Council funding streams or the cost of bursaries should be removed at academic department level to determine the Subject-related costs of Funding Council fundable provision (see 4.3.5.12 – 4.3.5.17). Specific methods for excluding non-subject-related costs from the subject-related costs of Funding Council-fundable provision should be used; even if an institution believes it can estimate its costs better in a particular area (see 4.3.5.14 to 4.3.5.15). These methods are: the actual costs of bursaries; and current Funding Council funding (data provided by Funding Councils) as a proxy for the recurrent costs of all other specified activities. All costs funded by separate Funding Council funding streams (e.g. HEFCE’s targeted allocation, SFC’s disabled students premium, or DELNI’s widening participation grant) should be removed from the costs of Funding Council-fundable taught provision for each relevant academic department (except for some specific exemptions – see 4.3.5.15). |
The requirements above apply to all institutions, including those that are claiming dispensation.

### 4.3.5 Process

The TRAC(T) methodology is prescriptive and requires defined approaches to be followed for some elements of the process. This is necessary to achieve consistency and derive the information that the Funding Councils require to inform their funding methodologies for teaching.

Where a process step is shaded green in the left column below, it describes a prescribed method which should be followed to comply with TRAC requirements.

**Obtaining the TRAC(T) return**

This sub-section outlines the process to obtain the TRAC(T) return, and outlines the sections for institutions to complete.

| 4.3.5.1 | Each year HEFCE produces the TRAC(T) return template for HEIs in England, and on behalf of the Scottish Funding Council and the Department for Employment and Learning of Northern Ireland for HEIs in Scotland and Northern Ireland. This return is made available as a PDF document for reference, but is completed on an individualised Excel template, accessed and submitted online, via the HEFCE extranet. Obtaining early access to the PDF template is encouraged to enable the TRAC Manager and colleagues working on student data to understand the data requirements. HEFCE-funded institutions have access to a web facility where HESA student data can be uploaded in order to receive a number of outputs — one being the data on HEFCE-fundable FTEs for TRAC(T). This output is designed to assist institutions in verifying the HEFCE-fundable student FTEs for TRAC(T) prior to submission of the final student data to HESA. The HEFCE-fundable student FTE data submitted to HESA will be pre-populated in the institutional TRAC(T) return template.  |

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[32](http://www.hfca.ac.uk/watwedo/lpm/finsustain/trac/use/)
Much of the analysis of student numbers provided to institutions in England is not provided for those in Scotland (e.g. for foundation degrees, sandwich years-out, long courses) as the costs of these types of students are not treated as a non-subject-related cost. This is because the funding is different under the SFC funding model.

SFC-fundable student numbers should be used as the denominator when calculating Subject-FACTS. SFC will derive these from the institution’s HESA returns and include them in the TRAC(T) template issued to the institution. If an institution considers the student numbers derived by SFC do not adequately fit with its own cost information then it has the option of changing its student numbers. However, it should contact SFC before doing so. Institutions are free to use any student numbers they consider to be appropriate when allocating costs in their TRAC models.

Instructions about how to obtain access to the institutional TRAC(T) return template are provided in a letter sent by HEFCE in early January to HEIs in England and Northern Ireland. For HEIs in Scotland the initial request for TRAC(T) information is sent in the SFC Call for Information letter, which is then followed up with a separate letter to Directors of Finance in January.

This letter includes guidance on:

- accessing the HEFCE Extranet (and initially registering with the extranet);
- downloading the TRAC(T) return template;
- uploading the completed TRAC(T) return;
- the sign-off process;
- further information/accessing technical support.

4.3.5.2 The TRAC(T) return template contains two sections which all HEIs should complete:

- **Section A**: Source data. This captures the source data the institution has used in calculating its subject-related costs, and includes:
  - a reconciliation of the Subject-related costs of Funding Council-fundable provision to the figures returned in the annual TRAC return;
  - a declaration of the cost recording methods used.

- **Section B**: Report to Funding Councils. This captures the institution’s subject-related costs of funding council-fundable provision for each HESA academic cost centre and includes:
  - the institution’s Funding Council-fundable student FTE numbers pre-populated from data submitted to HESA;
  - the calculation of the Subject-FACTS for each HESA cost centre;
  - the institution’s commentary on the reported data.

The return template also contains validation checks on the reported data. Any validation errors need to be rectified prior to submission.
Calculating the cost of Publicly Funded Teaching (PFT)

For Annual TRAC, costs will have been analysed between Teaching (T), Research (R), and Other (O); and T costs will have been analysed between Publicly Funded Teaching (PFT) and Non-Publicly Funded Teaching (NPFT).

This sub-section outlines what institutions should do to review the student numbers used in annual TRAC to calculate the NPFT element.

4.3.5.3 Institutions should review their non-publicly funded teaching (NPFT) student numbers, which have been used as a cost driver to allocate costs, and if necessary update the student numbers and re-allocate the costs. This should ensure that they are robust at academic department level.

Student FTEs could be weighted (for example for postgraduate taught students or students on long courses) when used as cost drivers, but should not be weighted in the denominator for Subject-FACTS. If students are weighted in the cost drivers for TRAC(T) they should also be weighted in the same way as the cost drivers for Annual TRAC.

4.3.5.4 Institutions should ensure that the appropriate proportion of the costs of teaching has been allocated to NPFT where the level of NPFT activity is material for an academic department. Note that Annual TRAC only requires an allocation to NPFT where it is material for a group of academic departments – i.e. a discipline group.

4.3.5.5 Institutions should ensure that teaching costs have been fairly and reasonably allocated to NPFT. This should have been ensured in producing the Annual TRAC return (section 4.1), but institutions may find it helpful to reconsider the following:

- Allocating the direct additional costs of overseas students (e.g. the international office, English language courses provided for overseas students) directly to NPFT, where material.

- Academics allocate their time between ‘short/overseas courses’ and ‘all other courses’. Time on short/overseas courses is allocated directly to NPFT. (Academics are unlikely to be able to allocate their time on courses attended by both home and overseas students between PFT and NPFT using their time allocation schedules alone, and this would not be good practice.)

- Splitting the costs of all other courses between PFT and NPFT on the basis of student FTEs in those categories.

- Allocate the bursaries, scholarships and hardship payments for taught students to PFT and NPFT where appropriate (those for Research should already have been allocated to R in the Annual TRAC process). Student FTEs could be used as a proxy where actual costs related to different student populations cannot easily be established.
Definitions used by HESES\(^{33}\) or the SFC Early Statistics return should be used to classify students. For HEIs in England and Northern Ireland the total student population of an institution is shown by:

- Tables 1, 2 and 3 in HESES;
- plus non-credit bearing (NCB) students;
- plus further education (FE) students returnable to HESA.

In ensuring that the student numbers are robust an institution may want to:

- Check that the NPFT student numbers include the FTEs of short courses, continuing professional development and other non-credit bearing courses where these are material in an academic department, not just in the institution.

- Consider, where material, whether the student FTEs on non-credit bearing courses (who are not included on the HESA Student Return) are defined in broadly the same way as those who are included on the HESA Student Return when they form part of the student number cost driver (i.e. the full time equivalent calculation is broadly consistent). Inclusion or exclusion of non-credit bearing students should be consistent in Annual TRAC and TRAC(T). Where material they should be included in the cost driver for both Annual TRAC and TRAC(T) returns to ensure the robust allocation of costs.

- Ensure that the student numbers used to allocate costs to academic departments relate to the staff costs recorded in each academic department. These should be based on the numbers of students taught by an academic department, not those recruited or ‘owned’ by a department (with the possible exception of franchised-out students).

- Note that if an average cost per student is being calculated for each academic department (as well as for each HESA academic cost centre) then it is good practice for the student numbers used as a divisor for the academic department costs to reflect students taught. This ensures consistency with the student number definition used for the divisor of HESA academic cost centre costs when deriving Subject-FACTS. This is not however a TRAC requirement.

Table 4.3 provides a summary of the classification of the student population for HEIs in England.

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\(^{33}\) Refer for example to HESES13, HEFCE 2013/26 Annex F.
Table 4.3 Classification of the student population for TRAC(T) for HEIs in England

<table>
<thead>
<tr>
<th>Reported in</th>
<th>HESES sub-columns</th>
<th>Comments</th>
<th>Classification of publicly funded</th>
</tr>
</thead>
<tbody>
<tr>
<td>HESES Tables</td>
<td>(a) &amp; (b) funding council-fundable</td>
<td></td>
<td>PFT Funding Council-fundable</td>
</tr>
<tr>
<td>1 FT</td>
<td>(c) non-fundable</td>
<td>includes PGRs and provision funded by other public bodies (e.g. Department of Health, National College for Teaching and Leadership) and closed courses sponsored by non-public bodies</td>
<td>PFR Research(PGRs) Non-Funding Council fundable</td>
</tr>
<tr>
<td>2 Sandwich year-out</td>
<td></td>
<td></td>
<td>PFT Non-Funding Council fundable</td>
</tr>
<tr>
<td>3 PT</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(d) Island/overseas</td>
<td></td>
<td></td>
<td>NPFT</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-credit bearing</td>
<td></td>
<td></td>
<td>NPFT</td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>HESA student</td>
<td>FE students</td>
<td></td>
<td>PFT Non-funding council fundable</td>
</tr>
<tr>
<td>record (FE)</td>
<td></td>
<td></td>
<td>NPFT</td>
</tr>
</tbody>
</table>

Splitting the PFT cost between Funding Council-fundable and non-Funding Council fundable provision

This sub-section outlines the processes to follow in splitting the PFT cost between Funding Council fundable and non-fundable elements.

Institutions should split the PFT cost between the cost relating to Funding Council fundable provision and that relating to non-Funding Council fundable provision. This is an important step to determine the costs that are incurred in respect of activity that the Funding Councils’ teaching funding methods seek to cover and teaching activity which is funded by other public bodies. Note that activity should still be classified as Funding Council-fundable regardless of whether it is funded through Funding Council grants or for HEIs in England via publicly funded tuition fee loans administered by the Student Loans Company.
<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.3.5.7</td>
<td>Institutions should identify and remove the costs of provision that is not fundable by Funding Councils (FCs) or for HEIs in England via the publicly funded loans to students administered by the Student Loan Company (SLC) to meet the costs of tuition fees.</td>
</tr>
<tr>
<td>4.3.5.8</td>
<td>In allocating the costs between Funding Council fundable and non-Funding Council fundable provision, institutions should take account of the relative costs of the different subjects, i.e. the allocation should be made separately for each academic department.</td>
</tr>
<tr>
<td>4.3.5.9</td>
<td>Franchised-out students and the related costs should be included in FC-fundable provision. Where the institution registers students but other institutions are responsible for delivery of the teaching, the HEI should include the costs of franchised-out provision, which will include the money that is passed to the other institution together with costs in the registering institution covering quality assurance, marketing, registration, library etc. Most of the teaching of franchised provision is likely to be carried out by further education colleges or alternative providers. Where, however an HEI teaches students that are registered in another HEI, the costs of teaching those students should be excluded as a non-subject-related cost (see section 4.3.5.15) to avoid double-counting of costs between institutions and inconsistency with where students are registered.</td>
</tr>
<tr>
<td>4.3.5.10</td>
<td>The costs of teaching-related activity done for other organisations, not fundable through an institution’s own FC income, should be excluded from FC-fundable costs if they are material. This might include collaborative work done for other institutions (e.g. validation).</td>
</tr>
<tr>
<td>4.3.5.11</td>
<td>The payments made for bursaries, scholarships and hardship funding for PFT students should be allocated between FC-fundable and non-FC fundable provision. Care should be taken to identify the total cost of bursaries, scholarships and hardship funding as these can be coded within the financial ledgers to a combination of central and local account codes. In allocating bursary costs it is good practice to reflect actual amounts for different types of student (FC-fundable, non-FC fundable). If this is difficult to establish, the total can be apportioned on the basis of student FTEs (similar to the way that student FTEs can be used to attribute costs between PFT and NPFT). This could be done at an institutional level, if the information is not held at academic department level. Note: care needs to be taken when considering bursaries that include elements of fee waivers or fee reductions. Annual TRAC and TRAC(T) follow the accounting treatment for these items and do not override those treatments. It is expected that these items appear as reductions to income in the financial statements and should therefore not be part of an adjustment to costs in TRAC(T).</td>
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Calculating the subject-related costs

The costs of subject-related activity take account of two principal factors that determine and differentiate the costs of teaching – subjects and volume (student numbers). Funding Councils use the subject-related costs to inform their core teaching funding method. In order to accurately do this, having removed from the Teaching Cost those costs relating to non-publicly funded students (4.3.5.3 to 4.3.5.6) and the costs relating to provision funded by non-Funding Council sources (4.3.5.7 to 4.3.5.11), the next stage is to remove the non-subject-related costs.

The FC-fundable provision costs calculated in sub-sections 4.3.5.7 to 4.3.5.11 are further analysed to split out and remove the costs of some non-subject related activities. This generates the subject-related costs of FC-fundable provision.

4.3.5.12 Subject-related costs are derived by ensuring that the differential costs of specified non-subject related activities are removed from the costs of Funding Council-fundable provision in every academic department to which they apply. These non-subject-related costs need to be allocated to relevant students to ensure that they are removed from the correct academic department/cost centre. The specific activities for which the associated costs are to be removed are:

- student-related (e.g. widening participation and disabilities, bursaries, part-time provision);
- provision-related (e.g. sandwich year-out, accelerated and intensive provision);
- institution-related (e.g. small institutions, specialist institutions, London institutions, specific initiatives).

The costs of all other non-subject related activities are not removed and therefore remain as part of the subject-related costs. These are: non-completion; postgraduate taught courses; flexible learning; employer engagement; and partnership.

4.3.5.13 Bursaries, hardship payments and scholarships relating to Funding Council-fundable taught students are removed from FC-fundable costs using actual expenditure/charges to the income and expenditure account. They are excluded from subject-related costs as they are awarded to students to support their living costs. As these costs are a matter of record in institutions, the actual costs of these non-subject related activities are removed when arriving at subject-related costs.

4.3.5.14 The Funding Council funding received should be used as a proxy for costs for all other specified non-subject related activities (use data provided by the Funding Councils).

The funding data provided should be used for excluding some non-subject-related costs of Funding Council-fundable provision, even if an institution believes it can provide a better estimate of its costs in a particular area. This is to enable consistent and comparable data at a sector level and only removes costs
for non-subject related activities that are funded by the Funding Councils.

If the targeted FC funding allocations which support the particular non-subject related activities exceed the actual costs of undertaking the activity (where this is known by the institution) then the balance of the funding should be deducted from the costs in all academic departments, rather than just the departments in which the activity takes place.

If the actual non-subject-related costs (where known) exceed the funding received, the actual funding received should still be used as the figure to remove the non-subject-related costs from the Funding Council-fundable cost pool in deriving the subject-related costs.

4.3.5.15 There are some instances where institutions may need to make an adjustment to the Funding Council funding data in determining the proxy for the costs of some of the non-subject related activities. The following points should be applied:

- institutions with funding for ‘London whole institutions’ should allocate their FC funding (as a proxy for costs) between Teaching, Research and Other according to the purpose for which it is provided;

- three institutions – the Institute of Cancer Research, the Institute of Education and the University of London – have portfolios of activity that mean they should assume that some of the costs of these non-subject-related activities are in Research as well as Teaching;

- institutions with collaborative awards should show their respective proportions of the funding (as a proxy for the costs);

- where an institution provides teaching under a Strategic Alliance Partnership but the students are registered in another institution, the costs of teaching those students should be excluded from subject-related costs (i.e. the institution’s subject-related costs should relate to the costs of teaching the students registered at their institution);

- where an institution has co-funded employer engagement provision, institutions should exclude the costs of this activity from subject-related costs as the co-funded employer engagement students are reported as non-fundable in student returns. The funding for co-funded employer engagement is provided in the Funding Council funding data. However if institutions have already excluded the costs of this activity as non-Funding Council-fundable PFT in their costing model, then an adjustment may be made to the figure used for non-subject-related costs (i.e. deduct the value of co-funded employer engagement funding from the value to be used for non-subject-related costs);

- where some of the income received by an institution for a specific project or activity has not been spent, and is being carried forward to a subsequent year, or is being capitalised the proxy amount should be reduced by the amount that is unspent/carried forward/capitalised;
- where some funding has been brought forward from a previous year and is now being spent, this funding should be added to the costs to be excluded;

- funding that an institution has passed to another institution should not be included in the amount removed from the institution’s subject-related costs. Where the institution has received some funding from another institution, this should be included in the amount deducted from its subject-related costs.

For some of the funding streams included in annex 4.3 c and d, some institutions may have a claw-back of repayable grant. Any repayments that relate to grants allocated in a previous financial year will have been excluded from the data provided to the institution. They will also have been excluded from the calculation of the funding proxy figures to use for non-subject-related costs. Only repayments which relate to the current reporting year have been included in the calculation of the funding proxy figures to be used for non-subject-related costs. HEIs should consider any areas where they have repayable Funding Council grants and review the data provided in annex 4.3 c and d.

### 4.3.5.16
The non-subject-related costs deducted using funding as a proxy and actual costs of bursaries (see 4.3.5.13) should not be altered where there is investment in a cost centre which does not yet provide teaching. If there are students in that cost centre already then the costs should be included in that cost centre. If there are no students in that cost centre then the costs should be spread across all cost centres containing students.

### 4.3.5.17
The costs of each non-subject related activity is part of the total FC-fundable costs in each academic department or HESA academic cost centre. The amount that is in each academic department will vary depending on the type and volume of activity carried out in each academic department. The differential costs of each activity should be deducted from each academic department or HESA academic cost centre (not at an institutional level) (see sub-sections 4.3.5.18 and 4.3.5.19). The cost drivers used to determine the costs of non-subject related activity in each cost centre, should reflect the particular characteristics and cost profile of that activity. For example:

- the FTE foundation degree students in each academic department should drive the allocation of the FC funding, and therefore the differential costs of foundation degrees to be excluded from different academic departments;

- the number of part-time students (headcount or FTE) should drive the allocation of PT costs;

- the FTE number of sandwich year-out students should drive the allocation of sandwich year-out costs. Sandwich year-out students and related costs should be excluded from the FC-fundable student FTEs. Note: This step is not relevant to HEIs in Scotland; the value of pay and estates costs should drive the allocation of the funding relating to new-regime students attending courses in London.
Mapping subject-related costs to HESA cost centres

The subject-related costs at academic department level are mapped to the HESA cost centres to enable the final step, which is the calculation of the Subject-FACTS.

4.3.5.18

The subject-related costs of Funding Council-fundable provision in academic departments are mapped onto HESA academic cost centres. An example of how to do this is included in workbook 4.3a (see section 4.3.7). Institutions may map their costs at a higher level (e.g. Funding Council-fundable teaching or Publicly Funded Teaching) and disaggregate the costs across cost centres as they proceed through 4.3.5.3 to 4.3.5.17.

Regardless of the order in which this is done, the mapping should reflect the staff teaching the students returned under each HESA academic cost centre. Mapping for TRAC(T) is unlikely to require any significant new work where institutions already meet HESA requirements for reporting staff, students and academic department costs consistently in HESA academic cost centres.

Where an academic department's costs need allocating to more than one cost centre the costs should be allocated according to the type of cost, and institutions should give consideration to the following:

- splitting the costs of academic staff according to student numbers, subject to a head of department (academic department) review and consideration of appropriate weightings;
- weighting non-staff costs and Support staff costs towards the resource-intensive provision, informed by a head of department (academic department) view;
- weighting estates costs to reflect smaller group sizes and higher estates costs in the laboratory and studio based subjects;
- allocating central services costs using student numbers as the driver.

It is not good practice to allocate the academic department costs across more than one cost centre using student numbers.

Where students in a HESA academic cost centre are currently funded through more than one price group / subject group it is good practice to calculate a separate Subject-FACTS figure for each group of students in that HESA academic cost centre. For example, provision in clinical medicine (HESA academic cost centre 101) is funded at two price groups / subject groups depending on whether it is clinical or pre-clinical.

In some cost centres, costs and student numbers can be reported under two sub-cost centres. There are several ways that this could be done:

- the head of the department or resources manager may be able to suggest a weighting based on the relative curriculum or staff workload of a sample of programmes for the two subjects. This information could be used to weight
the student numbers when allocating the academic staff and other costs incurred by the department itself. Estates costs could be allocated pro rata to the number of students, unless one subject is known to use higher-cost space. Central services costs could be allocated pro rata to other allocated expenditure;

- using course costing information.

Where HEIs are unable to use one of these methods then they should just enter their costs and student numbers against the total line for that cost centre.

For HEIs in Scotland there are four HESA cost centres (103, 109, 131 and 135) where different information is required to that required from HEIs in England and Northern Ireland.

- for **Nursing and Allied Health Professions (103)**, HEIs in Scotland are asked to report costs and students split between those associated with students studying for professional qualifications and those associated with other students. It is the nursing and midwifery pre-registration provision which is reported under the professional qualifications sub-heading. In England, these activities are funded by the Department of Health and so are non-FC-fundable and hence not reported in section B of the TRAC(T) return. In Northern Ireland, these activities are funded by the Department of Health, Social Services and Public Safety (DHSSPS) and so are non-FC-fundable and hence not reported in section B of the TRAC(T) return. HEIs in Scotland should report their other activity in the Nursing and Allied Health Professions cost centre against Price group C.

- for **Veterinary Science (109), Social Work and Social Policy (131)**, HEIs in England may report subject-FACTS for each of the price groups. In Scotland, these two cost centres are not funded through more than one subject group. HEIs in Scotland should report their costs and students on a single line for these cost centres.

- for **Education (135)**, HEIs in England may report subject-FACTS against price groups C and D. HEIs in Scotland are asked to report costs and students split between those associated with students studying for professional qualifications and those associated with other students. Teacher training provision should be reported under the professional qualifications sub-heading. In England, these activities are funded by the National College for Teaching and Leadership and so are non-FC-fundable and hence not reported in section B of the TRAC(T) return. In Northern Ireland, the initial teacher training provision is funded by the Department of Education and Learning, but in addition to the main teaching grant allocations and so it is reported as non-FC-fundable and not reported in section B of the TRAC(T) return. HEIs in Scotland should report their other activity in the Education cost centre against Price group C.
The following is a narrative explanation of the detailed example provided in annex 4.3e:

Each academic department should be mapped onto the HESA academic cost centre(s) where the staff who have been delivering the teaching, and their students, have been allocated for the HESA staff and student returns.

The costs of each academic department should be attributed to the cost centres where its staff have been allocated, in a way that reflects the teaching load of those staff. The students taught by those staff can give a reasonable reflection of this load, and student numbers returned for an academic department to HESA can be used as the cost driver when allocating that department's costs between cost centres.

To assist with mapping costs to HESA academic cost centres it is good practice to:

- Identify the students taught by the staff in each academic department. This may mean a re-creation or analysis of the data used to make the HESA return, to identify the staff and therefore academic department(s) that teach each module, and summarising these into a report that gives Funding Council fundable (and other) students taught by each academic department.

- Review any staff database used to allocate staff time to HESA academic cost centres, particularly if that is then used to drive the costs, to ensure that it adequately reflects current staff effort.

**Calculating Subject-FACTS**

Subject-FACTS are the full average cost of teaching a Funding Council-fundable student at the HESA cost centre level. These are a calculation, determined by the subject-related cost at the cost centre level, calculated at stages 4.3.5.12 to 4.3.5.17, and the student FTE numbers at the cost centre level.

Subject-FACTS are calculated by dividing the subject-related costs of Funding Council-fundable provision in each HESA academic cost centre by the Funding Council-fundable FTE numbers.

The student FTE data pre-populated on the institutional template are taken from the HEI’s student data return submitted to HESA. Using this extract enables the institution to obtain its student FTE data in advance of the pre-populated template being released. This can enable earlier preparation of the TRAC(T) return, which some institutions have found helpful in creating efficiencies and checking the annual TRAC return for robustness.

These include undergraduate, postgraduate taught, full-time and part-time Funding Council-fundable students.

For HEIs in England these numbers however exclude all sandwich year-out students. Sandwich year-out teaching is defined as a non-subject related activity and the costs of these students are (exceptionally) excluded from Subject-FACTS.
in their entirety, rather than just the differential costs arising from the sandwich year-out experience.

| 4.3.5.23 | Annex 4.3e provides a worked example of the calculation of Subject-FACTS for four illustrative academic departments. |

Validating and submitting the TRAC(T) return

The return should be submitted by the last working day of February each year for the previous academic year’s data.

| 4.3.5.24 | When the institution has confirmed completion by performing the reasonableness checks outlined in chapter 2 which are relevant to TRAC(T), together with checks detailed below, the TRAC(T) return should be submitted through the HEFCE extranet. Once the file has successfully uploaded the sign-off sheet will appear. The TRAC(T) return can then be printed off and the declaration sheet signed by the Head of Institution and scanned as a signed PDF ready for submission to the Funding Council. 

Example reasonableness checks:

The reasonableness tests that could be carried out on TRAC(T) data are listed below.

1. Compare Subject-FACTS in each HESA academic cost centre (or the costs per student in each academic department) with the costs per NPFT student, and the costs per non-Funding Council fundable student (taking into account the inclusion or exclusion of non-subject-related costs as appropriate).

2. Compare cost relativities with the Funding Council price group relativities.

3. Compare with the total subject-related funding (grant plus fees) per student in each academic department (or HESA academic cost centre).

4. Look at the ratio of academic staff / departmental support costs / central services / estates in each academic department or cost centre – if these are very different between subjects then try to ascertain why.

5. Compare with prior years.

| 4.3.5.25 | Upload the individualised TRAC(T) return template and accompanying commentary documents through the HEFCE extranet34. The TRAC Manager must retain copies of the submission documents and receipt of these to satisfy assurance arrangements.

| 4.3.5.26 | Once uploaded, the results file must be checked for validation errors. If errors are generated, the TRAC(T) return should be corrected and uploaded again.

| 4.3.5.27 | Once the Funding Council has circulated the benchmarking data, the TRAC

34 https://data.hefce.ac.uk
Manager and TRAC Oversight group should review the output data, and review the Subject-FACTS against peer institutions / sector data. This should conclude whether the institution’s data outliers appear reasonable. (Chapter 2 provides guidance around reasonableness checking.)

If errors are identified at this stage, the TRAC(T) return must be corrected and uploaded again.

4.3.6 What could go wrong? Common areas of non-compliance

Summarised below are the more common areas where things could go wrong and/or lead to non-compliance with the TRAC requirements:

<table>
<thead>
<tr>
<th>What could go wrong / areas of non-compliance</th>
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<tbody>
<tr>
<td>• Not reviewing the NPFT students to ensure they are robust at academic department level to use as a cost driver.</td>
</tr>
<tr>
<td>• Not allocating the cost of teaching NPFT where NPFT is material for each academic department.</td>
</tr>
<tr>
<td>• Not removing the appropriate costs of PFT provision that are funded by a source other than the Funding Councils at academic department level.</td>
</tr>
<tr>
<td>• Not mapping the subject-related costs onto HESA cost centres, or mapping them using inappropriate cost drivers.</td>
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<tr>
<td>• TRAC(T) does not reconcile to the costs in the consolidated financial statements.</td>
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<tr>
<td>• Not reviewing and addressing the validation queries.</td>
</tr>
<tr>
<td>• Submitting return documents too late in the submission window to allow for validation queries to be addressed.</td>
</tr>
<tr>
<td>• The TRAC Oversight Group does not review the results of reasonableness checks undertaken on the TRAC(T) return prior to submission.</td>
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</tbody>
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