

1 December 2008



To heads of higher education institutions in England, Wales,
Scotland and Northern Ireland

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Dear colleagues

TRAC reporting for 2007-08

1. Many of you will recall my presentation to the Universities UK conference in September which provided an opportunity for us to explore the issues arising from the TRAC data in recent years and to understand the potential implications for the sector as we go into the 2009 Comprehensive Spending Review and the review of variable fees in England.
2. The funding councils wrote recently to institutions inviting them to submit their TRAC data for 2007-08 (HEFCE Circular letter 33/2008 www.hefce.ac.uk/pubs/circlets/2008/cl33_08; HEFCW circular W08/37 and equivalent communication from the Scottish Funding Council) and I therefore wish to remind you of the importance of submitting data which is robust and credible to institutions and funders alike by 30 January 2009.
3. I strongly encourage you to ensure that you and your senior management team review your institution's data and carry out the necessary validation and reasonableness checks before the data is submitted to the funding councils. In particular, I would encourage you to give careful consideration to the allocation of academic staff costs between teaching, research and support, and to ensure the distinction between research and scholarship/continuing professional development has been treated appropriately. The enclosed update (available at www.icpsg.ac.uk/guidance/revisions) should provide some helpful prompts to assist you with this process, together with the validation checks built into the TRAC return template. The guidance has been strengthened to help embed this process, through the addition of some minimum requirements as detailed in the update.
4. I have also asked the funding councils to contact heads of institutions that have reported surpluses on publicly funded teaching in the last two years to discuss the process for senior management scrutiny prior to submission of the 2007-08 TRAC data in January 2009.

Approval of TRAC EC-FP7 method for EU Framework Programme VII

5. I also wish to let you know that after a protracted process, the European Commission has approved TRAC EC-FP7 as a method for producing eligible personnel and real indirect costs for research projects undertaken by higher education institutions (HEIs) in the UK under the EU Framework Programme VII. Institutions are not obliged to adopt the TRAC EC-FP7 methods for costing FP7 projects, and may develop their own full-cost method if they wish. However, the major benefit for UK HEIs that choose to adopt the TRAC EC-FP7 methods is that the European Commission has also approved the audit certification programme developed as part of the TRAC EC-FP7 methods that draws upon the Research Councils UK Quality Assurance and Validation (QAV) process. This incorporates a template 'Certificate on the Methodology (CoM)' which needs to be verified by each institution's auditors through a process that is an extension of the 2008 QAV review. Once this has been done, the CoM should in principle be approved by the Commission.

6. We acknowledge the hard work by colleagues at Universities UK, JM Consulting and KPMG in securing this outcome with the Commission. Nevertheless, it will be for institutions to assess for themselves the relative costs and benefits of adopting a full-cost model for Framework Programme VII.

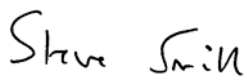
TRAC Development Group

7. The TRAC Development Group is now established and met for the first time in October. The group, chaired by Professor Stuart Palmer, Deputy Vice-Chancellor at the University of Warwick, is currently developing its programme of work which will include oversight of the development of the TRAC guidance within a wider context of supporting and understand financial sustainability in the UK higher education sector. Further information about the group's plans will be communicated in early 2009.

Sub-group on Costs of Sustainable Teaching

8. Finally, I would like to report on the progress we are making with the work on evaluating the sustainability of learning and teaching in English higher education. This has been an interesting and challenging piece of work for the group, but we have made excellent progress and we plan to publish the outcomes in early 2009.

Yours sincerely



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