

Office for
Students



Annual TRAC 2023-24

**Sector summary and analysis
by TRAC peer group**

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Introduction

1. This paper analyses the 2023-24 sector aggregate Transparent Approach to Costing (TRAC) data based on submissions from higher education institutions in England and Northern Ireland. Aggregated data based on submissions from UK higher education institutions is provided as an annex to this paper together with further analysis by peer group.
2. UK higher education institutions that are required to report TRAC data annually are expected to submit the TRAC return by 31 January each year.¹ Further education colleges and other providers of higher education are not currently required to submit TRAC data. TRAC data for 2023-24 was collected by the Office for Students (OfS) on behalf of UK Research and Innovation, the Scottish Funding Council, Medr – the Commission for Tertiary Education and Research (Wales) and the Department for the Economy (Northern Ireland). These bodies are co-owners of the data.
3. For 2023-24 TRAC reporting, the deadline for all institutions to submit their TRAC return, signed off by their accountable officer, was 31 January 2025. A small number of institutions requested extensions, for exceptional circumstances, to the deadline for the TRAC return; or for submission of audited financial statements, the Annual Financial Return (for providers in England) or the Finance Return for institutions in Northern Ireland, Scotland and Wales.
4. The TRAC guidance for 2023-24 reporting (version 2.9) did not contain any substantive changes from the previous years or to the TRAC reporting requirements.²
5. TRAC reporting has been prepared under the Higher Education Statement of Recommended Practice, applying Financial Reporting Standard (FRS) 102. This reporting standard introduced some significant changes in the way financial performance is reported, making comparison difficult between the latest results and historical TRAC data prior to 2015-16, as well as resulting in potentially greater variability in income between years. The changes led to earlier recognition of income from new donations, endowments (in full in the year of receipt) and new capital grants (often in full in the year of receipt, except where the accruals method is used for accounting for government capital grants), which may be ahead of the expenditure which they support. Further, in 2016-17, the method for calculating the sustainability adjustment with the 'Margin for sustainability and investment' (MSI) was changed and replaced. Data for 2016-17 therefore formed the baseline for the start of a new time series of TRAC data.

¹ For the purposes of this publication, higher education institutions are those institutions that were previously funded by the Higher Education Funding Council for England (HEFCE) and were required to submit annual TRAC returns to the OfS for 2022-23; and higher education institutions funded by the Scottish Funding Council (SFC), Medr – Commission for Tertiary Education and Research (Wales) and the Department for the Economy (Northern Ireland). A large number of providers in England that are registered with the OfS are not required to submit a TRAC return.

² TRAC guidance for 2023-24 (version 2.9, July 2024) is available at: www.trac.ac.uk/tracguidance/.

- Analysis of the **annual TRAC data for 2023-24** is available on the OfS website at www.officeforstudents.org.uk/data-and-analysis/trac-data/latest-trac-data-2023-24/.
- Analysis of **annual TRAC data for earlier years** is available on the OfS website at www.officeforstudents.org.uk/data-and-analysis/trac-data-previous-years/.

6. This paper contains analysis of the 2023-24 sector aggregate data based on submissions from 128 higher education institutions in England and Northern Ireland.³ A further four institutions in England submitted data for 2023-24 but their data has been excluded from this analysis. Aggregated data for 150 UK higher education institutions is provided in Annex B. Data was collected from three further institutions but has been excluded from the UK summary; one institution outside of England did not submit data for 2023-24. Exclusions of institutions from the analysis may arise due to non-compliance with the TRAC requirements; concerns about data quality or where a resubmission is required to correct errors in the return which has not been completed in time to be included; or specific changes that affect the comparability and use of the data. (Comparative data for 2022-23, where provided, is based on the same population of institutions included in the 2023-24 analysis, so may not match previously published data for 2022-23.)
7. The 2023-24 TRAC data collection process required UK higher education institutions to submit an action plan alongside their annual TRAC return, addressing any areas of non-compliance with TRAC requirements. Of the 17 institutions that submitted action plans (down from 26 in 2022-23), 13 reported issues related to academic staff time allocation surveys or workload planning models. Among these, seven acknowledged that their workload plan-based methods were not fully compliant – most commonly due to failing to meet required response rates for in-year time allocation surveys or workload plans, or not securing academic staff approval of workload plans at both the beginning and end of the year. Some cited implementation of new systems as a factor. Six institutions reported that TRAC governance arrangements were either inactive or insufficiently frequent during the reporting period. Another six indicated that reviews of cost drivers, space data, or space weightings were not conducted in accordance with TRAC requirements. Two institutions noted a lack of in-house expertise, relying heavily on external providers to complete their TRAC returns. Action plans were expected to outline corrective measures and provide assurance on the reliability of submitted data. However, some institutions failed to submit action plans despite acknowledging non-compliance in their TRAC returns. Others submitted plans that lacked sufficient detail or failed to demonstrate that the issues were being adequately addressed.⁴
8. As noted in previous reports, the TRAC guidance was updated in September 2021 (version 2.6, for reporting on 2020-21) to provide greater flexibility in the timing of review by the governing body's committee. Specifically, it removed the requirement for this committee to approve the TRAC return before it is signed off by the accountable officer. Instead, the changes emphasised the TRAC oversight group's responsibility for confirming compliance with

³ The 128 higher education institutions in England and Northern Ireland comprise: 126 higher education providers that are funded by the OfS; and two higher education institutions funded by the Department for the Economy, Northern Ireland.

⁴ Information in paragraph 7 is based on analysis undertaken by UKRI Funding Assurance of the action plans submitted with the 2023-24 returns.

TRAC requirements and providing assurance on the return prior to sign-off. However, the oversight group must still report to the governing body's committee on compliance before the TRAC return is submitted. This requirement was further clarified in the 2022-23 TRAC guidance, which included an illustration of the timelines for meeting oversight and governance expectations.⁵

9. The TRAC validation and review process found that several institutions had not aligned their oversight timelines with the submission deadline. Some delayed submission to present reports at later spring 2025 committee meetings. In addition, some institutions provided incomplete or unclear information on governance and oversight processes. A few were found to be non-compliant by the OfS or devolved funding bodies, requiring action plans or resubmissions. There were some instances where institutions did not appear to be making use of benchmarking data to understand anomalies or potential errors in their data.
10. This paper also contains annual TRAC data for 2023-24 analysed by TRAC peer group (Annex C and Excel workbook).

Contact

For enquiries regarding the TRAC data, please contact Heather Williams, Principal Analyst (Costing), email trac@officeforstudents.org.uk.

⁵ See Annex 2.1c of the TRAC guidance, Process timeline for Committee of the governing body, at www.trac.ac.uk/tracguidance/.

Key points

11. The annual TRAC return for 2023-24 shows a sector aggregate deficit of £2,003 million for higher education institutions in England and Northern Ireland, with 95.7 per cent of TRAC full economic costs recovered.⁶ This compares with a deficit of £2,854 million and a recovery of 93.6 per cent in 2022-23.⁷ While the deficit represents a modest improvement over 2022-23, it continues a trend of costs significantly exceeding income following a significant increase in the deficits in 2022-23 and 2021-22. In 2023-24, total TRAC income increased by £2,424 million to £44,508 million, an increase of 5.8 per cent. The full economic costs of all activities increased by £1,573 million to £46,511 million – an increase of 3.5 per cent.
12. This change in full economic costs comprises:
- **Total staff costs, excluding pension provision charges, increased by £1,357 million (6.4 per cent) from £21,363 million in 2022-23 to £22,720 million in 2023-24.⁸**
 - The TRAC methodology adjusts for distortions caused by the accounting treatment of the USS deficit reduction plan, as the associated accounting entries do not reflect actual annual operating costs. Instead, TRAC replaces these with the annual cash contributions, which include payments toward the deficit.
 - For 2023-24, the TRAC methodology reversed a credit of £6,855 million recorded in the financial statements for the release of USS deficit reduction provisions no longer required, and instead included annual cash contributions of £366 million.
 - In comparison, for 2022-23, TRAC reversed a credit of £726 million and replaced it with annual cash contributions of £472 million. The reduction in cash contributions between the two years reflects changes in pension interest costs.
 - **Other operating costs increased by £745 million to £16,527 million, an increase of 4.7 per cent between 2022-23 and 2023-24.**
 - **Interest and finance costs decreased in 2023-24, from £729 million in 2022-23 to £632 million in 2023-24, a decline of 13.3 per cent.**
 - **A reduction in the sustainability adjustment by £222 million from £3,770 million in 2022-23 to £3,548 million.** The sustainability adjustment represents 7.6 per cent of the full economic costs compared with 8.4 per cent of full economic costs in 2022-23. The sustainability adjustment is calculated based on a six-year average of 'earnings before interest, taxation, depreciation and amortisation' (EBITDA) based on data for the latest

⁶ TRAC full economic costs comprise the total expenditure from audited financial statements plus the sustainability adjustment: the margin for sustainability and investment (MSI).

⁷ Comparisons with the 2022-23 data are based on the same population of institutions as included for the 2023-24 analysis and so will not necessarily match the values in the 2022-23 report.

⁸ Data for staff costs, other operating costs and interest and finance cost from analysis of the OfS Annual Financial Return 2024 for providers included in this TRAC analysis and from the HESA Finance return 2023-24 for the two institutions in Northern Ireland.

three years' audited financial statements and three years' forecast performance. The aggregate sustainability adjustment for 2023-24 reflects:

- a modest improvement in the aggregate six-year average surplus/ (deficit) position compared with 2022-23 reflecting reductions in finance charges and depreciation and amortisation offset by reductions in capital grants; and a reduction due to a staff cost credit arising from the release of USS pension provisions (compared with a sector aggregate charge for pension provisions reflected in the six-year average for the 2022-23 reporting period)
- the inflationary pressures across the staff and non-staff cost base and the costs of capital development and maintenance, as well as action taken or planned to offset these pressures through curriculum and portfolio review and reorganisation
- the forecast assumptions of the student recruitment and research activity, and the extent to which assumptions reflect cautious or ambitious plans or include compensating provisions for risk and uncertainty
- variability in higher education institutions' forecasts (as prepared and submitted in late 2024 or early 2025 for institutions in England) and judgements made by individual institutions in preparing financial forecasts, including the extent to which they include restructuring or down-sizing portfolios versus investment in enhancement of teaching provision and student support or research portfolios and associated facilities and infrastructure.

13. Total TRAC income included £1,031 million from new endowments, donations, capital grants, and other significant income sources – representing 2.3 per cent of total income. This is broadly in line with 2022-23, when these sources contributed £1,048 million (2.5 per cent). This income helps reduce the reported shortfall in cost recovery, as it is fully recognised in the year it is received. However, the related expenditure may occur in future years, creating a timing mismatch between income and associated costs.

Analysis of aggregate TRAC research income and full economic costs by activity

14. Table 1 and Figure 1 show the sector aggregate TRAC data by activity for higher education institutions in England and Northern Ireland. Key points are:

- **Publicly funded teaching** incurred a deficit on a full economic cost basis – meaning that costs exceeded income by £1,693 million, compared with a deficit of £1,515 million for 2022-23 – an increase in deficit by £178 million. The full economic cost recovery rate fell to 89.2 per cent compared with 90.2 per cent in 2022-23 and 93.8 per cent in 2021-22. In England and Northern Ireland, 31 institutions recovered below the UK sector lower quartile full economic cost recovery rate of 83.2 per cent for 2023-24 (compared with 84.6 per cent for 2022-23).⁹ The UK sector upper quartile recovery rate was 96.6 per cent (96.8 per cent for 2022-23) meaning that the range of full economic cost recovery rates widened for publicly funded teaching. Income for publicly funded teaching was £13,967 million in 2023-24, representing only a marginal increase from £13,911 million in 2022-23 (on a cash basis for the same population of institutions), while the full economic cost of publicly funded teaching increased by £234 million to £15,661 million (an increase of 1.5 per cent). This trend reflects higher operating costs due to increases in staff costs (including pension costs), and inflationary increases in other operating expenses (including estates and facilities). The increases in the cost base are set against a capped rate of tuition fee income for publicly supported undergraduate teaching.
- **Non-publicly funded teaching** (primarily overseas students, but also includes self-funded students) continued to generate a significant surplus: £3,232 million in 2023-24 compared with £3,004 million in 2022-23, recovering 143.1 per cent of costs. This is marginally below the recovery rate of 143.3 per cent of costs in 2022-23, but with an increase on total income to £10,727 million (up by 7.8 per cent) compared with £9,948 million. This increase in income reflects the continued but [more] modest growth in non-UK domiciled (EU and non-EU) postgraduate taught student numbers of 1.3 per cent in 2023-24 compared with an increase of almost 27 per cent between 2021-22 and 2022-23. In contrast, the number of undergraduate non-UK students reduced by 1.5 per cent in 2023-24, compared with no change from 2021-22 to 2022-23 (based on analysis of full-time equivalent student numbers returned in OfS Annual Financial Returns for 2023 and 2024 for the same TRAC population of institutions).
- **Research** continued to show a substantial deficit, with the deficit increasing to £5,367 million for 2023-24 from a smaller deficit of £4,739 million for 2022-23. The full economic cost recovery rate showed a deterioration to 66.0 per cent compared with 68.5 per cent of full economic costs for 2022-23, and notably lower than in 2010-11 when the recovery rate for research peaked at 77.8 per cent. The median rate for full economic cost recovery was 58.1 per cent for the UK sector). Research income for 2023-24 included £438 million of income from new endowments and donations, and new capital grants, representing 4.2 per cent of research income. This compares with £529 million (5.1 per cent of research income) in 2022-23. The trend in deficits reflects the increases in

⁹ The 2022-23 lower and upper quartile figures quoted in this report are the published lower and upper quartile rates as stated in the 2022-23 TRAC analysis, and have not been re-stated to reflect the population for the 2023-24 TRAC analysis.

operating costs due to increases in staff costs (including pension costs) and inflationary increases in other operating expenses, particularly estates and research facilities.

- **Other (income-generating) activities** showed a small deficit of £136 million in 2023-24 (a small reduction in deficit compared with the £251 million deficit in 2022-23), representing a recovery rate of 98.1 per cent compared with 96.4 per cent in 2022-23. This represents a stabilisation of the recovery rate, with increases in income streams from accommodation and on-campus catering, facilities and conference operations, and other income generating activity such as consultancy and other services. Total income for this activity increased from £6,772 million in 2022-23 to £7,169 million. The full economic costs increased from £7,024 million to £7,305 million – an increase of 4.0 per cent in full economic costs. However, there continued to be variation across the sector in this category with a UK sector median recovery rate improving from 92.3 per cent to 97.4 per cent (i.e. half of the institutions had a cost recovery below this), while the lower quartile recovery rate reduced to 81.4 per cent (one-quarter of institutions were below this) compared with 82.3 per cent in 2022-23. The range between the lower and upper quartile recovery rates has increased – this reflects the widening variation in recovery on these income-generating activities across the UK sector.
- **Other (non-commercial) activity** includes income from investments, donations, endowments (including both realised and unrealised investment gains), and capital grants not allocated to teaching or research. This income is offset by related expenditure, including investment losses. In 2023-24, income in this category totalled £2,205 million, up from £1,133 million in 2022-23. This included £353 million from new endowments, donations, capital grants, and other significant items – representing 16.0 per cent of total non-commercial income, compared with £257 million (22.7 per cent) in the previous year. The surplus of income over expenditure was £1,962 million in 2023-24, compared with £647 million in 2022-23. However, this figure should be interpreted with caution, as it includes unrealised investment gains or losses (gains in income, and losses in costs) which can reflect both realised and unrealised gains or losses, meaning that unrealised gains reflected in income are not available to spend on supporting other activities. Additionally, the FRS 102 accounting standard can distort this category. It requires full recognition of new endowments, donations and capital grants as income in the year received, even though the associated spending (e.g. on buildings, equipment, and facilities) occurs over future years.

Definitions for Table 1 (page 10) and Figure 1 (page 11)

Publicly funded teaching: Teaching of higher and further education courses to home and EU students who were fundable by the OfS or the Department for the Economy (Northern Ireland) or by the NHS, National College of Teaching and Leadership, or Education and Skills Funding Agency¹⁰. Income includes student fees paid via the Student Loans Company.

Non-publicly funded teaching: Teaching of students from outside the UK and EU; self-funded home and EU students and other commissioned courses (such as employer-specific 'closed' courses)¹¹.

Research: All research activity (but not scholarship or staff development) commissioned and funded by external sponsors, or the institution's own-funded research activity. Public sponsors of research include UK research councils and other government departments. Other sponsors include UK charities, the EU, overseas governments, overseas charities and research carried out for commercial or industrial sponsors.

Other (income-generating): Includes commercial activities such as catering and conferences, commercially let facilities and residences; activities and services such as publishing or commercial consultancy (including services carried out through subsidiary companies); knowledge transfer activity; and, for institutions with medical and dental schools, services provided to the NHS.

Other (non-commercial): Non-commercial activity such as investment and donations or endowments.

¹⁰ Includes continuing students from the EU who were eligible for funding from the Student Loan Company on 1 August 2021.

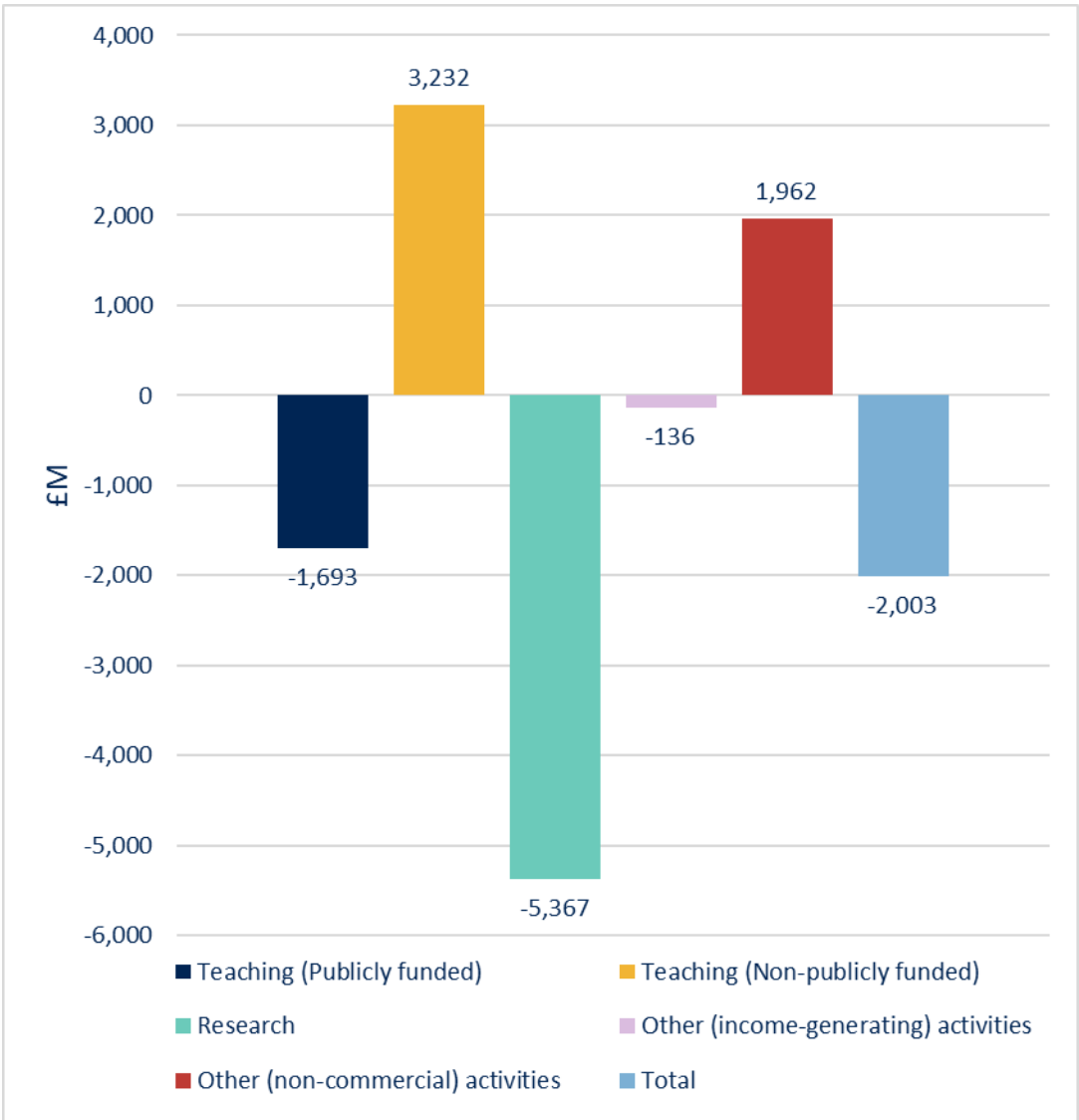
¹¹ Includes students from the EU who did not have settled or pre-settled status and commenced study on a new course on or after 1 August 2021.

Table 1: TRAC income and full economic costs by activity, 2023-24 (higher education institutions in England and Northern Ireland)
(figures in £ million)¹²

	Teaching (Publicly funded)	Teaching (Non- publicly funded)	Research	Other (income- generating)	Other (non- commercial)	Total
TRAC income	13,967	10,727	10,440	7,169	2,205	44,508
TRAC full economic costs	15,661	7,495	15,807	7,305	243	46,511
TRAC surplus/(deficit)	(1,693)	3,232	(5,367)	(136)	1,962	(2,003)
TRAC surplus/(deficit) as a % of income	(12.1%)	30.1%	(51.4%)	(1.9%)	89.0%	(4.5%)
Recovery of full economic costs %	89.2%	143.1%	66.0%	98.1%	906.4%	95.7%
Recovery of full economic costs % (2022-23)	90.2%	143.3%	68.5%	96.4%	233.2%	93.6%
Included in income:						
New endowments received	10	34	78	19	208	349
New donations	6	75	137	2	103	322
New government capital grants	54	5	198	10	3	269
New non-government capital grants	4	6	24	3	3	41
Other material items	2	7	0	5	36	50
Total income items	75	126	438	39	353	1,031
Total as % of income	0.5%	1.2%	4.2%	0.5%	16.0%	2.3%
Total as % of income (2022-23)	0.5%	1.3%	5.1%	1.0%	22.7%	2.5%

¹² Definitions for this table can be found on page 9. Figures in this and subsequent tables may not sum because of rounding.

Figure 1: TRAC full economic cost surplus/(deficit) by activity, 2023-24 (higher education institutions in England and Northern Ireland)



Analysis of aggregate TRAC research income and full economic costs

15. Table 2 provides further analysis of research income and costs, broken down by research sponsor type. This shows that:

- Quality related recurrent research funding from Research England or the Department for the Economy (Northern Ireland), available to support all ‘public good’ research, totalled £2,103 million compared with £2,224 million for 2022-23.
- UKRI Research councils-funded research activity accounted for 21.8 per cent of total research costs, with a recovery of 68.1 per cent of full economic cost, compared with 67.7 per cent in 2022-23.
- Cost recovery on ‘Training and supervision of postgraduate research students’ continued to show the lowest rate of cost recovery across the externally sponsored research activity, at 42.8 per cent – down from 44.1 per cent in 2022-23. Postgraduate research full-time equivalent student numbers, as reported in TRAC, was 78,312 in 2023-24 – slightly lower than in 2022-23 (79,740).¹³
- Recovery of costs from ‘other government departments’ was 76.2 per cent, a marginal increase on the recovery rate for 2022-23 of 75.4 per cent. Cost recovery from UK charities was 55.6 per cent (57.7 per cent in 2022-23), while cost recovery on ‘Industry-sponsored’ research activity (including research funded by overseas government bodies and overseas charities) was 75.0 per cent (76.7 per cent for 2022-23).
- Institution own-funded research was costed at £3,119 million (£2,825 million in 2022-23), representing 19.7 per cent of the total full economic costs of research. While the quality-related recurrent grant funding from Research England or Department for the Economy (Northern Ireland) is available to support this activity and other ‘public good’ research, it also relies on substantial cross-flows from other income sources across the portfolio of academic and other income-generating activities.

Summary

16. In summary, the analysis shows:

- The sector continues to have a substantial level of activity that does not cover its full economic costs, giving a £2 billion deficit on a full economic cost basis.
- The funding gap in publicly funded teaching has continued to widen due to sustained cost pressures, particularly rising staff-related expenditures, such as increased pensions obligations, alongside other operational expenditures. This has occurred despite efforts to reduce costs, rationalise academic portfolios, and enhance efficiency, while tuition fees for publicly funded provision have remained unchanged.

¹³ Data does not include postgraduate research students at institutions that apply dispensation from the TRAC requirements.

- Research activity continues to show increasing deficits, with full economic costs substantially in excess of income.
- While the sector aggregate position continues to show growth in income from non-publicly funded teaching (primarily international students), which continues to make a significant contribution to support other activities, it does not provide sufficient surplus to offset the deficits across the other activity categories.
- Other income-generating activity also recorded slightly below a break-even position on a full economic cost basis.
- The aggregate position for the sector may not be representative of the diversity and range for the individual higher education institutions included in this analysis.

17. UK sector aggregate data is provided in Tables 4, 5 and 6 and Figure 2 in Annex B.

18. Further analysis for the UK sector, summarised by peer group, is provided as an Excel workbook in Annex C.

Table 2: Research income and full economic costs by sponsor type, 2023-24 (higher education institutions in England and Northern Ireland) (figures in £ million)

	Recurrent research grant from the Funding Councils/ Research England	Institution own- funded	Training and supervision of postgraduate research students	Research Councils	Other government departments	EU	UK charities	Industry	Total research
TRAC income	2,103	538	1,291	2,351	1,306	372	1,149	1,329	10,440
TRAC full economic costs		3,119	3,019	3,454	1,715	658	2,068	1,773	15,807
TRAC surplus/(deficit)		(2,581)	(1,728)	(1,102)	(409)	(286)	(919)	(444)	(5,367)
TRAC surplus/(deficit) as a % of income		(479.4%)	(133.9%)	(46.9%)	(31.3%)	(77.0%)	(80.0%)	(33.4%)	(51.4%)
Recovery of full economic costs %		17.3%	42.8%	68.1%	76.2%	56.5%	55.6%	75.0%	66.0%
Recovery of full economic costs % (2022-23)		17.0%	44.1%	67.7%	75.4%	59.8%	57.7%	76.7%	68.5%
Included in income:									
New endowments received		67	11					0	78
New donations		100	8					29	137
New government capital grants	12	98	13	38	16	3	10	8	198
New non-government capital grants	0	2	0	7	4	6	3	3	24
Other material items	0	0	0	0	0	0	0	0	0
Total income items	12	268	31	45	20	9	14	40	438
Total as % of income	0.6%	49.7%	2.4%	1.9%	1.5%	2.4%	1.2%	3.0%	4.2%
Total as % of income (2022- 23)	0.9%	46.4%	6.8%	2.0%	4.4%	2.8%	3.4%	3.8%	5.1%

Notes to Table 2

- 'European Union' covers EU government bodies including the European Commission.
- 'Industry' includes all other organisations such as UK industry, commerce and public corporations, EU non-government organisations (comprising EU-based charities, EU industry and any other EU source), overseas charities, overseas industry and other sources.

Annex A: Derivation

Table 3: Derivation of TRAC full economic costs and TRAC surplus/(deficit), 2023-24 (higher education institutions in England and Northern Ireland)

	Total (£M)
Total income adjusted for TRAC (derived from audited financial statements for 2023-24)	44,508
Total expenditure adjusted for TRAC (derived from audited financial statements for 2023-24)	42,963
Operating surplus/(deficit) per audited financial statements	1,545
Sustainability adjustment (EBITDA for MSI)	3,548
Full economic cost (total expenditure plus target surplus for sustainable operations)	46,512
TRAC surplus/deficit	(2,004)

Notes to Table 3

- The income and expenditure lines as reported in the financial statements are adjusted, where appropriate, in respect of pension costs, gains or losses on disposal of fixed assets, gains or losses on investments, share of surpluses or deficits in joint ventures and associates, taxation charges or credits and non-controlling interests, in line with the TRAC guidance for 2023-24 – Version 2.9 (July 2024) and Annual TRAC return template at Annex 4.1a.¹⁴
- The sustainability adjustment is defined as ‘earnings before interest, tax, depreciation and amortisation’ (EBITDA), adjusted as defined in the TRAC guidance requirements (section 3.2.4 and template at Annex 3.2a) to provide the ‘margin for sustainability and investment’ (‘EBITDA for MSI’) – see link in footnote 14.
- Full economic cost is total expenditure derived from the financial statements, plus the sustainability adjustment.
- TRAC surplus/(deficit) is the difference between total income and the full economic costs.

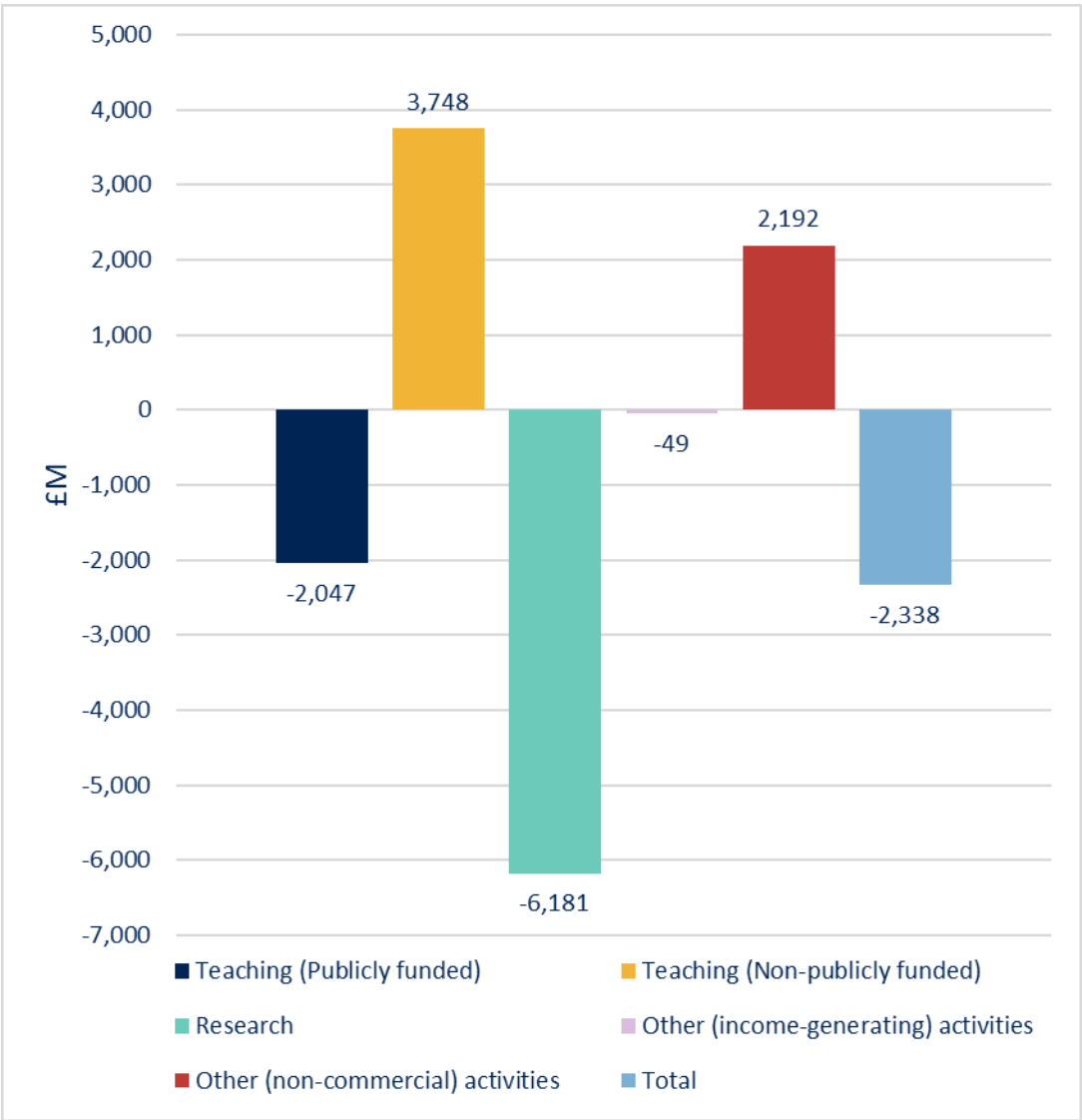
¹⁴ The TRAC guidance is available at www.trac.ac.uk/tracguidance/.

Annex B: UK sector data

Table 4: Income and full economic costs activity, 2023-24 (UK higher education institutions) (figures in £ million)

	Teaching (Publicly funded)	Teaching (Non- publicly funded)	Research	Other (income- generating)	Other (non- commercial)	Total
TRAC income	15,972	12,414	12,324	8,128	2,445	51,283
TRAC full economic costs	18,020	8,666	18,505	8,177	253	53,620
TRAC surplus/(deficit)	(2,047)	3,748	(6,181)	(49)	2,192	(2,338)
TRAC surplus/(deficit) as a % of income	(12.8%)	30.2%	(50.2%)	(0.6%)	89.7%	(4.6%)
Recovery of full economic costs %	88.6%	143.3%	66.6%	99.4%	967.3%	95.6%
Recovery of full economic costs % (2022-23)	89.7%	143.6%	69.2%	98.3%	239.7%	94.0%
Included in income:						
New endowments received	11	44	78	19	211	363
New donations	6	88	146	3	127	370
New government capital grants	67	11	253	20	3	354
New non-government capital grants	10	9	47	8	3	78
Other material items	2	18	7	5	40	73
Total income items	96	170	532	56	384	1,238
Total as % of income	0.6%	1.4%	4.3%	0.7%	15.7%	2.4%
Total as % of income (2022-23)	0.7%	1.8%	5.6%	1.1%	22.7%	2.8%

Figure 2: TRAC full economic costs surplus/(deficit) by activity, 2023-24 (UK higher education institutions)



Definitions for Table 4 and Figure 2

Publicly funded teaching: Teaching of higher and further education courses to home and EU students who were fundable by the OfS, Scottish Funding Council, Higher Education Funding Council for Wales or the Department for the Economy (Northern Ireland) or by the NHS, National College of Teaching and Leadership, or Education and Skills Funding Agency¹⁵. Income includes student fees paid via the Student Loans Company.

Non-publicly funded teaching: Teaching of students from outside the UK and EU; self-funded home and EU students and other commissioned courses (such as employer-specific 'closed' courses)¹⁶.

Research: All research activity (but not scholarship or staff development) commissioned and funded by external sponsors, or the institution's own-funded research activity. Public sponsors of research include UK research councils and other government departments. Other sponsors include UK charities, the EU, overseas governments, overseas charities and research carried out for commercial or industrial sponsors.

Other (income-generating): Includes commercial activities such as catering and conferences, commercially let facilities and residences; activities and services such as publishing or commercial consultancy (including services carried out through subsidiary companies); knowledge transfer activity; and, for institutions with medical and dental schools, services provided to the NHS.

Other (non-commercial): Non-commercial activity such as investment and donations or endowments.

¹⁵ Includes continuing students from the EU who were eligible for funding from the Student Loan Company on 1 August 2021.

¹⁶ Includes students from the EU who did not have settled or pre-settled status and commenced study on a new course on or after 1 August 2021.

Table 5: Research income and full economic costs by sponsor type, 2023-24 (UK higher education institutions) (figures in £ million)

	Recurrent research grant from the Funding Councils/ Research England	Institution own- funded	Training and supervision of postgraduate research students	Research Councils	Other government departments	EU	UK charities	Industry	Total research
TRAC income	2,462	594	1,513	2,837	1,597	442	1,335	1,544	12,324
TRAC full economic costs		3,510	3,549	4,158	2,043	779	2,412	2,055	18,505
TRAC surplus/(deficit)		(2,916)	(2,036)	(1,321)	(446)	(336)	(1,077)	(511)	(6,181)
TRAC surplus/(deficit) as a % of income		(491.0%)	(134.6%)	(46.6%)	(27.9%)	(76.0%)	(80.7%)	(33.1%)	(50.2%)
Recovery of full economic costs %		16.9%	42.6%	68.2%	78.2%	56.8%	55.3%	75.1%	66.6%
Recovery of full economic costs % (2022-23)		16.7%	43.8%	69.2%	78.4%	60.7%	57.5%	75.2%	69.2%
Included in income:									
New endowments received		67	11					0	78
New donations		110	8					29	146
New government capital grants	12	115	17	46	33	5	15	10	253
New non-government capital grants	0	3	2	19	5	7	7	4	47
Other material items	0	0	0	4	0	1	0	1	7
Total income items	12	295	38	69	38	13	23	44	532
Total as % of income	0.5%	49.6%	2.5%	2.4%	2.4%	2.9%	1.7%	2.9%	4.3%
Total as % of income (2022- 23)	0.8%	45.9%	6.7%	4.1%	5.2%	3.2%	3.8%	4.3%	5.6%

Notes to Table 5

- 'European Union' covers EU government bodies including the European Commission.
- 'Industry' includes all other organisations such as UK industry, commerce and public corporations, EU non-government organisations (comprising EU-based charities, EU industry and any other EU source), overseas charities, overseas industry and other sources.

Table 6: Derivation of TRAC full economic costs and TRAC surplus/(deficit), 2023-24 (UK higher education institutions)

	Total (£M)
Total income adjusted for TRAC (derived from audited financial statements for 2023-24)	51,283
Total expenditure adjusted for TRAC (derived from audited financial statements for 2023-24)	49,646
Operating surplus/(deficit) per audited financial statements	1,637
Sustainability adjustment (EBITDA for MSI)	3,976
Full economic cost (total expenditure plus target surplus for sustainable operations)	53,622
TRAC surplus/(deficit)	(2,339)

Notes to Table 6

- The income and expenditure lines as reported in the financial statements are adjusted, where appropriate, in respect of pension costs, gains or losses on disposal of fixed assets, gains or losses on investments, share of surpluses or deficits in joint ventures and associates, taxation charges or credits and non-controlling interests, in line with the TRAC guidance for 2023-24 – Version 2.9 (July 2024) and Annual TRAC return template at Annex 4.1a.¹⁷
- The sustainability adjustment is defined as ‘earnings before interest, tax, depreciation and amortisation’ (EBITDA), adjusted as defined in the TRAC guidance requirements (section 3.2.4 and template at Annex 3.2a) to provide the ‘margin for sustainability and investment’ (‘EBITDA for MSI’) – see link in footnote 17.
- Full economic cost is total expenditure derived from the financial statements, plus the sustainability adjustment.
- TRAC surplus/(deficit) is the difference between total income and the full economic costs.

¹⁷ The TRAC guidance is available at www.trac.ac.uk/tracguidance/.

Annex C: UK peer group summary 2023-24

1. The sector peer group summary is provided as an Excel file.¹⁸ The Excel workbook contains three worksheets of data:
 - Tables 1 and 2 provide analysis of TRAC full economic costs and cost recovery on the main activities, analysed by TRAC peer group
 - Table 3 provides recovery of full economic costs for research, by research sponsor type, analysed by TRAC peer group
 - Table 4 provides analysis of the sustainability adjustment and TRAC surplus/(deficit).

Analysis by TRAC peer group: methodology

2. The worksheets provide summary data (averages, medians and quartiles) for the UK sector and each of the TRAC peer groups (groups A to F), including charts.
3. Higher education institutions have been allocated to TRAC peer groups based on levels of research income, overall total income, having a medical school, or specialism in music or the arts. TRAC peer groups are set for a number of years in order to maintain a stable group for comparison, and so are not updated annually.¹⁹ The planned review and updating of peer groups suggested in the Review of TRAC has been deferred and will be reconsidered at a future date, after taking into consideration the impact of forthcoming methodological changes to TRAC on the peer group level analysis.²⁰
4. When considering the analysis in the peer group tables, the number of institutions with data in each peer group should be taken into consideration; these are shown at the top of each table.
5. In all tables, the 'UK sector' has been split into three categories: All institutions; those not applying dispensation; and those applying dispensation. For individual peer groups, all institutions are included, whether dispensation has been applied or not. This change was introduced from 2018-19. In 2017-18 (and earlier) TRAC analysis, the data shown for 'UK sector' and individual peer groups excluded institutions that applied dispensation.

¹⁸ Available at www.officeforstudents.org.uk/data-and-analysis/trac-data/latest-trac-data-2023-24/.

¹⁹ A list of higher education institutions and the criteria used in defining each peer group can be found at Annex 4.1b of the TRAC guidance, available at www.trac.ac.uk/tracguidance/.

²⁰ The Review of TRAC was commissioned by the Office for Students working with UK Research and Innovation and the higher education funding bodies for Northern Ireland, Scotland and Wales. Further information is available on the OfS website at www.officeforstudents.org.uk/for-providers/finance-and-funding/trac-transparent-approach-to-costing/review-of-trac/.



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www.nationalarchives.gov.uk/doc/open-government-licence/version/3/