

The Purpose of Transparent Approach to Costing (TRAC) and the Requirement for the Time Allocation Survey (TAS)

The benefits to LSE and staff of TRAC

The cost of research identified using TAS data underpins the indirect cost rates included in research grant applications to the Research Councils. £5m income is received by the School each year using the School's indirect rates on Research Council Grants. This income feeds directly into research grant overheads which are allotted to departments and individuals for personal finance rewards and research initiatives.

Submission of the TRAC return also allows the School to receive c. £20m block funding from UKRI per annum. The TRAC data is also used to recover VAT on purchases and reduce the cost of new buildings; without a valid TRAC return no VAT would be recoverable.

Requirement for TRAC

The School is required by the Office for Students (OfS) to submit a TRAC return annually showing its total income and expenditure split by teaching, research and other activities. This allows the Full Economic Cost (fEC) of each activity to be determined.

The School is obliged to demonstrate to its funders, OfS and UKRI, that the institution is managed in a financially sustainable way and that the costs we seek to recover from them are appropriate. The TRAC methodology is common amongst all UK universities.

Before the development of fEC the absence of robust data on the full economic costs of research led institutions to under-estimate the costs of research.

The TRAC return is included in UKRI Quality Assurance Validation audits. The OfS also require a periodic Internal Audit of the process to ensure the School complies with the methodology.

Requirement for TAS

The recording of time split amongst the wide range of activities engaged in by academics on each type of **TRAC** activity heading (i.e. teaching, research and others) is a major driver for allocating costs and is therefore a key component of the return.

Previously all eligible academics were asked to complete the survey and a 75% response rate was required. To reduce the burden, the School has adopted a statistical approach which samples 15% of eligible academics, however this requires a higher submission to maintain the integrity of the sample. Assistance will be provided to the sampled academics in completion of their returns. Support can also be accessed by emailing TRAC@lse.ac.uk.

Ultimately the Research Councils could substitute their own, much lower rates, of funding if they consider the calculation of the School's rates to be insufficiently robust. It has been calculated that this would lead to a loss of income to the School of over £1m per annum.

What TRAC Results are Used For

TRAC is important in assessing institutions' future sustainability and informs the public funding of higher education.

TRAC has provided clear evidence to the government of the need to invest in the infrastructure of Universities and to ensure that publicly funded research is adequately funded and sustainable in the long-term. The funding for research under the Dual Support System has increased substantially as a direct result of the evidence of deficits on research funding revealed by TRAC.

Collection of Hours worked and Confidentiality of results

It is recognised that academics work outside what could be deemed 'office hours', therefore the hours worked over a seven-day period are to be recorded. The proportion of time worked on each activity is calculated from the hours reported.

All individual data submitted is confidential and visible only to members of the TRAC team within the Finance Division. Academic submitted data will be used for constructing aggregate time distribution estimates to be utilised in the School's TRAC return model.