

Cylchlythyr | Circular

Consultation on the implementation of TRAC(T) data collection in Wales

Date: 12 July 2019
Reference: W19/21HE
To: Heads of higher education institutions in Wales
Response by: **31 July 2019**
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This circular informs higher education institutions (HEIs) of our proposal to collect Transparent Approach to Costing (Teaching) TRAC(T) data in Wales and seeks views on the proposed implementation.

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Background

1. This circular informs higher education institutions (HEIs) of our proposal to collect Transparent Approach to Costing (Teaching) TRAC(T) data in Wales and seeks views on the proposed implementation.
2. TRAC is the methodology developed with the higher education sector in the UK to cost activities. TRAC(T) is a framework for costing teaching based on the TRAC methodology under which HEIs provide a further analysis of the costs of publicly funded teaching reported in the annual TRAC return.
3. TRAC(T) data are used to calculate the subject related average annual cost of teaching a full-time equivalent student in each HESA [academic cost centre](#), for students fundable by the relevant UK regulator or funding body. Further information can be obtained from section 4.3 of the TRAC [guidance document](#) on the TRAC [website](#).
4. Up to now, TRAC(T) data have only been collected from HEIs in England, Scotland and Northern Ireland. The data are used by regulators and funding bodies to inform their teaching funding methods, which are based on cost centres. Up to the academic year (AY) 2019/20, we have not used cost centre data in our teaching funding allocations and so have not required Welsh HEIs to return TRAC(T) data.
5. In autumn 2018, we issued a consultation circular on our future funding methods ([W18/24HE](#)). In that we proposed to use a costs data analysis, based on TRAC(T) data for the UK excluding Wales, published by the Higher Education Funding Council for England (HEFCE) (now Office for Students - OfS) in 2012, to determine cost relativities by subject for teaching in Wales. Given the TRAC(T) work that we could use was published in 2012, and based on data from AY 2007/08 to AY 2009/10, we said in that circular 'given that this is the first year in a progression to a new method for allocating teaching funding, we consider that we should use a method that uses the TRAC(T) data as soon as we can, even if the method for AY 2019/20 is for an interim period.' We asked the following questions:

For AY 2019/20 changes to the teaching funding method

- Are you content with the way that the TRAC(T) costs data have been used to calculate relativities for an interim allocation of funding for higher cost subjects for full-time undergraduate provision in AY 2019/20?

For changes to the teaching funding method beyond AY 2019/20

- Should TRAC(T) data be used in future to calculate subject relativities for allocating funding for higher cost subjects, a) for full-time undergraduate provision and, b) for part-time undergraduate provision?

6. The reason for proposing to use TRAC(T) data was that the subject relativities being used at the time in our funding allocations were based on

analysis undertaken around 20 year ago and so needed to be updated. In light of the consultation outcomes, which were positive, the first proposal above was implemented, and relativities between subject groups, calculated from the TRAC(T) data, were used to allocate the full-time undergraduate higher cost subjects premium for AY 2019/20. The responses to the second proposal above were also positive and we are undertaking further development work, including consideration of the points made in response to this question.

7. The consultation also asked a question related to the collection of TRAC(T) data:

For changes to the teaching funding method beyond AY 2019/20

- Do you think that we should collect TRAC(T) from Welsh providers, to use alongside the equivalent UK data, to inform the calculation of subject relativities?

8. The responses to this question were less positive, with HEIs in general not being in favour of returning TRAC(T) data, but in favour of using data already collected for the rest of the UK. The reasons against the collection of TRAC(T) data from Welsh HEIs included the small number of HEIs in Wales not allowing for meaningful comparisons across the Welsh sector, the Wales-only data not being robust enough for funding purposes, the data collection burden and that English data were applicable to Welsh providers and so Welsh data were not needed. In the consultation outcomes circular (see paragraph 9) we said that we will consider whether to collect these data and that any proposals will be subject to further review.
9. A summary of the consultation responses to the above three questions, along with the other questions consulted upon, is contained in HEFCW circular [W19/09HE](#), 'Outcomes of consultation on changes to funding methods for AY 2019/20 and beyond'.
10. In February 2019, we issued a headline funding assumptions document to HEFCW-funded providers in which we stated, in relation to teaching funding allocations AY 2020/21 and beyond:

'As part of modifying the funding for higher cost teaching provision we are considering introducing a requirement for the reporting of TRAC(T) information at an institutional level. We do not propose to use that information to inform our funding allocations, which we would base on information available at a UK sector level. However, we believe that this information is important for assessing the sustainability of provision and would enable institutions and HEFCW to benchmark this information with comparable UK institutions. This proposal was not supported in the consultation responses where most institutions supported the use of TRAC(T) information published by HEFCE, but not the submission of TRAC(T) by Welsh institutions. We believe we should be collecting equivalent information from Welsh HE providers if we are to make use of data collected from English HE providers and published by HEFCE/OfS.

We will consult further on this proposal as we consider the options, resource implications and possible timescales for introducing TRAC(T) reporting.'

Proposal to collect TRAC(T) data from Welsh HEIs

11. This consultation follows on from the headline funding assumptions. We are proposing that we collect TRAC(T) data from Welsh HEIs starting with a pilot collection for AY 2018/19 in February 2020. We have been in preliminary discussions with KPMG, who are currently contracted as the TRAC Support Unit, and the OfS, who lead on behalf of all the UK funding bodies and regulators on the collection of the UK TRAC data, about how this might be implemented and to discuss a possible timetable.
12. We have taken our proposal to the [TRAC Development Group](#) (TDG), which oversees the TRAC publications, the Support Unit, the practitioners' groups and conference and disseminates and provides guidance about TRAC and TRAC(T). They are supportive of our proposal in principle and would have oversight of the project to implement TRAC(T) for Wales.
13. We intend that the collection would follow the requirements and specification for the rest of the UK as closely as possible. The collection would be developed by the Support Unit as part of their overall TRAC work which is co-funded by all the UK funders and regulators. Funding for the Support Unit costs for the implementation programme of TRAC(T) for Wales would be provided by HEFCW through the UK TRAC Support Unit contract.
14. If the collection of TRAC(T) data from Welsh HEIs is implemented, we propose to follow the timetable below. The implementation project has to be substantially complete before July 2020 in order for it to be carried out under the current Support Unit contract.

Proposed implementation timetable

	2019	2020	2021
Agree requirements and specification	September		
Develop guidance and templates	October		
Workshops with HEIs	October/ November		
Pilot data return AY 2018/19		End February	
Benchmarking results		April	
Refine requirements and guidance*		May/June	
First full submission of AY 2019/20 data			January

*Including workshop debriefs with HEIs to review benchmarking data and gain feedback on the process.

15. The pilot data for AY 2018/19 would be submitted via the TRAC portal, but would not be included in the peer group analysis for AY 2018/19 given that this would be the first reporting of TRAC(T) data by Welsh HEIs. If interrogation of the data did find issues then there is a possibility of resubmission by July 2020 at the latest. In addition, depending on data quality, Welsh data may also be excluded from peer group analysis for AY 2019/20.

Reasons for collecting the data and the benefit to HEIs

16. If we were to collect TRAC(T) data, although we would analyse data at a Wales level as well as at a UK level, we would be looking at UK wide data to make any decisions about how we fund provision, given the small number of Welsh HEIs. The relativities we have been using for part-time undergraduate credit-based funding are now very historic and the relativities we used in the higher cost subjects premium in AY 2019/20 for full-time undergraduate provision were based on TRAC(T) data from around 10 years ago. We would use the new data in our work to develop and verify our subject relativities and ensure they are fit for purpose and better align the subject relativities we use in part-time and full-time funding. These uses of the data would also respond to the recommendations from [The Review of Higher Education Funding and Student Finance Arrangements in Wales](#) conducted by Professor Sir Ian Diamond (the Diamond Review), relating to funding higher cost subjects and expensive subjects for both full-time and part-time provision.
17. An important point to note is that we would not have access to unpublished rest of UK TRAC(T) data if Wales were not included in the TRAC(T) collection, so it would be difficult to develop our work on relativities unless regulators and funding bodies in the rest of the UK were to regularly publish data we could use. Effectively, we are unlikely to be able to implement the work relating to the second question in paragraph 5, if we did not implement the work relating to the question in paragraph 7.
18. The outputs from the TRAC(T) data collection would benefit HEIs as they would be able to use the information for financial management analysis. This includes benchmarking their costs data against peer groups and other HEIs using the annual analysis based on TRAC(T) provided by OfS to those returning TRAC(T) data, and using the data to assess the sustainability of provision.
19. If the collection is implemented we will work with the TRAC Support Unit to investigate ways of linking Welsh HEIs and the Welsh regional practitioners group with English groups and peers so that best practice can be shared. In addition, OfS have agreed in principle that if the implementation project goes ahead, they will supply TRAC(T) UK-wide benchmarking data to Welsh HEIs prior to the first collection of non-pilot data, on the condition that they make certain agreements around confidentiality and non-disclosure.

20. The reasons outlined above establish our need for having costs data of some sort. If we did not collect data through the TRAC(T) process, we could carry out a bespoke data collection for Wales, however, this would not give comparable UK wide data and would not be an annual collection which would give us information about changes in costs. In addition there would be no advantage in terms of implementation costs compared to the implementation of a TRAC(T) collection given that methodology would have to be developed and there would be no efficiencies of scale.
21. We recognise that the collection of these data will impose a burden in terms of time and cost on providers. However, we believe the benefits of having these data, and collecting them through established processes, will outweigh the disadvantages. These are summarised in the table below.

Benefits and disadvantages of collecting costs data through the TRAC(T) process

	Benefits	Disadvantages
To HEFCW	<p>Availability of data to inform relativities work</p> <p>Availability of data to monitor costs across the UK and in Wales</p> <p>Would not have to commission separate work with no track record of implementation</p> <p>Using established methodology, contracts and networks reduces implementation costs</p> <p>Data available annually</p> <p>Access to UK wide data</p>	<p>Implementation cost</p> <p>Ongoing annual cost</p>
To HEIs	<p>Availability of data for benchmarking purposes</p> <p>Availability of data for assessing sustainability of provision</p> <p>Is an extension of the TRAC methodology and data collection which is already established in Wales</p>	<p>Burden of developing returns process</p> <p>Burden of submission</p> <p>Burden of developing cost analysis reporting structures that meet the more detailed TRAC(T) reporting requirements</p>

	<p>TRAC practitioner groups are already established, including in Wales.</p> <p>Uses methodology and guidance already established for the rest of the UK</p> <p>Data available annually</p> <p>Access to UK wide data including for peer groups</p>	<p>Possible additional costs for developing new/modified financial reporting systems</p>
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Consultation questions

22. We would like to hear your views on our proposals, in particular, could you please answer the following questions:

- 1) Do you support the implementation of the collection of TRAC(T) data from Welsh HEIs based on the rationale set out here and in our previous consultation? If not, why not?
- 2) If you do not support the implementation of the collection of TRAC(T) data for Welsh HEIs, please provide details of the alternative sources of data that should be used to develop the funding methodology in line with the Diamond Review recommendations given that up to date rest of UK TRAC(T) data will not be available to HEFCW if Wales does not participate in the TRAC(T) data collection?
- 3) Considering how the data could be used by both HEFCW and HEIs compared to the burden and cost of collection, do you consider the benefits of collecting TRAC(T) data to outweigh the disadvantages? If not, why not?
- 4) Are there any other benefits or disadvantages of collecting TRAC(T) that we haven't considered above? Please provide them if so.
- 5) If we were to go ahead with the collection do you see any issues with the proposed timetable for implementation, bearing in mind the aim to be substantially finished by July 2020 described in paragraph 14 and the knock on effect a delay may have on being able to use UK-wide data in the development of funding methodology? Please explain your reasons for any issues.
- 6) Could the proposals for implementation be changed, or are there further things that could be developed following the initial implementation programme, that would increase the positive effects on

financial management and planning for Welsh HEIs of implementing TRAC(T)?

- 7) Do the proposals have any positive or negative impacts or unintended consequences in terms of equality and diversity and the Well-being of Future Generation (Wales) Act's seven well-being goals, Sustainable Development Principle and five ways of working?
- 8) What **positive** or **adverse** effects will the proposals have on:
 - **opportunities** for persons to use the Welsh language and
 - **treating** the Welsh language no less favourably than the English language?
- 9) Could the proposals be changed to **increase positive** effects, or **decrease adverse** effects on:
 - **opportunities** for persons to use the Welsh language and
 - **treating** the Welsh language no less favourably than the English language?

Responses

23. Please email your response to this consultation to hestats@hefcw.ac.uk by **31 July 2019**. We need responses by this date in order to proceed with the timetable outlined in paragraph 14.

Further information

24. Any queries should be directed to Hannah Falvey (telephone 029 2085 9720) or Diane Rowland (telephone 029 2085 9717), at hestats@hefcw.ac.uk.

Assessing the impact of our policies

25. We have carried out an impact assessment to help safeguard against discrimination and promote equality. We also considered the impact of policies on the Welsh language, and Welsh language provision within the HE sector in Wales and potential impacts towards the goals set out in the Well-Being of Future Generations (Wales) Act 2015 including our Well-Being Objectives. Contact equality@hefcw.ac.uk for more information about impact assessments.