



A Quick Guide to Transparent Approach to Costing (TRAC)

Transparent Approach to Costing (TRAC) is a method used by UK Higher Education Providers (HEPs) to cost their teaching, research and other activities.

TRAC has been developed specifically to meet HEP's needs and provides a consistent framework for:

- calculating the cost of teaching activities
- assessing the full economic cost of research projects
- reporting the costs of teaching, research and other activities to the relevant funding bodies

To support financial sustainability, TRAC allows universities to calculate the full economic cost of their activities and reflect the costs of maintaining their infrastructure and developing it to meet future needs.

Teaching, research and other activities

HEPs cost their activities across four categories:

- **Teaching** includes activities that provide or support the teaching of undergraduate and postgraduate taught students and can include both higher education and non-higher education activities, such as further education courses.
- **Research** covers: research; fieldwork, laboratory, studio and desk/library work; management of projects; recruitment and supervision of research staff; attendance at conferences, seminars and society meetings; production of research reports, papers and books; training and support of postgraduate research students; collaboration with other academic departments or institutions; and outreach where research is the underlying activity.
- **Other income-generating activity** comprises: consultancy; other services rendered (including routine testing and non-research clinical trials); work carried out through trading/commercial companies that is not teaching or research; technology transfer work; and outreach where the activity is not teaching or research.
- **Support activities** are carried out in support of teaching, research and other activities listed above, such as timetabling, peer review, drafting proposals, etc.

Full economic costs

The actual total cost of HEPs' teaching, research and other activities includes both direct and indirect costs, some of which are project-specific and some of which are shared across a number of projects or activities. We refer to this total cost as the 'full economic cost' of those activities.



Using the TRAC methodology, HEPs can calculate the full economic cost of an activity by taking account of directly incurred costs, directly allocated costs, and indirect costs:

- **Directly incurred costs** relate to staff, goods or services specifically associated with an activity
- **Directly allocated costs** related to staff, goods or services that are shared across more than one activity
- **Indirect costs** are not related to a specific activity but are necessary underpinning costs (i.e. overheads)

How TRAC underpins the full economic cost of research activities

TRAC takes institutional expenditure and adds a margin for sustainability to represent the 'sustainable' cost of research. Outputs from TRAC include the Indirect and Estates charge-out rates that underpin the full economic cost of a research project.

Directly incurred costs are specific to the project and include:

- staff time, including research assistants and dedicated technicians
- goods and services used in the project

Directly allocated costs are ones shared between activities and projects and are charged on the basis of estimates. They include:

- investigators' time
- Infrastructure technicians' time

Indirect costs are not directly related to a project or activity but are a necessary part of it. They include:

- central services
- libraries
- support staff in academic departments
- a level of return to contribute to the institution's future development.

How can TRAC help me as a researcher in a HEP?

The TRAC method is central to the way your HEP is funded both at the institution level and for individual research projects. A working knowledge of the TRAC method will help you to understand the wider costs that underpin your work. Whilst you are responsible for forecasting the direct costs of your project, it is likely that your department has a costing tool that supports the calculation of the full



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economic costs of proposals, and that research finance contacts will be in a position to provide access and support. You may also be asked to fill out surveys to help your institution complete its annual TRAC return and work out how to apportion costs across your department and to individual research projects.

[Find out more about UKRI's work on the financial sustainability of research](#)

[Visit the TRAC website to find out more about the method](#)