

TRAC default cost rates 2007-08

Joint statement by the Office of Science and Innovation, Research Councils and UK higher education funding bodies

The TRAC methodology provides for the use of default cost rates for higher education institutions (HEIs) whose own implementation of TRAC is not yet robust.

In addition, default rates can be applied by HEIs with less than £500,000 annual research income from public sources who claim dispensation from fully robust implementation and verification. (Research income from public sources is defined as 'Recurrent research grant from UK HE funding councils plus research grant and contract income from OSI Research Councils (RCUK), Other Government Departments and EU', as reported in HESA Finance Statistics Return Table 5b.)

The rates quoted below are mainly derived from data from the benchmarking process carried out in January 2007. They are based on data for the academic year 2005-06, indexed for two years, and thus reflect year one prices for all projects for which bids are made during March 2007 to February 2008. These are the costs to be entered on the Research Council grant application forms (and form the year one costs for all other projects).

Dispensation default rates

The dispensation rates are to be used by HEIs during 2007-08 who are eligible for dispensation and wish to apply dispensation, and by non-HEI research organisations that are not required to implement TRAC.

The rates are:

TRAC default cost rates for 2007-08		Rate (per academic or research FTE) £
Dispensation default rates – for non-HEIs and for HEIs with dispensation		
Indirect cost rate		34,500
Laboratory estates rate		10,700
Non-laboratory estates rate		6,200

Non-compliant default rates

The rates to be used by HEIs during 2007-08 whose implementation is not robust (as determined by the external quality assurances conducted at all HEIs) and who are not eligible for dispensation will continue to be those set for 2006-07, until further notified.

The rates are therefore:

TRAC default cost rates for 2007-08		Rate (per academic or research FTE) £
Non-compliant default rates – for HEIs with non-robust TRAC implementation		
Indirect cost rate: <u>lower of HEI's own rate or</u>		22,000
Estates cost rates		0

There are currently **no** non-compliant default rates for academic salary costs, laboratory technicians or major research facilities – institutions should charge their own rates.

From June 2007 a new Quality Assurance and Validation process will be introduced by RCUK. As a result of this the non-compliant default rates, and the circumstances under which they apply, will change. RCUK will be publish further information on this by June 2007.

Upper quartile rates

No cap will apply to an HEI's own rates. However, where HEIs have indirect cost rates or an estates rate above the upper quartile of the sector rates, they may be requested by the sponsor to justify their rates. If they are unable to do this, they will be required to apply the relevant non-compliant default rate.

TRAC cost rates for 2007-08	<i>Rate (per academic or research FTE) £</i>
Upper quartile sector rates	
Indirect cost rate	38,800
Laboratory estates	12,600
Non-laboratory estates	7,400

HEIs should note that whether or not they are required to use the default rates in determining the price of a project for certain sponsors, they should use their own rates when costing a project. This will help them to understand the real cost of the work and the real contribution they will be making to it.

Further guidance on TRAC and full economic costs (fEC) project costing is provided in the TRAC consolidated guidance. This can be downloaded at the following web-site: <http://www.jcpsg.ac.uk/guidance/index.htm>