

## University of Cambridge

### Planning and Resource Allocation Office

<b>Cost of an undergraduate education</b>	<b>2015-16 £k</b>	<b>Note</b>
<i>See also the notes and FAQs</i>		
<i>There is a glossary of terms at the end</i>		
Total University expenditure	1,733,753	1
Adjustment relating to USS Pension Scheme Liabilities	(16,281)	2
Taxation Charges	3,061	3
TRAC adjustment	90,663	4
Adjustment for other activity	(770,985)	5
<b>The T&amp;R University including TRAC adjustments</b>	<b>1,040,211</b>	
less cost of Research	(822,851)	6
Cost of teaching	217,360	
less NPFT	(55,933)	7
less PGCE costs	(4,339)	8
Non subject related costs reinstated	(7,740)	9
Home/EU UG only cost of teaching	149,348	
Non subject related costs reinstated	7,740	10
less PGT costs	(13,459)	11
<i>Student FTE (Home/EU UG)</i>	<i>9,945</i>	<i>12</i>
<b>T per UG Home FTE</b>	<b>14.4</b>	
College fee	(4.5)	13
College costs	8.6	14
<b>Total cost Home/EU UG FTE</b>	<b>18.5</b>	
Fee	8.6	15
HEFCE T	2.1	16
<b>Total income</b>	<b>10.7</b>	
<b>Funding gap Home EU UG FTE</b>	<b>7.8</b>	<b>17</b>

*This is a TRAC-based calculation. Adjustments are made to published accounts to conform to the TRAC requirements.*

### **Notes to the table**

- 1** The HESA Finance Record is required to be consistent with the University accounts. See Section B of: <http://www.admin.cam.ac.uk/reporter/2016-17/special/05/>
- 2** It is a requirement under the new Financial Reporting Standard 102 that institutions should account for their share of the deficit relating to multi-member pension schemes such as the USS in their financial statements. Interest charges and movements in the deficit due to changes in assumptions or USS revaluations are recorded in the Statement of Comprehensive Income. TRAC Guidance update published Aug 2016 advised that these charges should be excluded from TRAC expenditure, this is in order for a fair comparison to be made across the sector. The cost of paying towards the deficit is instead represented by an institution's contributions towards staff pension costs.
- 3** TRAC Guidance changes made in July 2016 states that taxation charges included in the Statement of Comprehensive Income should form part of TRAC expenditure. The taxation charges relates to Corporate Tax on the University's RDEC income and foreign taxes on the trading activity of Cambridge Assessment and the CUP.
- 4** The Return for Finance and Investment (RFI) and the Infrastructure adjustments are added to University expenditure as part of TRAC. The RFI adjustment aims to cover both the costs of raising and servicing capital and the level of surplus required for rationalisation and development. The Infrastructure adjustment is to ensure costs reported under TRAC better reflect the full long-term costs of maintaining the institution's estate. These adjustments are not included in the University's accounts and are therefore not included in the HESA return. All HE institutions have to apply these adjustments, which are set out in the TRAC guidance, to their TRAC calculations.
- 5** The deduction includes CUP, Cambridge Assessment, and the Trusts which are included in the University's published accounts in 'Big U'. Also, included is the activity included in Little U expenditure that is not deemed to be teaching or research activity. This includes expenditure relating to Catering, Residences, and Conferences, Consultancy, Other Services Rendered (a proportion of trading activity) and proportion of the University Library costs deemed to reflect its national role.
- 6** Includes the direct costs of RGC, and an attribution of costs to Research (incl. Institution-own-funded and PGR supervision), such as Premises costs, Central Administration, bursaries relating to PGR students as well as a proportion of Academic Department support costs.
- 7** Teaching costs which have either been specifically identified as supporting the provision of Non-Publicly Funded Teaching (teaching funded from non-public funds non-award or non-credit bearing courses), or which have been apportioned to NPFT teaching through the annual TRAC process using student FTEs.
- 8** The TRAC process apportions Teaching costs between student types using student FTEs. This is the amount which has been attributed to PGCE students.
- 9** The TRAC-T process requires non-subject related costs be deducted for the TRAC-T calculation. These relate mainly to bursaries and specific teaching initiatives, the latter being deducted through the use of targeted funding allocations from HEFCE which are used as a proxy for the cost. These will also include 'costs' related to PGT students.
- 10** To identify the total costs relating to teaching Home/EU UG students the non subject related costs (including Bursaries) have been reinstated. This is re-instated in full instead of just in respect of UG students because PGT costs are deducted in full separately.
- 11** The TRAC process apportions Teaching costs between student types using student FTEs. This is the amount which has been attributed to PGT students.
- 12** HEFCE provide a 'HESES recreation' student total to be used in the TRAC for Teaching calculation. This is the UG FTE element (after deducting PGT FTE).
- 13** The College fee transfer figure is deducted from University costs because it is included in the College costs below.
- 14** The cost of teaching per FTE is provided by the Colleges.
- 15** Home/EU UG fee
- 16** HEFCE Teaching Grant
- 17** Home/EU UG FTE cost minus Home/EU UG FTE income.

## **FAQ**

### ***How good is the model?***

The model uses data from published sources, from TRAC – which is itself subject to tight control, and on whose methodology the model partly depends – and the Colleges. The method is kept under review and is annually agreed by a group established by the Planning and Resources Committee which is chaired by the Senior Pro Vice-Chancellor and includes representation of CUSU. The underlying data and sources are confidential but available on request provided the confidentiality is observed. The outcome is an average. It is not a representation of actual costs for any particular student or course.

### ***Why is there a funding gap?***

A core part of the mission of the University is the pursuit of education and learning at the highest international levels of excellence. The University, in partnership with the Colleges, provides an exceptional level of support to the brightest of students and provides a very broad range of subjects. There are additional costs attached to the depth and breadth of provision but the University is funded at national average rates and the fee is capped. It is insufficient to meet the cost.

### ***How is it the “funding gap” paid for?***

The University and the Colleges engage in other income generating activity whose surpluses can be deployed to support teaching costs. That income may be supplemented by earnings from endowments accumulated over their long history. The use of this income to support teaching does, however, represent a considerable opportunity cost.

### ***Is the cost the same for Overseas students?***

The basic cost of teaching an Overseas student is the same as teaching a Home student but there are different additional support costs and there is a high level of spending on bursaries and scholarships through the Cambridge Trust, for example. There is no HEFCE funding to support Overseas students.

### ***What costs are met by the fee?***

The fee is not directed at any particular costs, but rather all fee income and all HEFCE and much other income is pooled in the “Chest”, from which funding is allocated for many purposes. The Chest funds salary costs, the running costs and maintenance of the non-Collegiate estate, the cost of libraries, computing and central support services for students, sometimes adding its contribution to contributions from the Colleges, such as for the student unions.

### ***Why are College costs included in the model?***

The responsibility for supporting undergraduate students is divided between the University and Colleges and there is a transfer of funding from the University to contribute to those costs. Colleges provide a range of services to their students and fellows including accommodation and sporting, social and other facilities which are met from charges or other College funds. Those costs are excluded from this model which concentrates exclusively on the cost of teaching and education.

***Are there any costs not included in the model.***

Teaching in Cambridge is delivered from a research intensive environment, but the contribution that research makes to teaching – in both the University and the Colleges - is not separately costed.

***Is the calculation changing?***

The calculation is made every year and compared with earlier years the model shows an increase in both University and College costs and an increase in the funding gap. The model is sensitive to changes in the approach to TRAC and the Time Allocation Survey. University and College costs have both increased generally.

**Glossary**

FTE	Full Time Equivalent, a measure of student load. A simple headcount takes no account of students studying for a part year (if they demit mid-year, for example). One FTE is the equivalent of one student for a whole year.
HEFCE	Higher Education Funding Council for England
Home/EU	Home and European Union – broadly, those for whom the fee is the regulated maximum, are eligible for loans and who are fundable through HEFCE. Therefore also “publicly fundable”.
NPFT	Non--publicly funded teaching. Broadly in support of Overseas students.
Overseas	The rate of fee charged to students not covered by the Home/EU rate; largely those domiciled outside the EU.
PGT	Post-Graduate - Taught (as distinct from post-graduate - research)
PGCE	Post-Graduate Certificate in Education
R	Research
T	Teaching
TAS	Time Allocation Survey - of individual academic staff who for a sample survey week allocate the time spent on T, R and Other (ie not T or R) activity.
TRAC	Transparent Approach to Costing. A financial analysis originally developed to derive indirect cost rates to be used in research grant applications to the Research Councils.
UG	Undergraduate

*PRAO  
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