

Full Costing at University College London (UCL)

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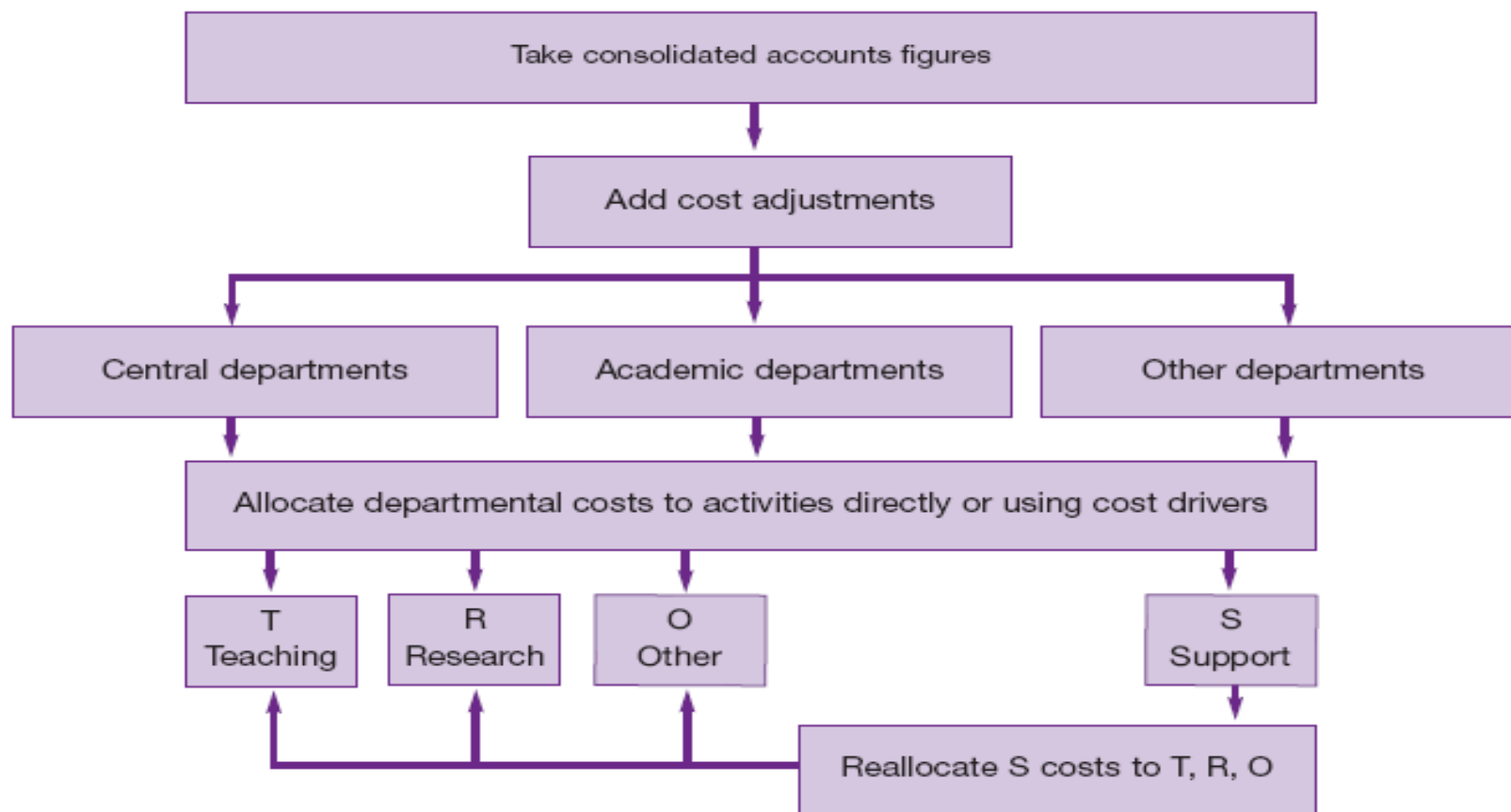
Introduction

- UCL is ranked fourth in the world's top ten universities by the Times Higher Education-QS World University Rankings
- More than 4,000 academic and research staff
- 22,000-strong student community
- In the 2008 Research Assessment Exercise (RAE) UCL was rated the best research university in London, and third in the UK overall, for the number of its submissions which were considered to be 'world-leading'
- Turnover from externally funded research approximately £240m in 2008/09

Full Costing in the UK (TRAC & fEC) 1

- Transparent Approach to Costing (TRAC)
- Method developed in 1999 as part of the Government's Transparency Review
- Activity Based Costing – ABC
- 2005 – Full Economic Costing (fEC) enables to fully cost individual research projects

Full Costing in the UK (TRAC & fEC) 2



Full Costing in the UK (TRAC & fEC) 3

Underlying principles of TRAC

- Materiality
- Costs are fair and reasonably stated
- Flexibility and choice of methods
- Consistency of costing treatment
- Auditability (of methods not data)

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Cost Adjustments

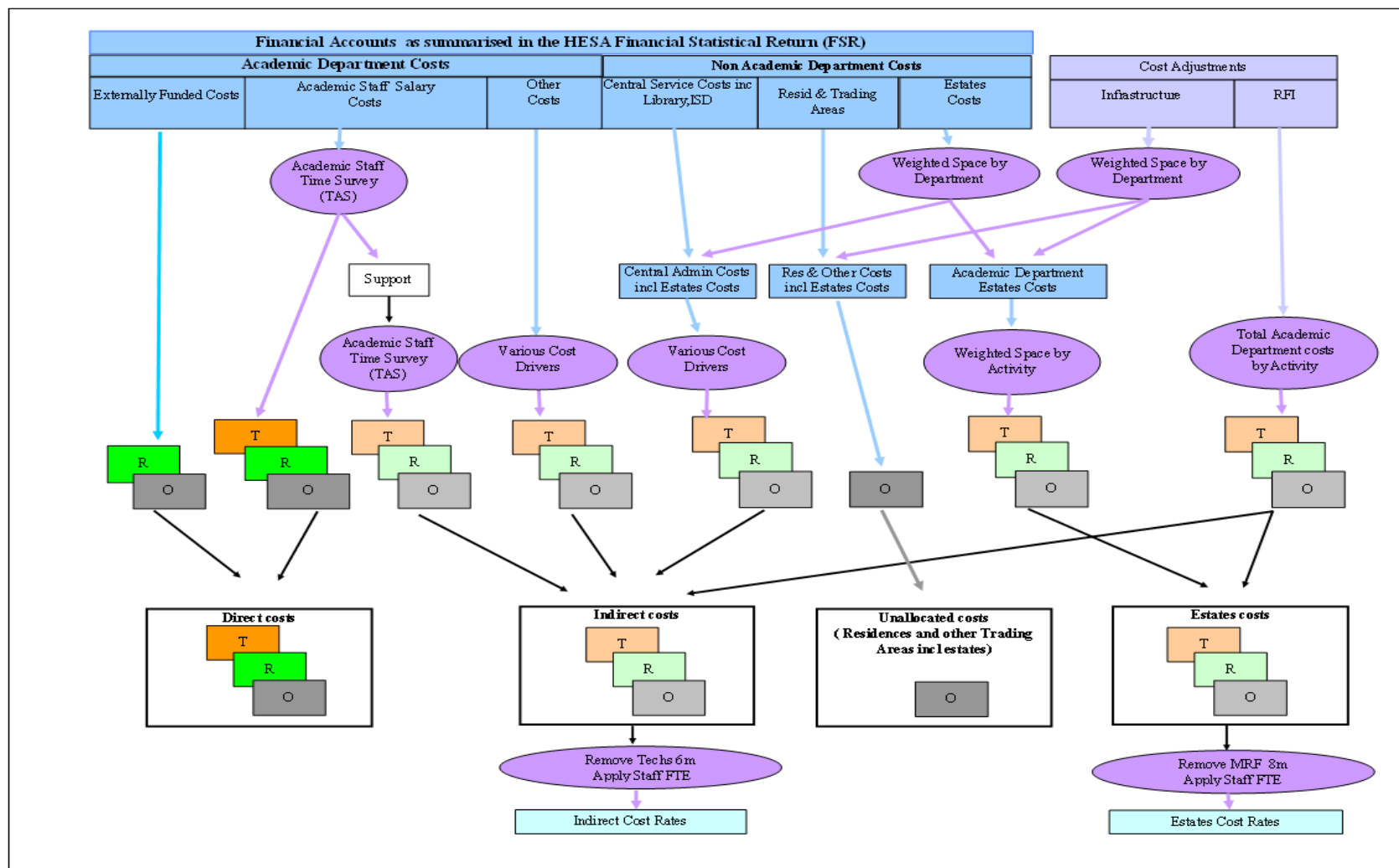
- **Infrastructure Adjustment** – to ensure depreciation on buildings is charged on “current value”
- **Return for Financing and Investment (RFI) Adjustment**
– to ensure economic cost of capital is taken into account

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Outputs from TRAC

- Annual TRAC return: Surplus/Deficit for each activity
- TRAC (fEC): calculation of estates & indirect cost rates
- TRAC (Teaching): cost per student by subject area
- TRAC EC-FP7: real indirect costs for EC FP7 projects

TRAC Model at UCL (1)



TRAC Model at UCL (2)

- Distinction between direct and indirect costs
- Allocation of costs to departments and then to activity (T,R,O)
- Total Indirect and Estates costs divided by sum of research active FTE's to arrive at charge-out rates (indirect and estates) per FTE per annum

Cost Drivers (1)

- Allocate as many costs as possible directly to activities, e.g. direct research costs, other services rendered etc.
- Academic salaries are the single biggest cost item
- Time Allocation Survey (TAS) → allocates academic time to activities → **no timesheets!**

Cost Drivers (2)

UCL – TIME ALLOCATION QUESTIONNAIRE

Enquiries to the TAS office e-mail TASsupport@ucl.ac.uk

Time Data for [Enter the time period here] :

PIN code [Enter staff PIN here] :

Grand Total for sections A + B + C + D = 100% (Enter whole numbers only)

A: Teaching (Note 2 for definitions of PF/NPF)

- | | | |
|---|----------------------|---|
| 1. Publicly funded direct teaching (Note 3) | <input type="text"/> | % |
| 2. Non publicly funded direct teaching (Note 3) | <input type="text"/> | % |
| 3. Support (indirect) for A1 and A2. (Note 4). | <input type="text"/> | % |
| Total for section A. Teaching [1. + 2. + 3.] (= all direct + support time) | <input type="text"/> | % |

B: Research

- | | | |
|--|----------------------|---|
| 1. "Own funded" research (UCL funded) (Note 5) | <input type="text"/> | % |
| 2. Training/Supervising Postgraduate students (Note 5a) | <input type="text"/> | % |
| 3. Research funded by external agencies (Note 6) | | |
| 3a OST Research Councils | <input type="text"/> | % |
| 3b UK Charities | <input type="text"/> | % |
| 3c All other Sponsors/funding Bodies | <input type="text"/> | % |
| 4. Support (indirect) for B1, B2, B3a, B3b and B3c. (Note 7) | <input type="text"/> | % |
| Total for section B. Research [1. + 2. + 3a. + 3b + 3c +4.] | <input type="text"/> | % |

C: Other Activities

- | | | |
|--|----------------------|---|
| 1. Consultancy/Other services rendered in UCL time (Note 8) | <input type="text"/> | % |
| 2. Clinical services to NHS (Medicine/Dental Depts only). (Note 9) | <input type="text"/> | % |
| 3. Support (indirect) for C1. and C2. (Note 10) | <input type="text"/> | % |
| Total for section C: Other Activities [1. + 2. + 3.] | <input type="text"/> | % |

D: General Management/Committee Work

- | | | |
|---|----------------------|---|
| 1. Not attributable to Support for Teaching (A3), or Research (B3), or Other (C3) (Note 11) | <input type="text"/> | % |
|---|----------------------|---|

Total hours worked during the period covered by this questionnaire See Note 12 Hours

Cost Drivers (3)

Estates Costs

- Annual survey of departmental space → type and usage of space (T,R,O)
- 4 different cost bands for space, each of which has a weighting
- Total estates costs are allocated to academic and central departments by weighted space
- Allocation to activity (T,R,O)

Cost Drivers (4)

Indirect Costs

- TRAC method not prescriptive on what and how many cost drivers are used **BUT** drivers need to be appropriate
- Central costs are driven to departments and then to activity (T,R,O)
- Variety of cost drivers used

Cost Drivers (5)

Examples

- People number
- Staff FTE
- Student FTE
- Student type (UG, PGT, PGR)
- Surveys, e.g. library usage
- Departmental direct non-staff costs

TRAC EC-FP7

- In principle TRAC is a valid method to establish real indirect costs
- **BUT** adjustments necessary
- Elimination of ineligible costs from indirect costs → indirect taxes, duties, exchange rate losses, interest payable, provisions
- Different charge-out rates than TRAC (fEC)

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