

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

#### Consultation 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?**

While costing and accounting in individual institutions is critical, million+ does not agree with the proposition that TRAC is a particularly useful source of information for HEIs other than that it is a requirement of Hefce.

TRAC (the Transparent Approach to Costing) has been seen by governments as a measure of public accountability in the context of the direct public funding of higher education teaching and research. To an extent the application of TRAC and full economic cost in respect of research has undermined price competition and is likely to have resulted in less research being undertaken. The direct public funding of teaching is being replaced by a system in which funding comes via the Student Loan Company and the student numbers market is increasingly subject to de-regulation. In circumstances in which numbers and price are being deregulated within the tuition fee caps and resources for teaching are being channelled via students, it is difficult to see why TRAC should attract the same reporting requirements by Hefce in the future.

#### Consultation 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 SFA?**

million+ agrees that if TRAC remains a requirement of Hefce then it should be applied to all providers. This should include private providers and FE colleges providing HE courses and providers regulated by SFA in receipt of Hefce grant.

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

#### Consultation 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'?**

million+ agrees that in principle reporting requirements should be reduced and we see no merit in extending TRAC to other pricing activity or contracts. The latter are a matter for

institutions. Some of the areas proposed e.g. the NHS, have been subject to national price bands in the past but are increasingly subject to a market-led approach.

Accordingly we do not agree that it would be appropriate to extend Hefce's TRAC remit into areas in which it has no direct involvement. This would, in any case, increase rather than decrease the bureaucratic burden and associated costs within institutions.

#### **Consultation 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?**

million+ is of the view that the burden of TRAC heavily outweighs the benefits obtained by institutions. For example, it is not particularly useful in informing institutional business decisions and it assumes that all institutions receive significant amounts of Research Council funding when this is clearly not the case.

The burden could be reduced by restricting the TRAC (and TRAC T) information that institutions are required to submit to a small number of key cost performance indicators, without all of the supporting detail that is currently required.

#### **Consultation 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?**

million+ does not consider that TRAC provides a sophisticated management tool that would merit its wider promotion or adoption.

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

#### **Consultation 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.**

million+ agrees that the Publicly Funded Research income threshold for eligibility for full dispensation from TRAC should be increased.

In addition a new intermediate tier / value range should be introduced within which institutions should not have to comply with the full TRAC requirements. (Institutions falling within this new middle tier could just be required to provide an annual statement of assurance that they have applied certain key costing principles throughout the year, instead of having to submit full TRAC returns.)

Given the trend whereby research funding is becoming concentrated within a small number of institutions, serious consideration should also be given to allowing institutions to opt out of TRAC completely, in which case such institutions would only qualify for the lower quartile FEC rates when applying for research council funding.

#### **Consultation 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?**

No further comments other than that consideration should be given to standardising definitions and categories of expenditure.

#### **Consultation question 8**

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

No further comments although it should be noted that million+ does not support the proposition that TRAC could be usefully enhanced.

#### **Consultation 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?**

Yes

**Do you have any comments on how these groups should be funded and resourced?**

No

### **Theme 4: Achieving greater transparency**

#### **Consultation 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?**

million+ does not agree that there should be any further or mandatory requirements to provide TRAC-type information to potential students and the proposition that this would lead to greater transparency is misleading. Institutional resource and investment strategies are complex, cover a range of sources, are commercially sensitive and are not simply related to tuition fee income. It should be a matter for institutions as to whether and how they provide any further information to prospective students.

#### **Consultation question 11**

**a. 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.**

million+ disagrees with these proposals. The information is commercially sensitive and impinges on pricing, investment and potentially HR strategies which are a matter for institutions and their Boards of Governors and Councils. It is also erroneous to suggest that the provision of this information would provide greater transparency for taxpayers. This is a much bigger question and requires a cost-benefit analysis of Exchequer returns on higher education investment.

**b. 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?**

million+ considers that this would again imply the release of commercially sensitive information (See 11 a.). It is also difficult to see how the proposition aligns with the Government's proposals to deregulate the HE market and direct funding via the Student Loan Company.

**c. 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?**

million+ does not agree that TRAC(T) is a useful basis for institutions to assess costs or a good means to provide further information to taxpayers and students. (See 11 a and b).

**Consultation question 12**

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

No (See 10 and 11).

**General comments**

**Consultation question 13**

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

million+ supports the views of those institutions which regard the current requirement that TRAC returns be approved by an "institutional committee" as unnecessary. TRAC returns do not in themselves add any great value to the assurance process and there are other more relevant requirements of Audit Committees and Boards. Executive / management approval and sign-off should replace this requirement.

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