

Support to universities and colleges on full economic costs from July 2005

The Joint Costing and Pricing Steering Group (JCPSG) completed the majority of its work at the end of July 2005.

We are now at the point where full economic costing and the implementation of the Transparent Approach to Costing (TRAC) need to be led by the sector and its representative bodies.

The JCPSG and the HE Funding Councils recognise that there is a risk that this transfer could lead to a loss of momentum in universities and colleges implementing full economic costs. They have therefore developed, in conjunction with the British Universities Finance Directors Group (BUFDG), a range of activities that are intended to manage this risk, while giving greater control to the sector.

The BUFDG Costing and Pricing Group will now be the forum to identify and debate potential changes to the TRAC guidance. Its membership is drawn from a wide range of institutions to reflect the spread of higher education activities, and includes representatives from Directors of Research (ARMA and AURIL) and Directors of Estates (AUDE). The Funding Council and Research Council representatives on the Group will actively support its work. Terms of reference for the group and the list of members appear at <http://www.hefce.ac.uk/finance/costing/>.

The Group will be the sole route through which changes are made to the TRAC guidance. Once changes are agreed, probably annually, the Funding Councils will commission the actual changes and secure their inclusion in revised guidance on the web-site. This is likely to be done on an annual basis.

The JCPSG web-site will be hosted on the HEFCE web-site by February 2006 and maintained by HEFCE thereafter. Changes to the content on the web-site will also be agreed through the BUFDG Costing and Pricing Group.

It is equally important that that staff across all universities and colleges have access to training on full economic costs and TRAC. BUFDG will continue to provide training aimed more at technical and accounting requirements. Similarly, ARMA and AURIL will continue to provide training for Research Administrators and Managers. The Leadership Foundation has been asked to ensure that the issues around full economic costs and cost-based and market-based-pricing are included within its leadership and management development programmes.

While the helpdesk maintained by JM Consulting will not be available after September 2005, Funding Council staff have been trained by J M Consulting to provide this service for universities and colleges. In addition, Funding Council staff will also be able to draw on the knowledge and expertise of Heather Williams and Andy Beazer, who have been

the JCPSG Project Managers over the life of the JCPSG. The Funding Councils also plan to retain consulting capacity, both that needed to update the TRAC guidance and to address specific issues that arise in the future or to address specific topics raised by the BUFDG Costing and Pricing Group.

The application of full economic costing as the basis for cost-based funding is central to securing the long-term financial sustainability of higher education and its ability to deliver high quality learning and teaching and research.

Consequently, advocating the adoption of the principles of TRAC fEC-based pricing, including the TRAC methodology where appropriate, by funders needs to continue. This will include the promotion of this approach to other research funders as well as to other activities, primarily to teaching. This will require the Funding Councils, Research Councils, OST and the BUFDG Costing and Pricing Group to work closely together.

The schedules below provide details of the specific activities being undertaken as part of these continuing support arrangements. The sector has made huge strides over recent years in addressing the identification and recovery of full economic costs. We need to continue to work together to build on these foundations for the long-term financial sustainability of higher education.

Further details can be found on the HEFCE website under 'Finance & Assurance/ Good Practice/Costing and Pricing'.

September 2005

Support strategy from July 2005 to continue promotion of full economic costing to inform cost-based pricing of activities

Action	Exit strategy activities	Actions/resources to support activities	Link to BUFDG Costing and Pricing Group Terms of Reference (or other bodies' responsibilities)
a. Encouraging self-help groups to become self-sufficient	<ul style="list-style-type: none"> Self-help groups encouraged to continue meeting regularly HEIs that do not have representatives on a self-help group will be encouraged to send at least one appropriate member of staff 	<ul style="list-style-type: none"> BUFDG Costing and Pricing Group will support the regional self help groups and act as a UK-wide point of contact Chairs/Secretaries of self help groups to encourage participation Chairs/Secretaries to report to the Costing and Pricing Group ARMA¹ and AURIL² members to be encouraged to maintain dialogue with the Costing and Pricing Group. 	<p>ToR (iv)</p> <p>ToR (iv)</p> <p>ToR (iv)</p> <p>ToR (iv)</p>
b. Maintaining the JCPSG web-site	<ul style="list-style-type: none"> Web-site to continue to operate under JCPSG logo for a further 6 months after July 2005 Funding Councils to take responsibility for updating and maintaining material on JCPSG site after July 2005, and to absorb this material into HEFCE web-site by February 2006 	<ul style="list-style-type: none"> Support contract available with current web provider until January 2006 Resource identified within HEFCE to support transfer of JCPSG web-site to HEFCE server by February 2006, and to maintain the site Changes to content on web-site to be discussed and agreed with BUFDG Costing and Pricing Group. 	<p>ToR (v)</p> <p>HEFCE</p> <p>HEFCE/ ToR (iii)</p>

¹ Association of Research Managers and Administrators <http://www.arma.ac.uk>

² Association for University Research Industry Links <http://www.auril.org.uk>

<p>c. Technical training to be taken forward by other groups</p>	<ul style="list-style-type: none"> • BUFDG to continue running self-financing training seminars on costing and pricing for finance staff after July 2005 • BUFDG to work with Leadership Foundation to deliver holistic training programme on costing and pricing. 	<ul style="list-style-type: none"> • BUFDG Training and Development Group to continue current programmes. BUFDG Costing and Pricing Working Group to identify future needs for sector training requirements for delivery by BUFDG Training and Development Group or the Leadership Foundation in partnership with BUFDG • BUFDG to support training on Leadership series courses and induction days for governors • ARMA and AURIL to support training on costing and pricing for Research Administrators and Managers. 	<p>ToR (iii)</p> <p>ToR(iii)</p> <p>ARMA and AURIL</p>
<p>d. Senior management training to be taken forward by other groups</p>	<ul style="list-style-type: none"> • Senior managers and academics will be briefed on developments in costing and pricing after July 2005 • Leadership Foundation to work with BUFDG to deliver a holistic training programme on costing and pricing 	<ul style="list-style-type: none"> • BUFDG Costing and Pricing Group to work with the Funding Councils to engage the Leadership Foundation to ensure coverage of costing and pricing issues on induction days for governors and other Leadership series courses for senior managers • HEFCE LGM team to raise with the Leadership Foundation to ensure coverage of costing and pricing issues on induction days for governors and other Leadership series courses for senior managers • BUFDG Costing and Pricing Group remit includes setting the agenda for training of senior managers 	<p>ToR (iii)</p> <p>HEFCE</p> <p>ToR (iii)</p>

<p>e. Reviewing and updating TRAC requirements and guidance</p>	<ul style="list-style-type: none"> JCPSG has consolidated TRAC guidance (written by JM Consulting and reviewed by representatives of JCPSG and Research Councils) Funding Councils are now custodians of TRAC guidance Updates to the TRAC guidance from July 2005 to be agreed with the BUFDG Costing and Pricing Group 	<ul style="list-style-type: none"> TRAC Consolidated Guidance published June 2005 and live on JCSPG web-site BUFDG Costing and Pricing Group established as the sole route for reviewing and recommending changes to the TRAC guidance Funding Councils will commission actual updates to TRAC guidance annually and will approve changes following consultation with Research Councils Funding Councils to retain consultancy capacity to support specific pieces of work identified by the Funding Councils/BUFDG Costing and Pricing Group. 	<p>JCPSG – completed</p> <p>ToR (i)</p> <p>Funding Councils (HEFCE lead)</p> <p>Funding Councils (HEFCE lead)</p>
<p>f. Supporting HEIs beyond September 2005</p>	<ul style="list-style-type: none"> Funding Council staff have been trained to handle TRAC-related queries so that when the implementation help-desk contract with JM Consulting expires (September 2005), there continues to be support available to HEIs Annual forums will be organised to keep institutions informed of developments on TRAC requirements and methodology (to be incorporated in remit for BUFDG costing and pricing group) 	<ul style="list-style-type: none"> Funding Council staff trained, and supported by in-house expertise Funding Councils to retain consultancy capacity to provide support to Funding Council staff for further training and to address more complex issues if required Funding Councils to publish updates to TRAC guidance via the Funding Councils/JCPSG web-sites. External resources to prepare web updates if required BUFDG Costing and Pricing Group to decide on future dissemination events. 	<p>Funding Councils</p> <p>Funding Councils</p> <p>Funding Councils</p> <p>ToR (v)</p>

<p>g. Adoption of TRAC across all activities</p>	<ul style="list-style-type: none"> • Promote adoption of TRAC fEC by other funders of research • Promote adoption of full economic costs to other activities 	<ul style="list-style-type: none"> • Funding Councils and DTI/OST, working with the BUFDG Costing and Pricing Group, to engage with charities, NHS, other government departments and the EU to ensure government policy on adopting fEC in applied • HEFCE to consider how its funding method for teaching can take account of the full costs of activities • Funding Councils, working with the Costing and Pricing Group, to promote adoption of full economic cost approach to funding provided by other funders of teaching, where funding is cost-based, such as the NHS and the Training and Development Agency for Schools (formerly TTA) 	<p>ToR (ii), Funding Councils, DTI/OST</p> <p>HEFCE</p> <p>Funding Councils</p>
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