

University of Cambridge – Self Assessment Against TRAC Statement of Requirements for 2014-15

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1.1 Introduction

In response to feedback from the higher education sector, this statement of requirements document has been produced to provide a complete and single point of reference for all the TRAC requirements detailed in the TRAC Guidance. This document exactly replicates the requirements in the TRAC Guidance and does not replace the TRAC Guidance. It is provided to assist the usability and ease of reference for users.

The TRAC statement of requirements

The TRAC Guidance gives direction to UK Higher Education Institutions (HEIs) in order to achieve compliance with the Transparent Approach to Costing (TRAC) requirements. The TRAC requirements consist of:

- the TRAC principles and standards;
- the TRAC activity definitions;
- the requirements listed in each section of the Guidance;
- certain steps in the process sub-sections which have been shaded green. Each of these elements has a sub-section number that will be referenced in the requirements sub-section of the Guidance for ease of reference.

Materiality is an important concept in the TRAC costing standards and is defined at annex 1.2a.

A glossary of terms is included at section 6.1 of the TRAC Guidance. This section is included within the TRAC statement of requirements for completeness.

1.2 Principles and standards

1.2.1 Introduction

The TRAC guidance is technical in detail, and contains a number of discrete sections that are based around key stages in the process and the detailed 'requirements' for gaining TRAC compliance. The requirements are founded on a set of principles and costing standards.

It is the responsibility of each institution to comply with the TRAC requirements and follow the TRAC principles (including the principle of materiality, as defined in annex 1.2a). This ensures that institutions provide high quality information that satisfies the requirements for accountability and transparency, is appropriate to justify costs to external sponsors, and is appropriate for use internally in institutions.

The TRAC guidance is based on:

- a) A set of Principles;
- b) Costing Standards.

1.2.2 TRAC Principles

Detailed below are the Principles:

- a) The costing should be transparent and materially robust;
- b) The process should minimise the scope for the manipulation and bias of the costings;
- c) The process should provide a consistent and fair basis for institutions to cost activities;
- d) The process should provide comparability in costings and facilitate collaborative research projects;
- e) The process should be auditable and promote accountability;
- f) The output data should provide utility to the institution.

1.2.3 Costing standards

TRAC guidance offers institutions flexibility in the design of their systems, but in order for all systems to satisfy the TRAC requirements set out under each section of the guidance, the following costing standards should be applied:

| Point Number | Description | Notes for the Assurance of the PRC on how Cambridge meets the Requirements | Confirmation of compliance |
|--------------|--|---|----------------------------|
| 1.2.3.1 | <p>Annual TRAC reporting – accountability for public funds:</p> <ul style="list-style-type: none"> the TRAC report includes the total gross costs (not net of income) of institutional activity on Teaching, Research, Other, as defined under TRAC (see section 1.3 for TRAC definitions); the TRAC data are calculated by a method that meets the TRAC requirements and agrees with the consolidated financial statements plus the sustainability adjustments; the TRAC return is signed-off by the Head of Institution as representing a fair and reasonable view of the actual costs incurred on the TRAC activities. | <ul style="list-style-type: none"> The University's TRAC Returns are prepared from a model built in Corporate Planner. The Corporate Planner model has been built by Accountability, an independent consultancy which specialises in building TRAC models for the HE sector. The model has been constructed so as to facilitate compliance with the published guidance. The annual TRAC Return is signed off by the Vice-Chancellor before submission. He relies on the assurance of the RAM/TRAC Group, chaired by the PVC for Planning and Resources, that the return represents a fair and reasonable view of the actual costs incurred on the TRAC activities. | Yes |
| 1.2.3.2 | <p>Costing for internal purposes and to inform pricing by:</p> <ul style="list-style-type: none"> calculating the cost of Teaching, Research and Other activities by academic department and research sponsor type; calculating the cost of Teaching by publicly funded and non-publicly funded activity. | | Yes |
| 1.2.3.3 | <p>Attribution of academic staff costs to activities:</p> <ul style="list-style-type: none"> as Direct or Support; to Teaching, Research and Other; using in-year time allocation, statistical sampling or academic workload planning. | <ul style="list-style-type: none"> The University allocates its academic staff costs directly to an activity (T, R and O) or support to an activity through operating an in-year time allocation survey or TAS. An overview of our TAS process can be found in section 3.1.4.25. | Yes |
| 1.2.3.4 | <p>Attribution of other costs to activities:</p> <ul style="list-style-type: none"> costs should be directly allocated to activities where possible; otherwise, using a cost-driver model with robust and relevant drivers. | <ul style="list-style-type: none"> More details of the costs directly allocated to activity in the University's TRAC model can be found in section 3.3 of this document. More details of the University's cost allocation methodology can be found in section 3.4 of this document. | Yes Yes |

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| 1.2.3.5 | Calculation of the full economic costs of activity by including adjustments for: <ul style="list-style-type: none"> • infrastructure costs; and • return for financing and investment; • but includes no other adjustments to gross costs. | <ul style="list-style-type: none"> • More details of the sustainability adjustments in the University's TRAC model can be found in section 3.2 of this document. | Yes |
| 1.2.3.6 | Costs in medical and dental schools: <ul style="list-style-type: none"> • attribute time on clinical services to Teaching, Research, Other and Support, on the primary purpose with the balance on the basis of the services received from the NHS under 'knock-for-knock' arrangements. (see the glossary for definition of knock-for-knock) | | Yes |
| 1.2.3.7 | Review and development of the institution's TRAC model: <ul style="list-style-type: none"> • time allocation and space usage collected on a rolling three-year basis; • annual review or update of other numbers-driven cost driver information; other cost drivers to be updated on a three-year basis; • annual calculation of costs reported under TRAC; • research charge-out rates recalculated every year. | <ul style="list-style-type: none"> • The TAS data are renewed each year. • An annual extract of the space data, now held in MICAD by EM, is taken for both RAM and TRAC. • Details of how frequently cost drivers are updated can be found in section 3.1.4.3. | Yes Yes Yes Yes |
| 1.2.3.8 | Quality assurance: <ul style="list-style-type: none"> • management involvement, including appropriate institutional committee of the governing body confirming compliance with requirements; • systems integrity; • tests for reasonableness. | <ul style="list-style-type: none"> • Primary oversight of the University TRAC processes is exercised by the RAM/TRAC Group which is chaired by the PVC for Planning and resources. • The RAM/TRAC Group formally reports back to PRC thus ensuring Senior Management is kept informed about TRAC. • The University's TRAC Returns are prepared from a model built in Corporate Planner, built by Accountability, an independent consultancy which specialises in building TRAC models for the HE sector. • The reasonableness tests for the TAS are detailed in section 3.1.4.21 • The reasonableness tests for the TRAC data are detailed in section 2.1.4.2 | Yes Yes Yes |

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| 1.2.3.9 | Materiality: <ul style="list-style-type: none"> • TRAC requirements need not be met if they do not lead to material impact on the data produced; • institutions with low volumes of Research are eligible for dispensation from complying with certain TRAC requirements (see annex 1.2b for further detail); • materiality for TRAC is defined fully at annex 1.2a. | <ul style="list-style-type: none"> • The University is not eligible to apply for dispensation. | Yes |
| 1.2.3.10 | Rate calculation: <ul style="list-style-type: none"> • institutions should calculate indirect cost rates using the cost information calculated under 1.2.3.1 as a base. | | Yes |

Annexes

| Annex reference | Document title |
|-----------------|----------------|
| 1.2a | Materiality |
| 1.2b | Dispensation |

Annexes are located on the following web page: www.hefce.ac.uk/whatwedo/lqm/finsustain/trac/

1.3 TRAC activity definitions

In TRAC, all costs and income are attributed to three core activities: Teaching, Research and Other. Costs are either attributed directly to the three core activities of T, R, or O, or attributed to a fourth activity, Support (S). All Support costs are then attributed to the three core activities.

1.3.1 Teaching

| Point Number | Description | Notes for the Assurance of the PRC on how Cambridge meets the Requirements | Confirmation of compliance |
|--------------|--|--|----------------------------|
| 1.3.1.1 | <p>Teaching (T) is a core activity.</p> <p>It includes all costs and activities that provide or support the teaching of undergraduate and postgraduate taught students.</p> <p>It comprises:</p> <p>(a) The costs of academic staff time directly attributable to teaching. The annual TRAC academic staff time survey includes:</p> <ul style="list-style-type: none"> • holding lectures, seminars and tutorials; • project, workshop and laboratory supervision; • preparing materials for lectures, tutorials and laboratory classes; • preparing materials for an agreed new course; • editing and updating course materials; • organising and visiting placements, fieldwork; • supervision / contact time relating to projects and dissertations, and their assessment; • other student contact time relating to educational matters, including remedial classes; • preparing and marking examination papers, including resits; • oral examinations / vivas; • reading and assessing student dissertations, reading and marking essays and other student work; • invigilation of examinations including external examining (both at own and other institutions); • mentee meetings. | <ul style="list-style-type: none"> • The University's TRAC Returns are prepared from a model built in Corporate Planner. The Corporate Planner model has been built by Accountability, an independent consultancy which specialises in building TRAC models for the HE sector. • The model has been constructed so as to facilitate compliance with the published guidance. • Our Time Allocation Survey (TAS) is the main driver of academic staff costs. We collect teaching time split between UG and PGT. • We further allocate all teaching costs to student type using a combination of the TAS and student numbers. | Yes |

| Point Number | Description | Notes for the Assurance of the PRC on how Cambridge meets the Requirements | Confirmation of compliance |
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| 1.3.11 cont'd | <p>(b) Outreach where teaching is the underlying activity (i.e. Teaching funded through a Teaching Company Scheme or Knowledge Transfer Partnership). Other directly attributed costs include:</p> <ul style="list-style-type: none"> • the full pay costs of staff who work 100% on Teaching; • pay costs of secretarial and administrative staff who support Teaching; • non-staff costs directly attributed to Teaching, which includes placements, projects etc.; • the scholarships and bursaries of taught students. <p>(c) A relevant share of Support costs, incurred both in the academic department and in the institution's central departments are also attributed to Teaching. This includes the costs of the support time of academics (scholarship, administration, and management) and other Support costs.</p> <p>All teaching costs are further categorised into publicly funded teaching and non-publicly funded teaching.</p> | <ul style="list-style-type: none"> • Fee remissions are directly coded to Teaching. • For bursaries we identify the payments made to the Trusts (Newton for OFFA regulated bursaries) and split T/R in proportion to the student numbers supported as advised by the relevant Trusts. • Our model has not been constructed in a way that directly identifies the cost of Support (S). Instead all costs are deemed to be support with direct costs such as Academic Pay and all expenditure on Research Grants clearly identified. | |
| 1.3.1.2 | <p>Publicly funded teaching (PFT) activity is generally considered across the sector as a whole to be fundable, at least in part from public funds.</p> <p>This includes the costs of:</p> <ul style="list-style-type: none"> • UK award/credit bearing courses; • all teaching activities like European Social Fund (ESF), Erasmus and Tempus; • all levels of teaching – sub-degree, degree, PGT (but not PGR); • higher education, further education, teacher training, NHS (nursing) etc.; • all courses fundable by public bodies. <p>For HEIs in England, Wales and Northern Ireland, publicly funded loans and grants administered by the Student Loans Company to meet the cost of tuition fees should be classified as PFT.</p> | <ul style="list-style-type: none"> • The student types classified as PFT are; <ul style="list-style-type: none"> - Home/EU UG - Home/EU PGCE - Home EU PGT (FT) - Home/EU PGT (PT) | Yes |

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| 1.3.1.3 | <p>Non-publicly funded teaching (NPFT) activity is generally considered, across the sector as whole, to be funded wholly from non-public funds.</p> <p>This includes the costs of:</p> <ul style="list-style-type: none"> • short courses; • non-award or non-credit bearing courses run in the UK for overseas or NPF students; • non-credit/award-bearing courses run overseas (overseas courses) • other NPF commercial teaching; • part of the costs of award-bearing courses in the UK attended by overseas and self-funded students¹ (where the numbers involved are material); • students studying for equivalent or lower qualifications (ELQs). Note that this is only applicable to institutions in England; <ul style="list-style-type: none"> • teaching carried out through trading units / commercial companies. | <ul style="list-style-type: none"> • The student types classified as NPFT are; <ul style="list-style-type: none"> - Overseas UG - Overseas PGT/PGCE - Home/EU ELQ UG - Home EU ELQ PGT - Home/EU ELQ PGCE - Non-Credit bearing • An allocation to NPFT is made in respect of ELQ students based on student numbers. No specific costs are identified or directly allocated. • The University has a wholly owned subsidiary, JBSEEL, which provides executive education. The income and expenditure of this subsidiary, as reported in the University's Consolidated Accounts, are allocated to NPFT. | <p>Yes</p> <p>Yes</p> <p>Yes</p> |

¹ Students who are self-funded are those where the institutional costs are not fundable by Funding Council grants, i.e. where the institution is not potentially eligible for grant aid for the students from a public organisation.

1.3.2 Research

| Point Number | Description | Notes for the Assurance of the PRC on how Cambridge meets the Requirements | Confirmation of compliance |
|--------------|--|---|----------------------------|
| 1.3.2.1 | <p>Research (R) is a core activity.</p> <p>It comprises:</p> <ul style="list-style-type: none"> • research – refer to the definitions in the Frascati Manual²; • fieldwork, laboratory, studio, desk/library work; • management of projects, informal discussions, progress reports etc.; • recruitment and supervision of research staff; • attendance at conferences, seminars and society meetings that are directly connected with specific research projects; • production of research reports, papers, books; • training and supervision of PGR students including training in research methodology, review of drafts and preparation of thesis, and external examining; • collaboration with other academic departments or institutions in any of the above; • outreach where research is the underlying activity (i.e. research carried out through a Teaching Company Scheme or Knowledge Transfer Partnership); <p>TRAC follows the definition used by the Higher Education Statistics Agency (HESA) in the Finance Statistics Return guidance:</p> <ul style="list-style-type: none"> • Research is to include research and experimental development. The definition of research, below, is taken from the 2002 Frascati Manual. <p>‘Research and Experimental Development (R&D) comprise creative work undertaken on a systematic basis in order to increase the stock of knowledge, including knowledge of man, culture and society and the use of this stock of knowledge to devise new applications. R&D is a term covering three activities: basic research, applied research and experimental development.’</p> | <ul style="list-style-type: none"> • The University's Time Allocation Survey guidance provided to the Academic staff surveyed includes detailed definitions of all activities. The University TRAC model uses the definition of research per guidance. | Yes |

² Frascati Manual 2002: ISBN 978-92-64-19903-9

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| 1.3.2.3 | <p>Institution own-funded – This covers work that is not carried out to the direction of an external sponsor (the work may or may not be on specific research projects).</p> <p>The work could be funded through Funding Council block grant or other initiatives, or from an institution’s general income (e.g. interest, endowments, or surpluses from other activities). It could include speculative ‘blue skies’ research undertaken to investigate the potential of ideas before preparing grant or contract bids; or for publication. It must be expected to lead to an external research output (publication, conference presentation, etc.). If this research is done primarily in support of teaching, it is classified as CPD/Scholarship and is allocated to support for teaching.</p> | | Yes |
| 1.3.2.4 | <p>Postgraduate research (PGR) – This covers the training and supervision of PGR students including training in research methodology, review of drafts and preparation of theses, and external examining. The costs include:</p> <ul style="list-style-type: none"> • scholarships and bursaries (a direct cost of Research); • any other direct costs incurred by the institution on behalf of PGR students (e.g. travel and subsistence, consumables, stipends); • the indirect costs and estates costs associated with the PGRs themselves; • the time of the supervisor in PGR training and development • the indirect costs and estates costs associated with this supervision time. <p>The reallocation of income and costs relating to PGR activity away from the external research sponsor type to the PGR category is not a TRAC requirement, but the current direction of travel for policy development suggests that this could become mandatory, at least for research intensive institutions (defined as being in the top 60 institutions, in terms of volume, funded by the Research Councils).</p> | <ol style="list-style-type: none"> 1. The University has three types of post graduate researchers (PGR) within research awards <ol style="list-style-type: none"> a) Studentships funded by Research Councils, (collectively) known as ‘doctoral training grants’ (DTGs) b) Studentships funded by sponsors other than RCs, principally charities and industrial sponsors, which we also include as ‘DTGs’ c) Studentships imbedded within research projects 2. Doctoral Training Grants (DTGs) include CASE studentships (where funding is jointly with another sponsor) and studentships from non-RC sponsors which are specifically training grants i.e. (a) and (b) above | Yes |

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|----------------|--|---|----------------------------|
| 1.3.2.4 cont'd | <p>Noting that this is not a current TRAC requirement, and acknowledging that the burden of undertaking this reallocation needs to be balanced with the utility provided by the data, research intensive institutions are encouraged to report PGR income and costs under the PGR research sponsor type:</p> <p>a) Where costs can be readily identified and reallocated, all income (except HEFCE, HEFCW and DELNI quality-related research funding and SFC's research excellence grants and research postgraduate grant) and costs relating to PGR activity should be recorded under the PGR sponsor type, not the external research grant or contract sponsor type;</p> <p>b) Where costs can not readily be identified and reallocated (i.e. they are not separately recorded in an institution's income and expenditure account, or they are an inseparable part of salaries) then the costs of stipends and scholarships / bursaries are reported against the same research sponsor type as the income that is covering them.</p> <p>If neither of the allocations described above can be done without (in the view of the institution's TRAC Steering Group) significant burden being added to that institution, then, at the least, the institution improves its understanding of the recovery relating to research students.</p> <p>Institutions should indicate on the Annual TRAC return (see section 4.1) whether this reallocation has been undertaken or not.</p> | <ul style="list-style-type: none"> • These are recorded and managed within the University's Grants Module (project ledger) as a research grant but are excluded from research income for financial reporting purposes (2013-14: £29.1m – £21.4m for Research Councils, £7.7m for all other sponsors). • The income and expenditure for these studentships, as included in the University's accounts, are matched and reported under the PGR research sponsor type for TRAC. <p>3. Studentships embedded within research projects</p> <ul style="list-style-type: none"> • These are recorded in the Grants Module as a research grant, hence included in research income. [The University does not separate these out for reporting purposes since they could only be identified by looking at the student maintenance amount]. The justification for this treatment in the financial accounts is that research studentships forming part of a contract with specified research deliverables comply with the definition in the Frascati manual and therefore should be part of research in the Financial Statements. This is also consistent with HESA guidance for Tables 5a and 5b. • Income and expenditure for these awards is matched and reported by sponsor category in TRAC, as per research grant income, not under the PGR heading. | |

| Point Number | Description | Notes for the Assurance of the PRC on how Cambridge meets the Requirements | Confirmation of compliance |
|--------------|---|---|----------------------------|
| 1.3.2.5 | <p>External research grants and contracts:</p> <ul style="list-style-type: none"> • Research Councils, as defined in the HESA Finance Statistics Return guidance. • OGDs: UK central government bodies / local authorities, health and hospital authorities, as defined in the HESA Finance Statistics Return guidance. • European Union (EU) government bodies: research grant and contract income from all government bodies operating in the EU, including the European Commission, as defined under Column 6 in Table 5b of the HESA Finance Statistics Return guidance. • Charities: UK-based charities. (This is irrespective of their classification or recognition in any Research funding method operated by a Funding Council.) • Industry: all other organisations, including (as defined by the HESA in the Finance Statistics Return guidance): <ul style="list-style-type: none"> – EU-based charities, EU industry and EU other; – UK industry, commerce and public corporations; – other overseas – non-EU-charities, non-EU-industry and non-EU-other (other than those specifically mentioned above); – other sources. | | Yes |
| 1.3.2.6 | <p>Recurrent research income from the Funding Councils – the eighth category. No costs are recorded against this category.</p> | <ul style="list-style-type: none"> • This new eighth research sponsor was introduced for the 2009-10 TRAC Return. • However, for internal reporting, PGR Supervision is shown against PGR, Charity QR against UK Charities etc. | Yes |

1.3.3 Other

| Point Number | Description | Notes for the Assurance of the PRC on how Cambridge meets the Requirements | Confirmation of compliance |
|--------------|---|---|----------------------------|
| 1.3.3.1 | <p>Other (income-generating activity) (O) is a core activity. It relates to activities that generate income or could potentially generate income.</p> <p>It comprises:</p> <ul style="list-style-type: none"> • consultancy that is contracted to the institution and carried out during institution time, including advisory work, journal editing and feasibility studies; • other services rendered, including routine testing and non-research clinical trials (i.e. activities not covered under the definition of Research in the Frascati Manual); • work carried out through trading/commercial companies that is not teaching or research; • technology transfer work if remunerated through the institution (e.g. directorships of start-up companies and/or consultancy contracts for the companies) – if it is not remunerated then it should be categorised as Support to Other; • outreach (where the outreach activity is not teaching or research); <p>As well as the costs of academic time, costs attributable to Other activities include:</p> <ul style="list-style-type: none"> • residences, catering and conferences; • goods or services sold to students, staff or external customers. These might include printing or reprographics; • trading activities including non-Teaching and non-Research activities in commercial companies, spin-outs (subsidiaries), retail services such as shops. | <ul style="list-style-type: none"> • In the University's TRAC Return a substantial proportion of income and expenditure are allocated to O. This is because the University's Consolidated Financial Accounts include Cambridge Assessment, Cambridge University Press and the University Trusts. The income (and expenditure) of these entities are allocated 100% to Other. | Yes |

| Point Number | Description | Notes for the Assurance of the PRC on how Cambridge meets the Requirements | Confirmation of compliance |
|--------------|--|--|----------------------------|
| 1.3.3.2 | <p>Other (Clinical Services) (O(CS))– a sub-category of Other used by institutions with medical or dental schools.</p> <p>It includes services provided to the NHS under knock-for-knock arrangements by academic departments of clinical medicine and dentistry (to be reattributed to T, R, O and S).</p> | | Yes |

1.3.4 Support

| Point Number | Description | Notes for the Assurance of the PRC on how Cambridge meets the Requirements | Confirmation of compliance |
|--------------|---|--|----------------------------|
| 1.3.4.1 | <p>Support (S) is not a core activity. It is carried out in support of the three core activities of T, R and O.</p> <p>Support time is often categorised into several areas to assist both in the recording of the academic staff time and its subsequent allocation (as part of indirect costs) to T, R and O.</p> <p>Five areas of Support are described below: Support for Teaching, Support for Research, Support for Other, general management or institutional Support, and scholarship/professional development.</p> | | Yes |
| 1.3.4.2 | <p>Support for Teaching includes:</p> <ul style="list-style-type: none"> • timetabling; • examination boards; • preparing prospectuses; • interviewing taught students, admissions and induction; • committees related to teaching; • careers advice for taught students; • schools liaison; • academic mentoring (outside timetabled tutorials), counselling; • initial course development (where the future of the course is not certain; preparing materials for an agreed new course is T); • module reviews (but subsequent updates and editing etc. is T); • quality assurance (e.g. Quality Assurance Agency for Higher Education reviews); • publicity for teaching facilities and opportunities. <p>Institutions might also wish to include here scholarship/professional development and other Support (covered below) such as:</p> <ul style="list-style-type: none"> • writing books and other publications for teaching purposes; • advancement of knowledge and skills related to teaching; <p>secondment to / academic exchanges with other institutions for teaching activities.</p> | | Yes |

| Point Number | Description | Notes for the Assurance of the PRC on how Cambridge meets the Requirements | Confirmation of compliance |
|--------------|---|--|----------------------------|
| 1.3.4.3 | <p>Support for Research includes:</p> <ul style="list-style-type: none"> • drafting and redrafting proposals for new work and supporting bids to external bodies (where bids involve a significant amount of speculative research, that element can be attributed to institution own-funded Research); • quality assurance; • peer review; • refereeing papers; • publicity for research facilities and opportunities. <p>Again this might also include scholarship/professional development and other Support to Research (which are covered below) such as:</p> <ul style="list-style-type: none"> • advancement of knowledge and related skills which directly contribute to the academic's research work; • unpaid work advising government departments or committees; • unpaid work for professional bodies or agencies in relation to research matters; • institute and academic department committee work supporting Research; • blocks of time in other institutions on research exchange schemes. | | Yes |
| 1.3.4.4 | <p>Support for Other includes:</p> <ul style="list-style-type: none"> • drafting and re-drafting proposals for new work and supporting bids to external bodies for consultancy and other services rendered (where bids involve a significant amount of speculative research, that element can be attributed to institution own-funded R); • negotiating contract terms and conditions with external bodies; • technology transfer work that is not private, nor undertaken commercially by the institution (e.g. supporting patent applications, licence negotiations, formation of start-up companies). | | Yes |

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| 1.3.4.5 | <p>General Support includes:</p> <ul style="list-style-type: none"> • management and administration not specifically related to Teaching, Research or Other; • membership of / participation at faculty boards, senate, institution committees etc. (where these relate to Teaching or Research this time could alternatively be recorded as Support for Teaching or Support for Research); • management duties such as deans, head of admissions, assistant deans; • staff management; appraisal etc.; • publicity; representative work on behalf of the institution or academic department; • careers advice; • information returns; • quality assurance contribution to sector e.g. on (unpaid) committees or secondments to panels (where the quality assurance activity relates to teaching or research, then it should be charged to Support for Teaching and Support for Research, respectively); • secondments, exchanges, all other tasks not attributable to other categories. | | Yes |
| 1.3.4.6 | <p>Professional development (scholarship) covers maintenance and advancement of own personal knowledge and skills (reading literature, attending professional conferences, maintaining professional or clinical skills, acquiring new skills etc.). Scholarship activity does not relate to supporting 'student scholarships' as defined at 1.3.1.1 (c) above.</p> | | Yes |

2.1 Governance and quality assurance of TRAC

The aim here is to ensure a TRAC process that is overseen and governed in a way that promotes material accuracy and the importance and usefulness of the results. The process seeks to reduce the likelihood of material errors and/or erroneous judgements being made. In turn this aims to provide confidence and assurance to internal and external stakeholders and funders, through the production of robust and reasonable information.

2.1.4 The requirements

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|--------------|---|---|----------------------------|
| 2.1.4.1 | <p>Control environment:</p> <ul style="list-style-type: none"> There should be clarity of roles and responsibilities for TRAC and a governance structure in place in line with process step 2.1.5.1. | <ul style="list-style-type: none"> The University has a structured approach to the governance and management arrangements over TRAC/fEC. This included establishing a temporary fEC Project Board which was established to oversee the implementation of fEC and an fEC (Research) Steering Group which focused on the establishment of policies and requirements for fEC. The Steering and Project Groups were Chaired by the Pro Vice-Chancellor (Research) who retains active involvement in the oversight of the TRAC processes. There were also a number of Sub Groups which focused on specific aspects of implementation. This structure was replicated in respect of TRAC for Teaching. Once TRAC and fEC were embedded it was decided that there was no requirement for a specific TRAC Steering Group. Instead an Officers' Group met to review methodology changes and the formal TRAC Returns to HEFCE, before senior management approved the Returns. In March 2012, the Resource Management Committee approved a change in the terms of reference of the RAM Group to become the RAM/TRAC Group. The RAM/TRAC Group now has responsibility to oversee the development of TAS and TRAC and is chaired by the Pro-Vice-Chancellor for Planning and Resources. Membership and Terms of Reference of this group can be found in section RTG2 of the following minutes: ..\Management Information\RAM Group\RAMTG_20120531_complete_agenda.pdf | Yes |

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| 2.1.4.1 cont'd | <ul style="list-style-type: none"> Where changes in circumstance arise, through changes in compliance, through higher education institutions (HEIs) merging or moving out of dispensation, or where there are new entrants to the sector, requirements for compliance and/or communication of the compliance status stated in annex 2.1a should be followed. | <ul style="list-style-type: none"> The University has not needed to communicate a change in its compliance status so far. | Yes |
| 2.1.4.2 | <p>Reasonableness checking:</p> <ul style="list-style-type: none"> The Annual TRAC and TRAC(T) results should be aligned with broad expectations for the institution. | <ul style="list-style-type: none"> For the 2013-14 Return an early view of the TRAC figures were presented to the Senior Pro-Vice-Chancellor in October and again to the RAM/TRAC Group in December. This included updates to the main drivers (such as TAS) and use of an early draft of the financial statements. In early January the completed TRAC return and fEC rates are presented to the RAM/TRAC Group. At this meeting significant movements in the main TRAC outputs from the previous year are explained, as are the movements in fEC rates. The group is invited to make comments and consider the reasonableness of the data provided at each stage. Reconciliations in the movement from the prior year to the current year for income, expenditure and surplus/deficit for PFT, NPFT, Research by sponsor type and Other (split University and Consolidated) are carried out. This is done before the Returns are submitted at the level of Institution. Detailed expenditure YOY reconciliation: O:\Annual TRAC\2013-14\CP exports 13-14\TRO movements 13-14.xlsx Detailed income YOY reconciliation: ..\..\Annual TRAC\2013-14\Income\Final 2013-14 YOY Income Analysis.xlsx Summary Surplus/Deficit by Activity YOY Reconciliation: ..\..\Annual TRAC\2013-14\Submission to HEFCE\2013-14 Summary Data for PVC - FINAL.xlsx Reconciliation of YOY movement in fEC rates: ..\..\Annual TRAC\2013-14\CP exports 13-14\fEC Rate movements 13-14.xlsx The TAS results are reviewed for reasonableness before being used in the TRAC model. Details can be found in section 3.1.4.21. | Yes |

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| | <ul style="list-style-type: none"> TRAC-related benchmarking (Annual TRAC and TRAC(T)) should be used to gain assurance over the reasonableness of the results when compared to similar institutions. | <ul style="list-style-type: none"> Post submission, a report on the published TRAC benchmarking data is presented to the RAM/TRAC Group. A copy of the paper for 2013-14 can be found here; RTG 107 - Analysis of Sector data (13-14) Analysis of Sector data 13-14 (annexes to paper) | Yes |
| | <ul style="list-style-type: none"> High level adjustments should be rationalised and underpinned with appropriate evidence. It is not expected that such adjustments should recur in subsequent years as corrective action should be taken to avoid the need for further adjustments. | <ul style="list-style-type: none"> To date no high level adjustments have been made during the production of the University's TRAC Return. | Yes |
| | <ul style="list-style-type: none"> If any of the charge-out rates are outside the upper quartile or lower quartile for the sector, then there is a reasonable explanation. | <ul style="list-style-type: none"> The University fEC rates effective from 1st February 2015 were as follows: <ul style="list-style-type: none"> Indirect rate: £38,158 per FTE Laboratory Estates rate: £13,252 per FTE Non-laboratory Estates rate: £4,889 per FTE The Indirect and Estates Laboratory rates are within the upper and lower quartiles for the sector as shown on the HEFCE Benchmarking data. The Estates Non-Laboratory is below the lower quartile for the sector – the University is a research intensive institution with a significantly higher proportion of laboratory space, than most other peer institutions. When combined with the Estates Laboratory rate, the Infrastructure Technicians rate is within the quartile range for the sector. | Yes |
| | <ul style="list-style-type: none"> Material errors should be subject to corrective action. If these are identified after submission, resubmission of the TRAC return should be agreed with RCUK and the respective Funding Council, or for the TRAC(T) return, with the Funding Council only. | <ul style="list-style-type: none"> The TR Return is completed by the fEC Accountant and then a detailed check is performed by their manager. Finally the return is reviewed for reasonableness by the Head of FP&A, before review by the RAM/TRAC Group. | Yes |

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| 2.1.4.3 | <p>Quality assurance:</p> <ul style="list-style-type: none"> The TRAC model should comply with the costing principles and standards detailed in section 1.2. The TRAC process should comply with the materiality concept, and the TRAC returns and charge-out rates should be free from material error. The TRAC process and results (the Annual TRAC return and charge-out rates) should be subject to review and approval by a Committee of the Governing Body to confirm compliance with TRAC requirements. This can be achieved either by presenting the return and supporting documentation to a meeting of the Committee, or where Committee scheduling does not enable this, by Chairs action outside of a meeting. Where Chair's action is taken, the return and report should be presented to a subsequent meeting of the Committee. There should be evidence of annual reconsideration of assumptions and rationales for key treatments by the TRAC Oversight Group. | <ul style="list-style-type: none"> As detailed in section 2.1.4.1 the University's TRAC Returns are prepared from a model built in Corporate Planner, built by Accountability, an independent consultancy which specialises in building TRAC models for the HE sector. It has been constructed so as to facilitate compliance with the published guidance. TRAC Results are reported retrospectively to the University's Planning and Resource Committee after the return has been submitted. Copies of the reports made to PRC in respect of the 2013-14 Return can be found in here; PRC Mar15 note on 13-14 TRAC Return Annual TRAC - combined paper to PRC Annexes 2-4 for Mar-15 PRC The University of Cambridge has a very stable structure and has invested in a purpose built TRAC model. One fundamental principle adopted on introducing TRAC was that there would be consistency of approach on income allocation between the University's RAM and TRAC. Therefore the RAM/TRAC Group does not reconsider the basic structure of the model annually. Any change to the University's structure (e.g. creation of a new academic department) or its RAM are understood and appropriately reflected in the TRAC model. The RAM/TRAC Group is also asked to reconfirm the primary cost allocation methodology every three years. Minutes of the meeting which last confirmed the methodology can be found here; RTG minutes 2014_10_16 Complete | <p>Yes</p> <p>Yes</p> <p>Yes</p> |

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| | <ul style="list-style-type: none"> • The TRAC process should be subject to a periodic assurance review, the frequency of which should be determined according to the risk posed to the institution. • Any issue arising from audit or review that could materially affect the cost allocations or charge-out rate calculations should be addressed. | <ul style="list-style-type: none"> • Internal Audit reviewed TRAC in spring 2015 (and prior to that in spring 2011). The overall objective of the audit was to determine whether management have implemented adequate and effective controls over the TRAC submission. The scope of the audit covered roles and responsibilities, data collection, data submission and review of the returns. • The Internal Audit review identified that, in general, controls relating to the TRAC submission were well designed and effective in their operation, however there were some control weaknesses identified. They made 3 recommendations which are summarised below: <ol style="list-style-type: none"> 1. Summary TRAC data, as presented to the Schools by the Senior Pro-Vice-Chancellor, shows a shortfall between income on research grants and the cost of delivery. It is understood that management are considering potential solutions to address the issue and do plan to progress these and create awareness across the University in order to address the shortfall. However, at the time of the internal audit detailed plans and actions were still to be defined and the cause of the shortfall remained to be fully understood. 2. All knowledge of the TRAC process currently exists with three members of staff across the finance team and planning office, with no policy document or consolidated guidance in place. Current TRAC guidance also refers to the requirement for current processes to be well understood. Whilst there is some guidance, which would help new officers learn the TRAC process, this could be enhanced by developing an overarching TRAC policy detailing key roles and responsibilities as well as timetables for delivery of each milestone. 3. While the Resource Allocation Model (RAM)/TRAC Group is ordinarily responsible for reviewing the TRAC Return for data accuracy prior to its submission each January, we identified that the 2013/14 TRAC Return was not presented to the RAM/TRAC Group for review prior to the 31st January 2015 submission deadline. | <p>Yes</p> <p>Yes</p> |

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| | <ul style="list-style-type: none"> At least every three years there should be a self-assessment against the TRAC requirements and 'what could go wrong' statements (at the end of each chapter). Controls should be in place to prevent errors in system formulae, errors in data entry and transposition, and double-counting in cost allocations. Details of the apportionment formulae used in the TRAC model should be understood by the TRAC Manager, tested for accuracy, and retained for review by funders upon request. All data used in the TRAC model should agree with source data. | <ul style="list-style-type: none"> The last self-assessment against the TRAC requirements was undertaken in November 2012 as part of a pilot QAV audit undertaken by KPMG on behalf of the Research Councils. Data entry errors are minimised by using rolling forward the standard schedules for data input each year. Each data input schedule includes check-sums to ensure that it agrees to source data. Errors in formulae are minimised by the use of Corporate Planner software which uses master tree allocations produced in a separate database, which are then brought across to a client database where the data is entered and cost allocations are made. | <p>Yes</p> <p>Yes</p> <p>Yes</p> |

Annex

| Annex reference | Document title |
|-----------------|---|
| 2.1a | Requirements and processes for changes in compliance status or institutional status |

The annex above is located on the following web page: www.hefce.ac.uk/whatwedo/lgm/finsustain/trac/

3.1 Data required for TRAC

The aim here is to ensure that all inputs to the TRAC model are reconcilable to source data and/ or other externally reported datasets, and that the cost drivers used are the most relevant to the cost pools to which they are applied.

3.1.4 The requirements

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| 3.1.4.1 | TRAC activity definitions should be followed (as defined at section 1.3). | <ul style="list-style-type: none"> All the University's survey's performed for satisfying TRAC requirements and the TRAC Model itself are constructed in line with (and often uses references from) the TRAC activity definitions. | Yes |
| 3.1.4.2 | All input data that feed into the TRAC model should reconcile to source data and an audit trail should be maintained. | | Yes |
| 3.1.4.3 | Input data based on numbers-driven cost drivers (staff, students, etc.) should be updated each year. All other input data should be updated at least every three years (e.g. academic staff time, space usage, library usage). | <ul style="list-style-type: none"> All cost drivers based on numbers are updated each year. <ul style="list-style-type: none"> Staff FTE's are provided by Human Resources Division from the CHRIS, the FTE's are taken at two points in the year (31st January and 31st July). Student numbers are based on the University's HESA student return, but provided by Academic Department (rather than HESA cost centre). Expenditure and income cost drivers are updated each year as per the annual published financial accounts. The cost drivers used to allocate Central Library costs to Academic Departments and to apportion costs to activity were reviewed in April 2014 by the University Head Librarian, the Head of PRAO and the fEC Project Manager. This review also encompassed the allocation of Department Library costs. As a result of this review of activity a revised set of cost drivers was proposed by the Head Librarian and were adopted for the 2013-14 TRAC return. | Yes |

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| 3.1.4.4 | The cost drivers selected should reflect the consumption of costs for the cost pools to which they are applied. | <ul style="list-style-type: none"> • The University uses a range of cost drivers to allocate costs including <ul style="list-style-type: none"> - Staff FTEs - Student FTEs - Weighted Space - Academic Department Expenditure - Expenditure on Research Grants - A departmental indirect cost driver • It has been agreed that the allocation of costs in TRAC should follow that of the University's RAM to ensure a consistent approach to dealing with such costs within the University. • More details can be found in sections 3.4.4.2 and 3.4.4.3 | Yes |
| 3.1.4.5 | <p>Costs should be allocated in stages to arrive at the cost of academic departments, then allocate these costs between TRAC categories, as described below:</p> <ul style="list-style-type: none"> • the allocation of estates costs to central and academic departments; • the allocation of central department costs to academic departments; • the allocation of each cost allocated to academic departments, to the TRAC categories (T, R and O). | <ul style="list-style-type: none"> • The University's TRAC Model has been built to comply with this requirement. | Yes |
| 3.1.4.6 | Income should not be used as a cost driver unless proven (and evidence is retained) to reflect the consumption of cost. | <ul style="list-style-type: none"> • The University does not use income as a cost driver. | Yes |
| 3.1.4.6 cont'd | Head of Department (academic department) estimates can be used to allocate academic department general support costs, but these should be refreshed annually and evidence retained of the rationale for the allocation decisions. Institutional policies regarding confidentiality, data protection and data security should be applied to the TRAC process. | <ul style="list-style-type: none"> • Non-academic staff and non-pay costs in academic departments are apportioned between activities by a departmental Indirect Cost driver. The default version of this driver is derived from the Academic TAS results for the department. For more details on this driver please refer to section 3.4.4.5. | Yes |
| | TRAC requirements for financial input data: | | |

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| 3.1.4.7 | All costs from the consolidated financial statements (excluding exceptional items as defined by Financial Reporting Standard 3 (FRS3)) should be included at gross levels, not net of income. | | Yes |
| 3.1.4.8 | The treatment for the share of profits / losses in joint ventures, associates, minority interests and endowments set out at 3.1.5.4 to 3.1.5.6 should be followed where material. | | Yes |
| 3.1.4.9 | Restructuring costs should be allocated to all TRAC activities, not just to Other. | | Yes |
| 3.1.4.10 | TRAC costs include sustainability adjustments as detailed in section 3.2. | <ul style="list-style-type: none"> The University's TRAC Model has been built to comply with this requirement. | Yes |
| | TRAC requirements for staff data: | | |
| 3.1.4.11 | Staff full time equivalent (FTE) and headcount data should be representative of the FTE for the year as a whole and agree with those held on the human resources system, the Higher Education Statistics Agency (HESA) Staff record, or the numbers reported in the consolidated financial statements at institutional level. | <ul style="list-style-type: none"> The staff FTEs used in University's TRAC model are obtained from the Cambridge Human Resources Information System (CHRIS). A Staff FTE count is taken at 31st January and 31st July each year and an average of these two are used in annual TRAC. A summary of the staff FTE data loaded into Corporate Planner for 2013-14 can be found here; FTEs at 31.1.14 and 31.7.14 | * |
| 3.1.4.12 | The academic staff FTE and headcount included in the TRAC model should be those that consume and therefore drive the costs. | <ul style="list-style-type: none"> The staff FTE surveyed in the TAS is compared to the staff FTE used as a cost driver each year. In 2013-14 the Academic Staff FTE surveyed in the TAS was 1,599.3 FTE. Academic staff used as a cost driver was 1,630.83 FTE. | Yes |
| 3.1.4.13 | Adjustments should be made for long term absence where material at academic department level. | <ul style="list-style-type: none"> Staff that are on maternity/paternity or long term sick leave are not excluded from the data as absence rates are not considered material. For 2013-14, the FTE lost to long term absence (maternity or LTI) was 8.70 FTE (0.53%) for Academic Staff and 51.50 FTE (1.59%) for Contract Research Staff. | Yes |

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| 3.1.4.14 | Postgraduate Research Student (PGR) FTEs should be weighted by 0.2 when included in the indirect cost rate, 0.8 for laboratory estate rates and 0.5 for non-laboratory estates rates. | <ul style="list-style-type: none"> The University's TRAC Model has been built to comply with this requirement. | Yes |
| TRAC requirements for student data: | | | |
| 3.1.4.15 | Student FTE and headcount data should materially agree with those held on the student records system or the HESA Student record. | <ul style="list-style-type: none"> Student numbers are based on the University's HESA student return, but produced by Academic Department, rather than HESA cost centre. | Yes |
| 3.1.4.16 | The student FTE and headcount included should be those that consume and therefore drive the costs (including the further education or overseas campus FTE if material). | <ul style="list-style-type: none"> Although 2013-14 Non-Credit Bearing (NCB) Fee income was £18.3m, the TRAC model only includes 245 NCB students for ICE. This is because the income figures include £11.4m in respect of JBSEEL. JBSEEL is subsidiary company, providing Executive Education, whose income and expenditure are consolidated into the University's accounts on a gross basis. Students on writing up assignments are not included in the PGR student FTE count. The data is a recreation of the HESA data and these students will not have active status. Students on a sandwich are not included in the student FTE total input to the TRAC model. | Yes |
| TRAC requirements for time allocation methods: | | | Yes |
| 3.1.4.17 | Academic and research staff time should be attributed directly to a core TRAC activity (as defined in section 1.3) where possible. Institutions should ensure that double-counting does not arise as a result of staff that are directly allocated to a TRAC category also having all of their time allocated through the time allocation system (3.1.4.18). | <ul style="list-style-type: none"> All academic staff salaries charged to research grants are allocated 100% as a direct cost of research. Staff on research contracts of employment, whose salaries are not directly charged to a grant, are included in the Time Allocation Survey of Academic staff provided they are at Grade 9 or above. These FTE are re-classified as Academic FTE and their salary cost included in the Academic pay cost total. A separate survey is undertaken for staff at Grade 8 or below to confirm whether or not they are significantly engaged in research activity. If it is confirmed that they are, their cost are directly allocated to Research. | |

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| 3.1.4.18 | All academic staff not directly allocated to a single TRAC activity should be included in the time allocation process. For institutions claiming dispensation a robust method is not required, so Head of Department estimates can be used to allocate staff time between the TRAC categories (detailed in section 1.3). | <ul style="list-style-type: none"> All academic staff on contracts which specify teaching only, teaching and research or research only are surveyed each year. Only those staff with a salary level Grade 9 or above who are partly or wholly funded by the General Ledger as indicated by their position's funding source/code (per CHRIS) are surveyed. This therefore excludes all staff charged 100% on Research. | Yes |
| 3.1.4.19 | Time data collected through academic survey or workload planning should follow TRAC activity definitions detailed in section 1.3, should be collected at research sponsor level, and should only reflect the time being managed by the institution. This is irrespective of any 'standard' or 'contracted' working week, but should exclude 'normal' periods of holiday, sickness and other leave. | <ul style="list-style-type: none"> The University has always collected time at research sponsor level. The TAS form follows the TRAC guidance and identifies Scholarship separately from direct research. Academic staff are requested to complete the TAS in relation to work paid for by the University. The guidance provides additional clarification on this matter. To assist academics in reporting University time, the TAS form also includes a college time column where staff may include time paid for by the Colleges. The completion of the column is not mandatory, it is only for information and the College data collected are not used in the in the University's TRAC data. The University surveys all relevant staff on an annual basis. As part of this a representative sample of staff are surveyed each week of the year. Therefore, the distribution of vacations and bank holidays is taken into account. | Yes |
| 3.1.4.20 | Clear instructions and definitions should accompany the time allocation forms. Where different activity definitions and categories of time are used in workload planning models, these should be mapped appropriately to the required TRAC categories and definitions. | <ul style="list-style-type: none"> Copy of TAS form: R:\Academic Division\TAS\TAS 201516\Form and guidelines\Time Allocation Survey 2015-16 Example form.docx Link to University's TAS webpages: http://tas.admin.cam.ac.uk/tas-web-questionnaire/login/do | Yes |

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| 3.1.4.21 | Reasonableness of time allocation data should be ensured by a review of the results by the Head of Department (academic department). | <ul style="list-style-type: none"> • Analysis of time allocated across each TAS category is produced and distributed to Heads of Department School and School Finance Managers on an annual basis. 3 years weighted average are produced for the School Grouping in which the Department falls, this data is provided to Heads of Department Schools for Reasonableness Testing and the overall School total, together with comparative data for the previous years is provided to School Secretaries. To ensure the continued engagement with Heads of Department and Schools the sharing of data has taken place through various forms of communication; letter, email and follow up meetings when required. • They are asked to confirm that the TAS data accurately represents the split of Academic activity within their Department and that it is reasonable to apportion Academic Pay and attribute Departmental costs on this basis. <p>Supporting Documents:</p> <p>R:\Academic Division\TAS\TAS 201415\TAS Reasonableness Testing\Reasonableness Testing Email Template Final draft September 2015.docx</p> <p>R:\Academic Division\TAS\TAS 201415\TAS Reasonableness Testing\HoD Resonableness Test emails track.xlsx</p> | Yes |
| 3.1.4.22 | Where time allocation data from one year are used as a proxy for the following year, there should be processes which identify material changes in academic departments. Assessments should be made of the impact of these changes on the allocations of time between activity categories. | <ul style="list-style-type: none"> • The TAS data are renewed each year. If there was any cause to use previous year's data this would be reviewed with the relevant Head of Department and School Secretary. This process would take into account any material changes in the department between the years under review and assessments would be made of the impact of these changes on the allocations of time. | Yes |

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| 3.1.4.23 | When different time allocation methods have been used to provide data for different years, they should be aggregated in an appropriate way. Where different time allocation methods are used across the institution, only one approach should be used within each academic department. | | Yes |
| 3.1.4.24 | Where the institution has chosen to collect academic time in hours, this should be converted to percentages and weighted by FTEs. | <ul style="list-style-type: none"> Academics can complete the TAS form in % or hours. Where it is completed in hours it is automatically converted back to %. | Yes |

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| 3.1.4.25 | <p>All academic pay costs should be allocated using one of the time allocation methods detailed below, ensuring that the allocation process:</p> <ul style="list-style-type: none"> • Covers all staff not directly charged to TRAC activities for periods representative of 12 months within a three-year cycle, ensuring that the returns received are representative of the grade mix for each academic department. • Is completed by individual academics whose pay costs are to be allocated. • Has a maximum look-back period of six months. • Achieves the minimum response rate of 75% for academic departments with a total population of less than 50 academic staff; or 50% or 38 returns (whichever is greater) for academic departments with 50 academic staff or more. • Does not duplicate the allocation of costs already directly allocated to a TRAC category (3.1.4.17). | <p>The University allocates its academic staff costs directly to an activity (T, R and O) or support to an activity through operating an in-year time allocation survey or TAS. An overview of this process is listed below;</p> <ul style="list-style-type: none"> • All academic staff on contracts which specify either teaching only or teaching and research are surveyed each year.. • Academic staff are required to complete the survey for one week which is randomly chosen each year. As there are between 1,500 and 1,600 academics, approximately 30 staff complete a TAS form each week. • Each participant in the TAS is issued a unique PIN in order to access and complete the online survey. These PINs are only usable for a two month period. This ensures that TAS returns are completed no later than two months of their due date unless there are extenuating circumstances. • The TAS form follows the TRAC guidance and identifies Scholarship separately from direct research. • Academic staff are requested to complete the TAS in relation to work paid for by the University. • The University sends out reminders by email as per the timetable. This email is generated automatically. • During 2012-13 a Statistician was again asked to review the University's TAS methodology to <ul style="list-style-type: none"> - Confirm that approach and results are robust. - To advise on weightings for Annual TAS collections when calculating 3-year average. - To comment on potential impact of application of school level TAS onto departmental level on reasonableness of the data. <p><u>R:\Academic Division\TAS\TAS201516\Form and guidelines\Meeting with Statistician 25 March 2013.docx</u></p> | Yes |

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| 3.1.4.25 cont'd | | <ul style="list-style-type: none"> • The survey covers all types of relevant academic staff in the discipline groups and is undertaken on an in-year basis covering all weeks of the academic year. • The rates are calculated at University level only. However, to ensure the sample size is robust at a lower level the University has asked Secretaries of the Schools to advise on the grouping together of small departments with similar activity profiles within their respective Schools. | |
| 3.1.4.26 | <p>All academic pay costs should be allocated using one of the following time allocation methods:</p> <p>a) In-year data collection:</p> <ul style="list-style-type: none"> • The year should be split into at least three periods. <p>b) Statistical data collection:</p> <ul style="list-style-type: none"> • The sample should be representative of types of staff, academic department, research sponsor type and of the weeks of the year. • The collection should achieve acceptable levels of statistical accuracy; input from a statistician should be evidenced at the stage of designing the process, and in reviewing the levels of response and the results. <p>c) Workload planning methods:</p> | <ul style="list-style-type: none"> • The University allocates its academic staff costs directly to an activity (T, R and O) or support to an activity through operating an in-year time allocation survey or TAS. • The implementation of the University's TAS has been reviewed by a statistician who has approved the process as robust. More details can be found in section 3.1.4.25. | Yes |

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| TRAC requirement for technician data: | | | |
| 3.1.4.27 | <p>The cost of technician support is:</p> <ul style="list-style-type: none"> • included in specific research charge-out rates; • the indirect and estates cost pools should be excluded from the technician charge-out rates to avoid double-counting when used for cost-based funding. | <ul style="list-style-type: none"> • More details of the University's process for costing technician support can be found in sections 4.2.4.8 through 4.2.4.10. | Yes |

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|-----------------------------------|---|---|----------------------------|
| TRAC requirements for space data: | | | |
| 3.1.4.28 | <p>Estates data should:</p> <ul style="list-style-type: none"> • use the TRAC definitions of activities and not those in the Estates Management Record (EMR); • be attributed on the basis of proportional, not predominate, usage; • be categorised to one of at least four space types (which vary by cost); • use 'Net Internal Area' data in the TRAC model; • classify academic space between laboratory and non-laboratory space; • allocate academic offices to academic department and TRAC based on an assessment of how the space is used. <p>Institutions claiming dispensation do not need to allocate estates costs robustly in the TRAC model. Therefore the method above does not need to be followed to allocate estates costs: high level estimates can be used.</p> | <ul style="list-style-type: none"> • At Cambridge, our central Premises costs are allocated on the basis of the weighted space occupied by a department. • The cost driver is derived from data in a MICAD database, maintained by our Estates Department, which details all usable space in the University Estate. The same database is used both for our RAM and for TRAC. • The University of Cambridge TRAC model uses the following space categorisation and weightings. <ul style="list-style-type: none"> - 0.55 – Unheated low service areas - 1.50 – Office and Museum space - 2.93 – Lightly serviced laboratories - 3.24 – Highly serviced laboratories - 5.32 – Biomedical facilities/Home Office designated • These weightings were calculated in January 2014 for the 2012-13 TRAC Return. Details of the calculation can be found here: REVISED SPACE WEIGHTS CALCULATION • These weightings now differ from the RAM and the decision to adopt them was taken at the RAM/TRAC Group on 23/01/2014 as reported in the minutes. • University departments have access to MICAD and are required to periodically review the data to confirm which rooms they occupy (where buildings are shared by departments) and to provide a TRAC activity classification for each room (e.g. research laboratory as opposed to a teaching laboratory). There is also the option to split the space in terms of proportional usage by activity. Departments have an incentive to keep this data up to date as the data is used to allocate Premises costs in the RAM and thus has potential financial consequences for their School. | |

| Point Number | Description | Notes for the Assurance of the PRC on how Cambridge meets the Requirements | Confirmation of compliance |
|--|---|--|----------------------------------|
| 3.1.4.28 cont'd | | <ul style="list-style-type: none"> Although MICAD holds details of space that is not part of 'Net Internal area' (e.g. circulation space, building balance space, vacant space etc.) this data is not used in the allocation of Premises Costs in TRAC or the University's RAM. School Finance Managers assisted in the classification of University departments as either laboratory or classroom and was predominantly informed by the mix of space within the Department. | |
| TRAC requirement for other cost drivers: | | | |
| 3.1.4.29 | Selection of cost drivers and any weightings for the allocation of higher cost support activities (e.g. Library, Learning resource centres and Information Technology) should be informed by the relevant director of these areas to ensure that the driver, or combination of drivers and weightings used, reflects the usage/consumption of those resources. | <ul style="list-style-type: none"> Two basic principles on the selection of cost drivers and weightings have been agreed at Cambridge <ul style="list-style-type: none"> The allocation of costs in TRAC should follow that of the University's RAM to ensure a consistent approach to dealing with such costs within the University. Where costs are allocated back to academic departments on the basis of Research Grant expenditure, then such costs should also be allocated to sponsor type using Research Grant expenditure. More details can be found in sections 3.4.4.2 and 3.4.4.3 | Yes |
| TRAC requirements for weighting data: | | | |
| 3.1.4.30 | <ul style="list-style-type: none"> Weighting factors applied to cost drivers within the TRAC model should be both institutionally recognised and utilised, or approved by the TRAC Oversight Group when designed uniquely for the TRAC process. Space weighting factors should be determined with input from the Estates / Facilities department – the workings for which should be retained by the TRAC Manager. Standard weightings are mandated for use in TRAC for the following analysis: <ul style="list-style-type: none"> Postgraduate research (PGR) FTEs are weighted 0.2 when included in the indirect cost rate, 0.8 for laboratory estate rates and 0.5 for non-laboratory estates rates. | <ul style="list-style-type: none"> As detailed in section 3.1.4.29, selection and weighting of cost drivers in TRAC follows the agreed methodology for our RAM. Details of how space weighting factors were determined can be found in section 3.1.4.28 Weightings are applied to PGR FTEs as per the TRAC guidance. The University TRAC model calculates the FTE for the denominator using these weightings. The PGR FTE used as cost drivers within the model is not weighted. | <p>Yes</p> <p>Yes</p> <p>Yes</p> |

| Point Number | Description | Notes for the Assurance of the PRC on how Cambridge meets the Requirements | Confirmation of compliance |
|--|---|---|----------------------------|
| | – Academic staff time allocations should be weighted for salaries and FTE when calculating the cost of academic time. The weighting by FTE may or may not be relevant, depending on how the institution's time allocation data are used and applied in the TRAC model. | <ul style="list-style-type: none"> The Time Allocation Survey data, weighted by salary level and FTE, is that which is applied to Academic salary costs in the TRAC model The TAS data weighted by FTE only, is that which is applied to the Academic FTE in deriving the denominator for the fEC rates. | Yes |
| TRAC requirements for indexation | | | |
| 3.1.4.31 | <p>Calculated indexation rates should:</p> <ul style="list-style-type: none"> reflect price changes for the two years broadly starting from the midpoint of the year being reported on the TRAC return; reflect both historical and future parts of the two-year period; and reflect two types of indices – one for pay and one for non-pay. | <ul style="list-style-type: none"> The indirect, estates and infrastructure technician rates are indexed by 2 years. The indexation rate used for pay expenditure is a combination of the annual pay award assumptions in the University's Strategic Planning Process and an allowance for general pay growth including incremental drift. Non-pay expenditure was historically indexed using the Higher Education Pay and Prices Index. Now this index is defunct, we have used UK Treasury GDP deflator index. | Yes |
| TRAC requirements for overseas operations: | | | |
| 3.1.4.32 | <ul style="list-style-type: none"> Overseas operations should be treated the same as onshore activities where the costs are included in the consolidated financial statements; Overseas operations that are not included in the consolidated financial statements should not be included in TRAC. | <ul style="list-style-type: none"> The University does not have a significant overseas presence in the sense we do not have an overseas campus. We do have some overseas subsidiaries (e.g. CPSL Australia). Where these are consolidated they are allocated to activity as if in this country. | Yes |

Annexes

| Annex Reference | Document title |
|-----------------|--------------------------------------|
| 3.1a | Academic Time Allocation Survey form |

The annex is located on the following web page: www.hefce.ac.uk/whatwedo/lgm/finsustain/trac/

3.2 Sustainability Adjustments

The costs shown in the consolidated financial statements of institutions need to be adjusted to reflect the full economic cost of institutional activities. The aim here is to calculate the sustainability adjustments to be included in deriving the full economic costs of institutional activities and to allocate the sustainability adjustments to the TRAC activity categories.

3.2.4 The requirements

| Point Number | Description | Notes for the Assurance of the PRC on how Cambridge meets the Requirements | Confirmation of compliance |
|--------------|--|--|----------------------------|
| 3.2.4.1 | Institutions should calculate the Infrastructure Adjustment separately on the residential and non-residential estates using the template provided in annex 3.2a. | <ul style="list-style-type: none"> The accuracy of the calculation is maintained by the use of consistent template, which can be found here: Cost Adjustments 2013-14.xlsx The University has only a small residential estate as student accommodation is provided by the Colleges. | Yes |
| 3.2.4.2 | Where applicable a separate Infrastructure Adjustment should be produced for Historic Buildings (pre-1914) that form part of the institution's assets in its balance sheet (see annex 3.2a). | <ul style="list-style-type: none"> The University has a number of Historic Buildings. These buildings are separately identified on the fixed asset register and buildings insurance schedules, and a separate Infrastructure adjustment is calculated for them. A depreciation rate of 0.5% is used for these assets, as required by the guidance | Yes |
| 3.2.4.3 | The Infrastructure Adjustment and the Return for Financing and Investment (RFI) should be set to zero if the calculated values are negative. | <ul style="list-style-type: none"> Has not been necessary so far. | Yes |

| Point Number | Description | Notes for the Assurance of the PRC on how Cambridge meets the Requirements | Confirmation of compliance |
|--------------|--|--|----------------------------|
| 3.2.4.4 | The Infrastructure and the RFI Adjustments should be allocated to the TRAC categories in line with the guidance detailed in sub-sections 3.2.5.3 and 3.2.5.7 respectively. | <ul style="list-style-type: none"> The infrastructure adjustment is allocated to academic departments and between activity on the basis of all other Estates costs, excluding the TRAC cost adjustments. The RFI adjustment on assets is allocated to academic departments and between activity on the basis of all other Estates costs, excluding the TRAC cost adjustments. The RFI adjustment on expenditure is allocated to academic departments and between activity on the basis of all other expenditure, excluding the TRAC cost adjustments. | Yes |
| 3.2.4.5 | Where component accounting (Financial Reporting Standard 15) has been adopted and the insurance replacement value for plant is known separately from that of buildings, then the Infrastructure Adjustment should be calculated separately for plant and buildings (to reflect different useful economic lives). | <ul style="list-style-type: none"> The University of Cambridge does not use component accounting for the financial statements in respect of buildings. | Yes |
| 3.2.4.6 | Institutions should avoid double-counting by identifying and excluding costs already included in the institution's consolidated financial statements which are covered through the Infrastructure Adjustment (e.g. un-capitalised long-term maintenance and the depreciation charge on buildings). | <ul style="list-style-type: none"> Long term maintenance, such as significant expenditure on updating/renewing of assets is capitalised in the University's financial accounts. As depreciation charged in the year is deducted in the Infrastructure adjustment calculation, no further deduction is made for long-term maintenance in this respect. An adjustment is only made in respect of planned maintenance on rental properties. Details can be found in the following file; Copy of Leased in Rent and Service Charge 13-14.xlsx. | Yes |
| 3.2.4.7 | The RFI Adjustment should be calculated separately for assets and expenditure using the template provided at annex 3.2b. | <ul style="list-style-type: none"> The accuracy of the calculation is maintained by the use of a consistent template, which can be found here: Cost Adjustments 2013-14.xlsx | Yes |

The requirements above apply to all institutions, including those who are claiming dispensation.

The following process sub-sections from the TRAC guidance should be followed in order to fulfil the TRAC requirements above:

- Infrastructure adjustment (3.2.5.1 – 3.2.5.3)
- Return for Financing and Investment adjustment (3.2.5.4 – 3.2.5.7).

Annexes and external links

| Annex reference | Document title |
|------------------------|--|
| 3.2a | Infrastructure Adjustment template |
| 3.2b | Return for Financing and Investment template |

Annexes are located on the following web page: www.hefce.ac.uk/whatwedo/lgm/finsustain/trac/

3.3 Direct Cost Attribution

The aim here is to ensure that costs are attributed directly to the appropriate TRAC categories where it is reasonable to do so and to identify all remaining costs that will subsequently require indirect allocation in the cost driver model.

3.3.4 The requirements

| Point Number | Description | Notes for the Assurance of the PRC on how Cambridge meets the Requirements | Confirmation of compliance |
|--------------|---|---|----------------------------|
| 3.3.4.1 | Wherever appropriate, costs should be directly allocated to the relevant TRAC category (see sections 3.3.5.2 to 3.3.5.4 for costs that should be material and be possible to attribute directly). | <ul style="list-style-type: none"> • The University's TRAC model directly allocates the following costs to activity in line with the guidance; <ul style="list-style-type: none"> - The directly incurred costs of research grants, as recorded in the Grants module on CUFS, are allocated 100% to R. - The research office (CUFS code EW) is allocated to R. - Cambridge Admissions Office (CUFS code AT) is allocated to T (split PFT/NPFT on basis of student numbers). - Board of Graduate Studies (CUFS code AB) is allocated to T for PGT students and to R for PGR students. - Board of Exams (CUFS code AC) is allocated to T for UG and PGT students and to R for PGR students. - The University's main catering operations (University Centre, DN and the Combination Room, XE) are directly allocated to O as per TRAC guidance. - Catering expenditure incurred by academic departments is in general considered to represent catering for meetings and tea/coffee supplies for staff etc. and is thus deemed to be in support of all departmental activities. There are however three exceptions where an academic department hosts a small catering operation and thus these costs are allocated to O. These departments are Music (GT), housing the West Road Concert Hall, Physics (KA) and the Judge Business School (NS). - The University has a relatively small residential portfolio (insured value of £28.5m out of total buildings insured of £1,935m for 2013-14) as student accommodation is provided by the Colleges. - For bursaries we identify the payments made to the Trusts (Newton Trust for OFFA regulated bursaries) and split T/R in proportion to the student numbers supported as advised by the Trusts. - All academic staff salaries charged to research grants are allocated 100% as a direct cost of research even if the individual does some teaching. | Yes |

| Point Number | Description | Notes for the Assurance of the PRC on how Cambridge meets the Requirements | Confirmation of compliance |
|--------------|--|--|----------------------------|
| 3.3.4.2 | Direct allocations should be logical and be capable of being substantiated. | <ul style="list-style-type: none"> • In addition to the direct allocations to activity in line with the TRAC Guidance, the following direct allocations are made; <ul style="list-style-type: none"> - The College Payment (circa £41m) is directly allocated to PFT as it represents the payment from the University to the Colleges for Teaching Home/EU Undergraduates - School Payments (Department of Education) and Vacation Study Grants are directly allocated to T - The activity of the Cambridge Programme for Sustainability Leadership (EN) was judged at a Steering Group meeting on 22/01/08 to have an activity pattern supporting 100% allocation to Other. | Yes |
| 3.3.4.3 | <p>Costs directly allocated to Other 'Clinical Services', should be reattributed to TRAC activities by:</p> <ol style="list-style-type: none"> a) Identifying the total staff costs for each academic department or group of academic departments; b) From this, allocating the total costs of reimbursed 'agency'³ costs to Other; c) Allocating the remaining costs based on or using the time allocation schedule data; d) Allocating the part of Clinical Services time to Teaching or Research that relates to the clinical services which have been undertaken, where the primary purpose is either Teaching or Research; | <ul style="list-style-type: none"> • The total of reimbursed agency costs is identified through specific cost centres that the School of Clinical Medicine has assigned as those which these costs are charged to in the University Finance System (CUFS). These costs are deducted from the Academic Pay cost total and input separately to the TRAC model where they are directly allocated to Other. • All costs input to the TRAC model as Academic Pay are apportioned using TAS data. • A proportion of Other Clinical Services (OCS) time is re-allocated to Teaching on the basis of information provided by the School Finance Manager relating to the value of teaching of University students undertaken by NHS staff. | Yes |

³ 'Distinction awards, payments for Additional doctors' hours, intensity payments, etc.

| Point Number | Description | Notes for the Assurance of the PRC on how Cambridge meets the Requirements | Confirmation of compliance |
|-------------------|--|---|----------------------------|
| 3.3.4.3 cont'd | e) Allocating the balance on the basis of the services being received from the NHS under the knock-for-knock arrangements. | | |
| 3.3.4.4 | Where cost headings are not clearly defined in the account structure, e.g. 'Miscellaneous', 'Other' the institution should ensure that the allocation is appropriate and defensible. | <ul style="list-style-type: none"> The University's TRAC model is not input at nominal ledger code line. Our starting point is the financial accounting database generated by our Finance Division Reporting team, which is the basis for our consolidated financial statements. In this database the hundreds of expenditure codes in CUFS have been reduced to approximately 50 lines. | Yes |
| 3.3.4.5 | Decisions on the headings to attribute directly should be agreed by the TRAC Oversight Group as part of agreeing the TRAC model (see 2.1.5.1). | | Yes |
| 3.3.4.6 | Exceptional costs as shown below the line in the consolidated financial statements are excluded from the TRAC costs and income. | <ul style="list-style-type: none"> There were no costs reported as exceptional items in the 2013-14 consolidated financial statements. | Yes |

The requirements above apply to all institutions, including those who are claiming dispensation.

The following process sub-sections from the TRAC guidance should be followed in order to fulfil the TRAC requirements above:

- Identify cost pools to directly allocate to TRAC categories (3.3.5.2 – 3.3.5.4).

3.4 Allocating academic department and central costs

The aim here is to apportion centrally-incurred and locally-incurred support cost pools to academic departments and core TRAC activities robustly.

3.4.4 The requirements

| Point Number | Description | Notes for the Assurance of the PRC on how Cambridge meets the Requirements | Confirmation of compliance |
|--------------|---|--|----------------------------|
| 3.4.4.1 | The institutional indirect and estates cost pools should reconcile with the consolidated financial statements (excluding exceptional items), less costs charged directly to an activity, before the addition of the relevant share of TRAC sustainability adjustments and the support time of academic staff. | <ul style="list-style-type: none"> The TRAC Return is reconciled to the University's Financial Statements in each reporting year. However the Corporate Planner TRAC model has not been constructed in a way that either uses cost pools or directly identifies the cost of Support (S). Instead all costs are deemed to be support with direct costs such as Academic Pay and all expenditure on Research Grants clearly identified. Each cost item then has an appropriate cost driver applied. The reconciliation of costs to HESA can be found here: Reconciliation of CP Input to HESA 13-14.xlsx | Yes |
| 3.4.4.2 | Cost drivers used to allocate support costs to academic and central departments and activities should be appropriate, robust and have been applied to the appropriate cost pools. The drivers have also been refreshed in line with requirement 3.1.4.3. | <ul style="list-style-type: none"> Details of the allocation of Central Costs to department and to sponsor can be found here: Summary of TRAC Central Cost Allocation 2012-13.xlsx. It was reviewed by the RAM/TRAC Group at its meeting on 16/10/2014. | Yes |

| Point Number | Description | Notes for the Assurance of the PRC on how Cambridge meets the Requirements | Confirmation of compliance |
|--------------|---|--|----------------------------|
| 3.4.4.3 | Where weighted cost drivers are used there should be an agreed rationale for the weighting, and this is reconsidered in line with the timescales for refreshing the cost drivers. | <p>Three basic principles have been agreed in Cambridge</p> <ul style="list-style-type: none"> - The allocation of costs in TRAC should follow that of the University's RAM to ensure a consistent approach to dealing with such costs within the University. However, if as a result of an independent review of activity within a central service department, activity patterns are shown to be different to the RAM methodology, then the results of such reviews are used. - Where costs are allocated back to academic departments on the basis of Research Grant expenditure, then such costs should also be allocated to sponsor type using Research Grant expenditure. - Where student FTE is a driver, costs allocated to a department based on their student FTE should be allocated to activity appropriately i.e. HomeEU UGs & PGT to PFT, Overseas students to NPFT and PGRs to the PGR research sponsor type. | |
| 3.4.4.4 | Cost drivers selected should reflect the consumption of resource and do not include bias to achieve a desired allocation of costs. | <ul style="list-style-type: none"> • The University does not seek to artificially increase costs allocated to either Teaching or Research. Instead it sees TRAC as providing valuable Management Information on the costs of these activities. In addition to using the TRAC model to calculate its FEC rates the University also uses it to calculate the Cost of an Undergraduate Education, which is used to validate the £9,000 Tuition Fee. | Yes |

| Point Number | Description | Notes for the Assurance of the PRC on how Cambridge meets the Requirements | Confirmation of compliance |
|--------------|--|--|----------------------------|
| 3.4.4.5 | Academic time allocation data should not be used to allocate non-academic staff costs or other academic departmental non-pay support costs unless proven to be materially valid and to reflect the resources consumed. | <ul style="list-style-type: none"> • Non-academic staff and non-pay costs in academic departments are apportioned between activities by a departmental Indirect Cost driver. • The default version of this Indirect Cost driver is the Academic TAS results for the department. However departments are provided with the results of the TAS each year and the Indirect cost driver derived from it, and asked if this accurately reflects the split of their non-academic staff and non-pay costs. The department then has the opportunity to provide a revised split of activity if they feel that would be more appropriate. This specific departmental indirect cost driver will also be used to apportion re-allocated central services costs to activity. • Four departments have provided an alternative indirect cost driver to TAS. They are <ul style="list-style-type: none"> - Judge Business School - ICE - Sainsbury Laboratory - CRASSH | Yes |
| 3.4.4.6 | Costs should be allocated through the cost driver model and aggregated to institutional level in line with process steps 3.4.5.10 to 3.4.5.12. | <ul style="list-style-type: none"> • The University TRAC model has been built to comply with this requirement. | Yes |
| 3.4.4.7 | Totals calculated and the basis of apportionment and allocation in the TRAC model should be checked to prevent double-counting of costs. | <ul style="list-style-type: none"> • The University TRAC model has been built to comply with this requirement. | Yes |

The following process sub-sections from the TRAC guidance should be followed in order to fulfil the TRAC requirements above:

- Allocate costs to central functions and academic department through the cost driver model (3.4.5.10 - 3.4.5.12).

3.5 Income allocation

To ensure that institutions know where to access the current year income allocation guidance and how to classify each income stream against the core TRAC categories.

The methods used for allocating income are designed to provide a fair and reasonable representation of the financial outcome of each core TRAC activity or research sponsor type and be consistent at a sector level with the purpose for which funds were given, in a way that provides useful data to stakeholders and to institutions. The aim is to:

- provide accountability for public funds;
- monitor the financial sustainability of core TRAC activities;
- inform funding policy.

Institutions eligible for and applying dispensation should complete the income allocation procedure set out below.

3.5.4 The requirements

| Point Number | Description | Notes for the Assurance of the PRC on how Cambridge meets the Requirements | Confirmation of compliance |
|--------------|--|--|----------------------------|
| 3.5.4.1 | Use of an income allocation process consistent with annex 3.5a and 3.5b: the allocation guidance provided at sub-sections 3.5.5.3 to 3.5.5.21 describes how to allocate the income in the template provided in annex 3.5a and 3.5b. | <ul style="list-style-type: none"> • The University's Corporate Planner TRAC model was constructed to comply with the TRAC Guidance. Section 3.5.4.3 details the significant decisions made on income treatment where specific instruction was not included in the published guidance. | Yes |
| 3.5.4.2 | The total income figure on the annual TRAC return agrees with the consolidated financial statements (before exceptional items). Further adjustments are made in TRAC for surplus/deficits from joint ventures and associates and surplus/deficit for the year transferred to accumulated income in endowment funds (see 3.1.5.4 to 3.1.5.6). | <ul style="list-style-type: none"> • The TRAC Return is always reconciled to the University's Financial Statement. The reconciliation to income can be found here ..\Annual TRAC\2013-14\Income\2013-14 Income Check.xlsx | Yes |

| Point Number | Description | Notes for the Assurance of the PRC on how Cambridge meets the Requirements | Confirmation of compliance |
|--------------|--|---|----------------------------|
| 3.5.4.3 | <p>The approach to income allocation is based on three rules. Allocation should be made according to:</p> <p>a) the purpose of the funding (what was it provided for, irrespective of how it might actually have been employed by the institution); or</p> <p>b) what it was used for (i.e. where the costs are allocated); and</p> <p>c) the source of the funds – the type of organisation providing the income (which dictates PFT or NPFT).</p> <p>Method (a) generally takes precedence over (b). Where (c) is in conflict with (a) or (b) then the allocation is made on the basis of (a) or (b) as appropriate.</p> | <ul style="list-style-type: none"> The University's Consolidated Financial Accounts include Cambridge Assessment, Cambridge University Press and the University Trusts. The income (and expenditure) of these entities are allocated 100% to Other. The University has substantial Endowment income most of which funds academic posts in departments. Allocation to Other would thus be inappropriate and we therefore allocate departmental endowment income using departmental TAS. General University endowment income and interest receivable are allocated to Other. The surplus/deficit for the year transferred to accumulated income in endowment funds is posted 100% to Other. This is because departments receive and spend income on their CUEF units whilst this accounting adjustment is done in the financial consolidation. | Yes |

The requirements above apply to all institutions, including those who are claiming dispensation.

The following process sub-sections from the TRAC guidance should be followed in order to fulfil the TRAC requirements above:

- Funding body grants allocation (3.5.5.3 - 3.5.5.5)
- Tuition fees and education contracts allocation (3.5.5.6 - 3.5.5.8)
- Research grants and contracts allocation (3.5.5.9)
- Other income allocation (3.5.5.10 - 3.5.5.19)
- Endowment and investment income allocation (3.5.5.20 - 3.5.5.21)

Annexes

| Annex reference | Document title |
|-----------------|--|
| 3.5a | Income allocation table |
| 3.5b | Guidance on the allocation of Funding council grants |

Annexes are located on the following web page: www.hefce.ac.uk/whatwedo/lqm/finsustain/trac/

4.1 Annual TRAC return

The aim here is to ensure that institutions know where to access the Annual TRAC return, how to complete and review the return, the deadlines for submission to the HE funding bodies and where further help can be obtained.

4.1.4 The requirements

| Point Number | Description | Notes for the Assurance of the PRC on how Cambridge meets the Requirements | Confirmation of compliance |
|--------------|---|---|----------------------------|
| 4.1.4.1 | All higher education institutions are required to complete an Annual TRAC return, including HEIs applying dispensation. | | Yes |
| 4.1.4.2 | The template provided to institutions each year by the Funding Councils should be used (see annex 4.1a) for submitting TRAC data. | <ul style="list-style-type: none"> The University's Corporate Planner Model generates all the data required for the Annual TRAC Return. This data is then input onto the official template from HEFCE and uploaded to the HEFCE Extranet. Data is input to the official template by linking the report exported from the TRAC model to the template. The links are removed once the data is finalised and can be uploaded to the HEFCE extranet. | Yes |
| 4.1.4.3 | Teaching activity is robustly allocated between PFT and NPFT at academic department level as defined at section 1.3 (see 3.4.5.11). | <ul style="list-style-type: none"> Publicly-funded Teaching (PFT) is the cost of Teaching Home/EU undergraduates and post-graduate taught students including PGCE unless they hold an Equivalent Level Qualification (ELQ). NPFT is the cost of teaching Overseas undergraduates and post-graduate taught students plus Home/EU undergraduates and post-graduate taught students with ELQ qualifications. Funding Council Fundable provision excludes Home/EU PGCE students. The University's TRAC model in Corporate Planner holds costs, by department, at the level of student type. | Yes |

| | | | |
|---------|--|---|-----|
| 4.1.4.4 | Research activity is robustly allocated to research sponsor types as defined at section 1.3 (see 3.4.5.12). | <ul style="list-style-type: none"> • The University's TRAC model in Corporate Planner holds costs, by department, at the level of research sponsor type. As required by the guidance (section 1.3.2.2) the University has eight research sponsor types. • Where costs are allocated to research on the basis of total expenditure including research grant expenditure e.g. Central Administration costs, costs are allocated to research sponsor on basis of actual research grant expenditure. This means no costs are allocated to Institution Own-Funded Research sponsor category for this type of central costs. • Where costs are identified as research directly, e.g. research office and laboratory space, costs are allocated to sponsor category using departmental TAS. This means a share of the cost of space is allocated to the Institution Own-Funded Research sponsor category. | Yes |
| 4.1.4.5 | The TRAC Oversight Group should review the Annual TRAC return for reasonableness in advance of presenting to the Head of Institution for sign-off. | <ul style="list-style-type: none"> • Details of the review undertaken by RAM/TRAV Group can be found in section 2.1.4.2 | Yes |
| 4.1.4.6 | Once uploaded, the results file should be checked for post-submission validation errors. If errors are generated, the Annual TRAC return should be corrected and uploaded again. | | Yes |
| 4.1.4.7 | The Annual TRAC return should be signed-off by a Committee of the Governing Body. | <ul style="list-style-type: none"> • The University TRAC Return is approved by the Vice-Chancellor before submission to HEFCE. He signs following the review of the return and the reasonableness tests performed by both RAM/TRAC Group and the Director of Finance. • Following submission the TRAC Returns and the annual fEC rates are reported to PRC. PRC minute 1706 dealt with the 2013-14 returns at its meeting on 25th March 2015. | Yes |
| 4.1.4.8 | The submission deadline for the Annual TRAC return for the year ending 31 July is the following 31 January if a week day, or if not, the preceding Friday. | <ul style="list-style-type: none"> • The University has always submitted its Annual TRAC Return on or before the submission deadline. | Yes |

| | | | |
|---------|--|---|-----|
| 4.1.4.9 | Post-submission, on receipt of sector benchmarking data, institutions should review their TRAC data again against peer group and sector data to consider whether data outliers appear reasonable. If errors are identified at this stage, the Annual TRAC return should be corrected and uploaded again. | <ul style="list-style-type: none"> The comparison of the 2013-14 Annual TRAC Return to the sectors' benchmarking data can be found here; RTG 107 - Analysis of Sector data (13-14).docx Analysis of Sector data 13-14.xlsx | Yes |
|---------|--|---|-----|

Institutions claiming dispensation from TRAC requirements are required to make the allocations outlined in requirements 4.1.4.3 and 4.1.4.4 above, but the method for making the allocation does not need to be robust.

Annexes

| Annex reference | Document title |
|-----------------|---|
| 4.1a | Annual TRAC return template (PDF example) |
| 4.1b | Peer groups |

Annexes are located on the following web page: www.hefce.ac.uk/whatwedo/lqm/finsustain/trac/

4.2 Research charge-out rates

The aim is to calculate charge-out rates for indirect costs, estates costs, laboratory technician support and facility access, for use in costing research projects being funded by the Research Councils and other sponsors.

For institutions claiming dispensation, the indirect and estates cost rates to be applied are the dispensation rates published annually by RCUK⁴. Research facility and laboratory technician infrastructure rates are unlikely to be applicable to institutions claiming dispensation and their use is not permitted.

4.2.4 The requirements

| Point Number | Description | Notes for the Assurance of the PRC on how Cambridge meets the Requirements | Confirmation of compliance |
|--|--|---|----------------------------|
| 4.2.4.1 | There should be a clear cut-off date and process that ensures that the updated rates replace the previous rates and are applied to project applications no earlier than 1 February of each year, and no later than six months after this date. | <ul style="list-style-type: none"> X5, the University's Project costing tool, is updated with the new rates on the 1st February or before with a start date of the 1st February. Any proposals to be approved after this time will require the user to use the new rates and they will be advised when logging into the proposal for the need to perform this action. | Yes |
| TRAC requirements for the indirect cost charge-out rate: | | | |
| 4.2.4.2 | A Research indirect cost charge-out rate should be calculated each year as a rate per research academic staff FTE. | | Yes |
| 4.2.4.3 | The costs in the numerator of the Research indirect cost charge-out rate should agree with the indirect cost pool in the TRAC model. | <ul style="list-style-type: none"> The University TRAC model uses the indirect costs of Research identified through the annual TRAC process as the indirect cost pool for the calculation of the rate. | Yes |

⁴ www.rcuk.ac.uk/about/aboutrcuk/aims/units/assurance/dispensation/

| Point Number | Description | Notes for the Assurance of the PRC on how Cambridge meets the Requirements | Confirmation of compliance |
|--|--|---|----------------------------|
| 4.2.4.4 | <p>The denominator of the Research indirect cost charge-out rate comprises:</p> <ul style="list-style-type: none"> • academic time (FTE) attributable to research (not weighted for salaries); • postgraduate researchers (FTE) (weighted by 0.2); • research assistants and fellows (FTE); • temporary research staff FTE; • visiting research academics FTE; and • clinicians FTE (where material and appropriate to be included). | <ul style="list-style-type: none"> • The staff FTE included within the denominator for the Indirect rate include research assistants, research associates and the direct research FTE of academics as described below; • The University's existing TRAC model calculates the Academic FTEs on Research using the % of direct Research time from the TAS which has been applied for the current year. This is done for each academic department. The Academic TAS data which has been weighted by FTE (only) is applied to the total Academic Staff FTE, resulting in the calculation TAS weighted Academic FTE. • There is currently no O(CS) re-allocation to Research. | Yes |
| TRAC requirements for the estates cost charge-out rates: | | | |
| 4.2.4.5 | <p>Two Research estates cost charge-out rates (for laboratory and non-laboratory academic departments as defined by the institution) are calculated each year as a rate per research academic staff FTE. If no laboratory (or non-laboratory) academic departments exist within an institution, separate estates rates need not be calculated.</p> | <ul style="list-style-type: none"> • The University calculates and uses both a laboratory based estates rate and an office based estates rate. • The classification between either laboratory or office is made at department level and was carried out after discussions with School Secretaries and Finance Managers and was informed by estates data. | Yes |
| 4.2.4.6 | <p>The costs in the numerator of the Research estates charge-out rates should agree with the Research element of the estates cost pool in the TRAC model (including the relevant proportion of the sustainability adjustments), less the cost of technicians, equipment and facilities that are to be charged separately.</p> | <ul style="list-style-type: none"> • The University TRAC model uses the estates costs of Research identified through the annual TRAC process as the estates cost pool for the calculation of the rate. This is split into two subsets; laboratory and non-laboratory. • University departments provide information relating to the split of activity for their research facilities. This covers time spent on Teaching, Research, Other and under-utilisation of the asset(s). The time (and therefore cost) relating to Research is that which is deducted from the estates cost total. | Yes |

| Point Number | Description | Notes for the Assurance of the PRC on how Cambridge meets the Requirements | Confirmation of compliance |
|--|---|--|----------------------------|
| 4.2.4.7 | The denominator of the Research estates charge-out rates should agree with the research academic staff FTE used in the Research indirect cost charge-out rate but should be calculated separately for laboratory and non-laboratory academic departments in the Research estates charge-out rates (weighting postgraduate researcher FTEs by 0.8 and 0.5 respectively). | <ul style="list-style-type: none"> • The University's Corporate Planner TRAC model was constructed to comply with the TRAC Guidance. Research staff FTEs and PGR numbers are input only once into the model. | Yes |
| TRAC requirements for the Research technician charge-out rate: | | | |
| 4.2.4.8 | Research technicians, equipment and facilities costs that are to be charged to projects should be excluded from the estates cost pools and form the basis of separate charge-out rates. | <ul style="list-style-type: none"> • The following process is followed to identify technician costs that should be excluded from the estates cost pools; <ul style="list-style-type: none"> - A survey is carried out of all academic departments each year, to ascertain which activities their technician staff support. The survey asks departments to provide details of all technician staff not directly charged to research projects, showing the percentage of time spent in support of the following: Teaching, Institution own funded Research, PGRs, funded research projects, Other activities and general infrastructure support. - Departments are advised to allocate any time a technician works on a research facility as general infrastructure support. - As a check to ensure results are reasonable, survey results are adjusted in line with pooled labour actually recovered from research projects, if they are significantly outside corresponding percentage of time given. - The costs collected for research facilities each year provide details of any laboratory technician time included. The total of these technician costs is excluded from the Infrastructure technicians charge out rate. | Yes |
| 4.2.4.9 | <p>The numerator of the Research laboratory technician cost charge-out rate calculations should exclude:</p> <ul style="list-style-type: none"> • costs already being charged to projects as Directly Incurred; • costs that are included in equipment and facilities costs charge-out rates; • costs of technician support in teaching and non-laboratory academic departments. | | Yes |

| Point Number | Description | Notes for the Assurance of the PRC on how Cambridge meets the Requirements | Confirmation of compliance |
|--------------|---|--|----------------------------|
| 4.2.4.12 | Auditable utilisation records covering all activities undertaken should be maintained (at least quarterly) by facility and equipment managers to inform robust rate calculations. Research facilities and equipment without auditable utilisation records should not be recorded as Directly Incurred to research projects. | <ul style="list-style-type: none"> Costing templates for Small Research Facilities are provided by the fEC Accountant to departments in order to facilitate a consistent approach to costing throughout the University. The costs are usually based on previous year's expenditure adjusted to take into account other information on how this may change during the forthcoming year. Total annual usage is estimated by the facility manager (or finance staff as appropriate) to include any element of under-utilisation. | Yes |
| 4.2.4.13 | Research facility and equipment managers should be able to justify the utilisation estimates if asked by funders, auditors or Research Councils. | <ul style="list-style-type: none"> Facility managers within departments are required to recognise use for all activities including Teaching, institution own-funded research and use for PGRs. Specifically for the Home Office licenced bio-facilities we collect 2 levels of usage for the facilities. 1) Actual usage for the previous financial year, 2) The capacity of the unit at 80% occupancy. This level is set with the Home Office and represents the capacity figure at which it is judged the unit would be optimally operating in order to maintain the welfare of the animals. | Yes |

Institutions claiming dispensation from the TRAC requirements are not required to calculate indirect or estates charge-out rates robustly. Institutions claiming dispensation should apply the lower of their own indirect and estates charge-out rate, or the dispensation indirect charge-out rate⁵ to Research Council and Other Government Department cost-based research projects. Charge-out rates for Research Facilities and Laboratory Technicians cannot be applied if claiming dispensation.

Annexes

| Annex Reference | Document title |
|-----------------|--|
| 4.2a | Facility costing template |
| 4.2b | Technician survey template |
| 4.2c | HMT Letter – University Research: Costs to Government Departments (13 February 2004) |

Annexes are located on the following web page: www.hefce.ac.uk/whatwedo/lqm/finsustain/trac/

⁵ www.rcuk.ac.uk/about/aboutrcuk/aims/units/assurance/dispensation/

4.3 TRAC for Teaching return – TRAC(T)

The aim is to ensure that institutions know:

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

4.3.4 The requirements

| Point Number | Description | Notes for the Assurance of the PRC on how Cambridge meets the Requirements | Confirmation of compliance |
|--------------|--|--|----------------------------|
| 4.3.4.1 | <p>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.</p> <p>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.</p> <p>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).</p> | | Yes |
| 4.3.4.2 | The full economic cost of teaching is derived from Annual TRAC (section 4.1). | <ul style="list-style-type: none"> • The University's TRAC (T) model has been constructed to comply with the published guidance. | Yes |
| 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. | <ul style="list-style-type: none"> • Student numbers in the University's TRAC model, which generates the TRAC (T) data directly, are a recreation of the data submitted in the HESA student Return. This is compared with the pre-populated figures on the TRAC(T) Return each year • The reconciliation for 2013-14 can be found here; 2013-14 departmental load TRAC - STUDENT FTEs.xlsx | Yes |

| Point Number | Description | Notes for the Assurance of the PRC on how Cambridge meets the Requirements | Confirmation of compliance |
|--------------|--|--|----------------------------|
| 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. | <ul style="list-style-type: none"> The University uses the appropriate definitions. | Yes |
| 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. | <ul style="list-style-type: none"> The University's TRAC (T) model has been constructed to comply with the published guidance. | Yes |
| 4.3.4.6 | <p>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).</p> <p>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).</p> <p>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.</p> | <ul style="list-style-type: none"> For bursaries we use the payments made to the Trusts including the OFFA bursaries made through the Newton Trust. Allocation to student type is on the basis of data provided by the Trusts on grants made in the year. Allocation to department is by appropriate student FTE. | Yes |

| Point Number | Description | Notes for the Assurance of the PRC on how Cambridge meets the Requirements | Confirmation of compliance |
|-------------------|---|--|----------------------------|
| 4.3.4.6 cont'd | 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). | <ul style="list-style-type: none"> For all income proxies for non-subject related costs the University's TRAC model has been constructed so income is entered into the model to facilitate its deduction when preparing the TRAC(T) return. Details of how these income proxies have been input into our TRAC model for 2013-14 can be found in the tab 'Non-subject costs' in this file; ..\Annual TRAC\2013-14\Income\2013-14 Grant and Fee Income by Dept (final).xlsx | Yes |
| 4.3.4.7 | The Subject-related costs of Funding Council-fundable provision should be mapped onto the Higher Education Statistics Agency (HESA) cost centres and divided by the Funding Council-fundable full time equivalent student numbers (derived from the HESA student data) to calculate the Subject-FACTS, using specific methods outlined in sub-sections 4.3.5.18, 4.3.5.19 and 4.3.4.21. | <ul style="list-style-type: none"> The University's TRAC (T) model has been constructed to comply with the published guidance. | Yes |
| 4.3.4.8 | The TRAC Oversight Group should review the TRAC(T) return for reasonableness in advance of presenting to the Head of Institution for sign-off (see 4.3.5.24). | <ul style="list-style-type: none"> RAM/TRAC reviewed to TRAC (T) return for 2013-14 at its meeting on 26/03/2015, as minuted here; RTG minutes 2015_03_26.pdf It was submitted to PRC which met on 25/03/2015 as minuted in PRC minute 1706. It was then signed off by the VC on 10th April before final submission to HEFCE on the same date. | Yes |
| 4.3.4.9 | The submission deadline for the TRAC(T) return is the last working day of February each year for the previous academic year's data. | <ul style="list-style-type: none"> The University has always submitted its TRAC (T) Return on or before the initial submission deadline. Unlike the main TRAC Return, TRAC (T) is submitted before sign-off by the VC as this is not required until early April following submission in February. | Yes |

The requirements above apply to all institutions, including those that are claiming dispensation.

The following process sub-sections from the TRAC guidance should be followed in order to fulfil the TRAC requirements above:

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- Calculating the cost of Publicly Funded Teaching (PFT) (4.3.5.3 – 4.3.5.6);
- Splitting the PFT cost between Funding Council-fundable and non- Funding Council fundable provision (4.3.5.7 – 4.3.5.11);
- Calculating the subject-related costs (4.3.5.12 – 4.3.5.17);
- Mapping subject-related costs to HESA cost centres (4.3.5.18 – 4.3.5.19).

Annexes and external links

| Reference | Document title |
|-----------|--|
| 4.3a | TRAC(T) return template (PDF example) |
| 4.3b | HESA Academic cost centres |
| 4.3c | TRAC(T) Funding for non-subject related activities – HEFCE and DELNI |
| 4.3d | TRAC(T) Funding for non-subject related activities – SFC |
| 4.3e | TRAC(T) Removal of non-subject-related costs (worked example) |

Annexes are located on the following web page: www.hefce.ac.uk/whatwedo/lqm/finsustain/trac/

5.1 Calculation of research project costs

The aim here is to ensure that the difference between the cost and price of a research project is clear, and to provide guidance on how to produce robust project costings for actual and estimated research project costs.

5.1.4 The requirements

| Point Number | Description | Notes for the Assurance of the PRC on how Cambridge meets the Requirements | Confirmation of compliance |
|--------------|---|--|----------------------------|
| 5.1.4.1 | Institutions should establish procedures for guiding academics in estimating DA research project costs and completing cost-based grant applications. | <ul style="list-style-type: none"> Guidance is provided to departments on costs that can be included and how to handle collaborative projects. They are also actively encouraged to review sponsors terms and conditions to ensure that they are only asking for eligible costs. Information on ROO website and changes disseminated via RGUG and Bulletins http://www.admin.cam.ac.uk/offices/research/news/default.aspx | Yes |
| 5.1.4.2 | Institutions should have robust processes to ensure that DA and indirect cost charge-out rates are applied to projects correctly, using the right unit of consumption (days, hours, etc.). | <ul style="list-style-type: none"> MRF's are set up within X5 with the appropriate level of consumption, output or process. X5 has all the University defined DA SRF's available within for users to cost against. | Yes |
| 5.1.4.3 | In calculating charge-out rates for academic staff time, there should be adequate control procedures to ensure that staff are classified against the appropriate scale and band and that employment costs (including on costs) are updated correctly. | <ul style="list-style-type: none"> X5 assigns banded salary rates to certain academic grades within the DA staff tab. With any academic staff that are not included within the bandings the DI staff tab will use their actual salary details imported from the HR system. New salary scales are not uploaded in X5 until they have been approved for use. Once loaded, provided the start date is now or in the past, they become available for use and supercede any previous dated pay scales. Users will be informed of these changes through a message within X5 when they enter their proposal and will ask them to select the new rate file. If they don't select the new file they will be asked/reminded when the proposal enters the workflow. | Yes |

| | | | |
|---------|--|---|-----|
| 5.1.4.4 | Institutions should ensure that no more than 1650 hours are charged to Research Council projects, by each academic or researcher in each year. | <ul style="list-style-type: none"> • ROO check how members of staff are currently paid to ensure that they have not over committed on their time. X5 allows users to run reports on Investigators time allocated to proposals to help them assess whether an academic staff member has sufficient time to take on another research project. The fields within X5 have been designed to assist with data quality and have a standardised format that the data is entered in. • It is a Head of Department responsibility to ensure that academics do not over commit their time. | Yes |
| 5.1.4.5 | Staff record separately the academic staff time spent on supervising and training postgraduate research students (PGRs) when the PGRs are working on projects. | <ul style="list-style-type: none"> • At present PGRs are not costed into applications when the system calculates the estates and indirect cost rate. Therefore there is no guidance on this issue for academic staff to separately record the time supervising and training PGRs. However it is not mandatory to include these costs at present. | Yes |

The requirements above apply to all institutions, including those who are claiming dispensation.

6.1 Glossary of terms

| Reference | Definition |
|---------------------------------------|---|
| Academic department | As used in annual TRAC guidance i.e. an academic management unit. The costs of departments are assumed to include an allocation of central service costs, estates costs and sustainability adjustments unless the context clearly says otherwise. This management unit might actually be a department, school, group of departments with similar patterns of activities, institutional cost centre, subject area, or 'intermediary operating centre'. Depending on the costs being allocated, it might include research units or trading units. |
| Academic Full Time Equivalent (staff) | The full time equivalent of academic staff time. Where used as the denominator in the indirect and estate rates calculations, the Research FTE value is calculated as: <ul style="list-style-type: none"> • the proportion of research of academic staff time dedicated to core Transparent Approach to Costing (TRAC) activities; • the time of staff dedicated to core activities • a proportion of the postgraduate research student number. |
| Access charges | A fee charged by the host facility to an external user when accessing the facility. |
| Annual TRAC | Submission of an Annual Transparent Approach to Costing (TRAC) return is a requirement for all UK HEIs in receipt of grant funding from the UK HE funding bodies. |
| Assets in the course of construction | The cost of purchasing, constructing and installing tangible fixed assets ahead of their productive use. |
| Assurance providers | This is a term that refers to an independent organisation (including in-house Internal Audit functions) that audits or reviews the TRAC model for compliance with TRAC requirements. Assurance providers typically include Internal Audit, External Audit, a Professional firm with relevant expertise, RCUK, and Funding Councils assurance teams. |
| Audit trail | This refers to the document or sequence of documents that evidences the calculations and/or data that support a particular result / number used in the TRAC model. The term is typically used alongside 'source data'. The principle is that the audit trail is the evidence that substantiates the number used in the TRAC model. |
| Below the line | The income and expenditure reported under TRAC are the items that are reported in the 'Surplus / (Deficit) on Continuing Operations After Depreciation of Fixed Assets at Cost and Disposal of Assets but Before Tax' in the consolidated financial statements (plus the TRAC sustainability adjustments). Three items are partly or wholly reported 'below' this surplus line total: <ul style="list-style-type: none"> • share of associates' operating results' (joint ventures); • minority interests; • transfers to/from accumulated income within specific endowments. |
| Building Component | When an asset which comprises two or more major components with substantially different useful economic lives, each |

| Reference | Definition |
|---------------------------------|---|
| | component should be accounted for separately for depreciation purposes and depreciated over its individual useful economic life. |
| Bursaries | Payments granted to taught students, comprising bursaries, scholarships and hardship funding, provided for whatever reason. |
| Central service department | A unit within the non-academic structure. These areas are referred to as administrative services, professional support functions, support directorates etc. |
| Committee of the Governing Body | This will be a formal committee of the Governing Body that will have lay membership and more often than not, be chaired by a member of the Governing Body. |
| Cost drivers | Cost drivers are used for allocating those costs that cannot be directly allocated to a department and/or an activity category. |
| Cost pools | Costs in any one pool are attributed using the same cost driver. A cost pool may relate to an activity, or a support cost. |
| Direct attribution | This refers to the allocation of a cost directly to a department and TRAC activity without needing to use cost drivers. |
| Direct cost | This is a cost that is only incurred as a result of undertaking a particular activity and can be wholly attributed to that activity. |
| DA (Directly Allocated) | Charged to a project based on estimated expenditure for project related costs, typically including Project Investigator, Estates, Infrastructure Technicians and Research Facilities. |
| DI (Directly Incurred) | Charged to a project based on actual expenditure for project specific costs. |
| Discipline group | This is one of the cost groupings required under the annual TRAC process. The subject types are: <ul style="list-style-type: none"> • clinical subjects • laboratory-based subjects - including studio, fieldwork, laboratory • non-laboratory subjects – also called classroom-based or generic subjects. |
| Dispensation | In TRAC terms, removing the need to satisfy certain TRAC requirements robustly. Further detail is provided in 2.1.4.4. |
| EC | European Commission. |
| Endowment | Transfers from or to reserves below the line that relate to restricted or un-restricted donations. |
| EMR | Estates Management Return as collected by the Higher Education Statistics Agency |
| Exceptional item | Exceptional items (defined by Financial Reporting Standard 3) that appear on a separate line below the operating surplus/deficit in the consolidated financial statements are not included in TRAC costs or income. Where the word 'exceptional' appears in one of the expenditure headings that is above the operating surplus /deficit line, these costs are included in the TRAC analysis as they are not exceptional costs as defined by FRS3. |

| Reference | Definition |
|------------------------------------|--|
| EU | European Union. |
| Financial year | This refers to the period 1 August to 31 July. It is also referred to as the academic year. |
| Franchised-out | Where students are registered in a higher education institution but are (wholly or partially) taught by staff in another institution (of further or higher education) these students are defined in the registering higher education institution as franchised-out. |
| FRS | Financial Reporting Standards. (www.icaew.com/en/library/subject-gateways/accounting-standards/uk-frs) |
| FSSG | Financial Sustainability Strategy Group |
| FSR | Finance Statistics Return as collected by the Higher Education Statistics Agency. |
| FCs (Funding Councils) | The Higher Education Funding Council for England; The Higher Education Funding Council for Wales; The Scottish Funding Council; and The Department for Employment and Learning of Northern Ireland (referred to as a funding council for TRAC purposes). |
| fEC (full Economic Cost) | This term refers to the inclusion of the sustainability adjustments (detailed in 3.2) with the expenditure reported in the consolidated financial statements. The fEC principle should be applied to the costing of research grant proposals. The Research Councils pay a fixed percentage (80% for most fund headings) of the fEC, which includes an attribution of the cost of academic staff time, and the institution's facilities, estates and indirect costs. It is important for institutions to understand the full costs of the research they carry out on a sustainable basis, recognising the need for appropriate investment in research infrastructure, including buildings, facilities, and staff. |
| FTE | Full Time Equivalent |
| Funding Council fundable provision | Publicly funded teaching (PFT) provision that is eligible for funding in the Funding Councils' teaching funding methods. |
| Group Key | Access code obtained from HEFCE (on behalf of all Funding Councils) for obtaining the Annual TRAC return template. |
| HE | Higher Education |
| HEI | Higher Education Institution |
| HESA | Higher Education Statistics Agency. HESA collects a range of data every year UK-wide from universities, higher education colleges and other differently funded providers of higher education. This data is then provided to UK governments and higher education funding bodies to support their work in regulating and funding higher education providers. (www.hesa.ac.uk) |
| HESA academic cost centres | Cost centres are used to return staff, finance and student numbers to HESA (and student numbers to HESES). |
| HESA data | Annual statistical returns including Staff, Student, Estates Management and FSR. |

| Reference | Definition |
|--------------------|--|
| Historic buildings | Buildings constructed before 1914. |
| HESES | Higher Education Students Early Statistics Survey. This is an annual survey of higher education institutions about students on recognised higher education courses. (www.hefce.ac.uk/data/datacollection/heses/) |
| Indirect costs | Charged to a project based on estimated expenditure for non-project specific costs. |
| In year | This is a term used in relation to the time allocation survey. It is referring to a method of time allocation whereby a minimum of three returns are received from individual academic staff during a year to identify how they have spent their time across the TRAC categories. |
| IRV | Insurance Replacement Value: <ul style="list-style-type: none"> • full loss basis including professional fees, debris removal and site clearance; • like-for-like – IRV less debris /site clearance plus foundation costs. |
| J-es | The Joint Electronic Submissions portal for submission of research grants applications. |
| Joint venture | Defined in Financial Reporting Standard 9 as an entity in which the reporting entity holds an interest on a long-term basis and which is jointly controlled by the reporting entity and one or more other ventures under a contractual arrangement. |
| Knock-for-knock | Institutions and teaching hospitals necessarily work very closely together. Apart from sharing premises and support services (such as laboratories), clinical staff of the institution are involved in delivering NHS services to patients, while NHS staff are involved in teaching students. Institutions and the NHS have not usually engaged in quantification and cross-charging when the staff of one perform duties for the other. The staff time involved has usually been treated as part of a 'knock-for-knock' or informal cost-sharing arrangement (though payments relating to support services are often apportioned between the parties). |
| Lay membership | A committee that has at least one lay, independent or co-opted member of the Governing Body. |
| Look back period | This term is used in the time allocation process (section 3.1). It refers to the amount of time an academic has to recall what they were doing during that period in order to complete their time allocation return. |
| Management | The term is used in a number of places in the guidance. Where not explicitly stated, it refers to individuals with authority and accountability that can and should provide leadership and support to enable informed decisions to be taken, where required. |
| Materiality | Materiality for TRAC is defined as an impact of 10% or more on the allocation of costs to the TRAC categories, Research |

| Reference | Definition |
|--|---|
| | sponsor types, Science, non-Science and Clinical activity levels and the Research charge-out rates. Materiality is defined further at annex 1.1a. |
| Minority interest | Minority interest is recognised as the minority share (less than 50%) of the assets acquired and the liabilities and contingent liabilities assumed. |
| Net Internal Area | Net Internal Area (NIA) is the usable area within a building measured to the internal face of the perimeter walls at each floor level. NIA covers all areas which are used for a specific purpose. It does not include those parts of buildings which enable them to function. |
| Non-Funding Council fundable provision | All PFT provision that is not eligible for funding in the Funding Councils' teaching funding method. It is part of the provision that is returned in sub-column (c) in HESES Tables 1a, 2 and 3, that is sponsored by UK public bodies such as the Department of Health, the National College for Teaching and Leadership, local authorities etc. (Some provision in category (c) is NPFT, e.g. closed courses funded by commercial companies.) Provision funded by the Skills Funding Agency is also non-Funding Council fundable PFT provision. In the case of HEIs in Scotland 'Rest of UK' (RUK) students paying deregulated fees are non-funding council fundable. |
| Non-subject related activities | Non-subject related activities are Teaching activities that affect the costs of Teaching other than those that relate to the subject being taught. |
| Non-subject related costs | The differential costs of non-subject related activities – i.e. the costs incurred on each activity that are higher or lower than (different from) those that would otherwise have been incurred from subject-related factors alone. Funding Council-fundable costs are attributed between subject-related and non-subject related costs. |
| NPFT | Non-publicly funded Teaching. |
| O | For TRAC, 'Other' activity category (see section 1.3 for full definitions) |
| OGD | Other Government Departments. |
| Other income generating | Activities that generate, or could potentially generate, income, but are not teaching or research. |
| Other Services Rendered | Costs recorded as Other Services Rendered in the consolidated financial statements /HESA. |
| Oversight Group | The management group that oversees the development and implementation of TRAC and approves the TRAC and fEC results annually. Of an institution's choosing, these groups can also have a wider remit that includes the oversight of financial sustainability, course costing, resource allocation etc. These are not TRAC requirements, however. |
| PGR | Post graduate Research student |
| PGT | Post graduate Taught student |

| Reference | Definition |
|---------------------------|--|
| PFT | Publicly Funded Teaching |
| Predominant use of space | As defined by the HESA for the Estates Management Return; space type determined by the most common use only. |
| Principal Investigator | The Principal Investigator is an individual who takes responsibility for the intellectual leadership of the research project and for the overall management of the research or other activities. |
| Proportional use of space | As defined by the HESA for the Estates Management Return; space type determined by the percentage of use for different activities. |
| QAA | Quality Assurance Agency for Higher Education. www.qaa.ac.uk/Pages/default.aspx |
| QR | Quality Related funding relating to the HEFCE research funding method. |
| R | For TRAC, 'Research' activity category (see section 1.3 for full definitions) |
| RC | Research Council |
| RCUK | UK Research Councils |
| Relevant assets | This term is used in describing how the Infrastructure adjustment is calculated (3.2). It refers to including only assets from the consolidated balance sheet that are buildings and components of buildings – i.e. excluding land, assets in the course of construction, equipment, fixtures and fittings and vehicles. |
| Registering institution | The institution at which students are enrolled, registered on the student records system and reported in data returns to the HE Funding Council. This term typically applies when students are enrolled at one institution, but where the delivery of the course is undertaken by another organisation (e.g. Further Education College). |
| Research Intensive | Defined for TRAC as the 60 institutions that receive the most grant income from RCUK. www.rcuk.ac.uk/RCUK-prod/assets/documents/documents/rcgrantspend.pdf |
| Restructuring | Voluntary retirement schemes, redundancy programmes, pension fund top-ups to reflect early retirements. |
| RFI | Return for Financing and Investment (see section 3.2) |
| S | For TRAC, 'Support' activity category (see section 1.3 for full definitions) |

| Reference | Definition |
|----------------------------|--|
| Source data | Refers to the original data source for a data set. The guidance typically states that different data 'should agree to source'. This is requiring institutions to be able to substantiate data used in the TRAC model e.g. cost drivers, back to the source, which could be the student records system. |
| Subject-FACTS | 'Subject-related full average costs of teaching a student', the subject-related average annual cost of teaching a FTE funding council-fundable student in a HESA academic cost centre based on TRAC. |
| Subject-related costs | Subject-related costs are the costs of Teaching that are significantly affected by discipline or subject. They exclude the additional (or lower) costs incurred from non-subject related activities. See non-subject related costs. |
| Support cost | This is a cost that is not incurred as a result of undertaking a single activity. It is often referred to as an overhead (see chapter 3.4). |
| Sustainability Adjustments | Two economic adjustments applied to the TRAC model in line with the guidance in section 3.2 to represent the full economic cost of delivering core TRAC activities. These adjustments are formulaic and are referred to as the Infrastructure Adjustment and the Return for Financing and Investment. |
| T | For TRAC, 'Teaching' activity category (see section 1.3 for full definitions) |
| TRAC | Transparent Approach to Costing. |
| TRAC(T) | TRAC for Teaching. Submission of a TRAC(T) return is a requirement for all UK Higher Education Institutions in receipt of grant funding from the HE Funding Councils for England, Scotland and Northern Ireland, (HEFCE, SFC and DELNI). |
| TRAC Manager | The individual that operates the TRAC/fEC process |
| Trading companies | Trading activities in commercial companies, spin-outs (subsidiaries) |
| Weighted space | Space is categorised into different types to reflect its cost. Each of these space types is given a weighting for each element of estates cost. These space weightings are based on a mixture of experience, comparisons, reasonableness reviews, and meter readings. |
| Widening participation | Additional activities undertaken in the recruitment and support of students from disadvantaged and non-traditional backgrounds and disabled students. |