

Happy New Year to all our readers!

2000 has been a busy year for the JCPSPG. The last 12 months have seen the publication of the final manual for the Transparency Review, the delivery of training events and other support for those implementing the Transparency Review within their institutions, and a series of seminars and training materials on pricing.

Institutions will also have been busy in 2000 with Transparency Review work, and clearly the sector is well on target to meet the reporting deadlines. Although progress has been good so far, especially considering the timescale allowed, there is

still much work ahead and we intend to support institutions as best we can over the coming months.

Institutions are also making progress with their broader costing and pricing agendas, and many have developed ambitious timetables for reviewing and improving their costing and pricing practices.

Pricing is becoming an increasingly important activity in higher education, and the JCPSPG aims to help address the issues surrounding pricing decisions by continuing to offer further support to help in this area and by helping institutions to receive fair payment for the products and services they provide.

Feedback from the pricing seminars

The JCPSPG held a series of six seminars in October and November on pricing. Over 100 institutions were represented by about 200 delegates in total.

These events proved to be useful both to launch the Pricing Toolkit publication and to highlight the issues surrounding pricing in HEIs. Many delegates expressed concern that pricing in their institution did not receive enough attention, and that more could be done to raise its profile, train those involved in the activity, and

disseminate good practice. One outcome of the Transparency Review so far has been that universities and colleges may not be recovering the full revenue and capital costs of their activities. Also, prices charged by institutions do not appear to be taking proper account of the value being delivered to customers.

Delegates discussed many of the issues surrounding pricing strategies and pricing decisions, and suggested some actions for improvement. Overleaf are some of the comments made.

LETTER NEWS

ISSUE 7 JANUARY 2001

Suggested Distribution: Vice-Chancellors and Principals, Directors, Pro Vice-Chancellors (Resources and Research), Deans, Heads of Research, Finance Directors and Costing and Pricing Accountants.

Inside	3 Do you have a costing & pricing training programme?	4 Tendering and contracting – have you got it right?	6 Transparency Review - Champions Conference - Reporting Timetable	Insert Pricing seminars booking form
---------------	--	---	---	--

Joint Costing and Pricing Steering Group

Issues raised at the pricing seminars

Issue raised	Suggested action for improvement
A concern that pricing is seen as an issue for finance staff only	Heads of institutions to give pricing a higher profile
A lack of pricing policy and guidance from the centre	<p>Formulation of a pricing policy that is communicated throughout the institution</p> <p>Training aimed at specific groups of staff (e.g., heads of department, academic and research staff)</p>
A culture in institutions that emphasises an increase in income rather than an increase in net contribution	Use of pro forma documents and standardised procedures to ensure all direct and indirect costs are considered
A lack of control and accountability	Wider use of business plans
Little or no time devoted to post-project review	A centralised database within the institution holding information on project successes and failures
An unwillingness to say 'no' to some projects even though these may offer little financial or non-financial benefits	Procedures that ensure all projects provide benefits to the institution
Best practice is not disseminated within institutions, particularly in highly decentralised institutions	Good practice to be disseminated via training seminars and intranet web pages.
A lack of understanding of institutional strategic objectives	Better communication of an institution's strategic objectives
An inability to change organisational culture or influence practice from a position in the finance office	Pricing to be included in institutional training and development programmes, including staff induction courses
Little analysis of risk	Procedures that include consideration of risk
People see pricing from a cost-based point of view and give little consideration to the marketing and strategic contexts	Involve corporate marketing departments and strategists in pricing decisions
Little advice available on the practical aspects of tendering and contracting.	This topic is covered in the Pricing Toolkit – see page 4 of this newsletter.

Two more seminars have been arranged for 2001. See page 5 for more details.

Do you have a costing and pricing training programme?

Universities and colleges are recognising that costing and pricing policy must become an embedded process within their institution, and that a change in thinking and attitude can only be achieved through good communication and training.

Changing ways of thinking are often only brought about by spreading the word. Training and development of staff is an integral part of the costing and pricing project and is, therefore, being given a higher priority than previously. Development and support is ongoing and builds on the financial structures and processes already in place in institutions.

A typical programme at a higher education institution

Production of a short document outlining the need for a robust approach to costing and pricing, the implications of not following this approach, and how this information can be used as part of the ongoing business planning cycle

Production of practical guides on how to cost and price activities and where to obtain advice. The guides should refer to the TRAC manual and JCPSG pricing materials

Production of a series of presentations and training seminars to raise awareness of costing and pricing issues. These sessions will use JCPSG publications and in-house materials

Detailed training workshops with titles such as: 'How To Cost' and 'How To Price'. Costing and pricing training sessions will be included in the Institution's staff development programme and the new staff induction course

New costing and pricing procedures will be disseminated to all staff through inclusion of new practices in the financial handbook

Dedicated costing and pricing web pages will be developed to include policies, procedures and guidance

A Finance User Group will meet on a regular basis to discuss costing and pricing issues

Central office staff will be trained in how they can provide ongoing support for other university departments

Good practice on costing and pricing will be disseminated via the training seminars and the web pages

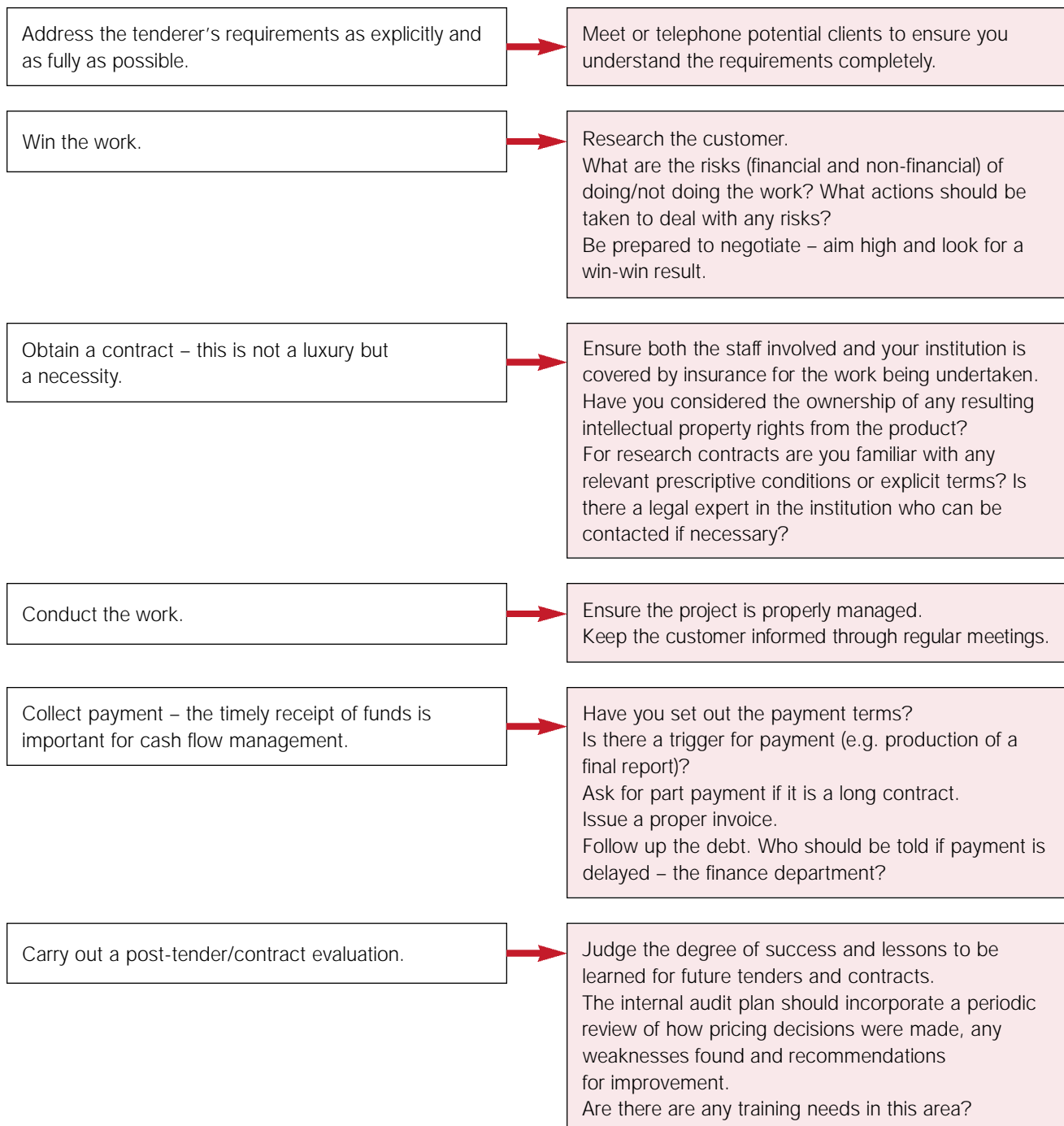
Training will be given in the production and use of business plans and in investment appraisal techniques (See HEFCE guidance)

A central database of information will be developed to help staff make informed pricing decisions. This will include information on corporate strategy, customers (Who are they? What are their requirements?), and competitors (understanding the market and assessing market position)

Tendering and contracting – have you got it right?

One of the issues raised at the pricing seminars was a lack of advice available in institutions on the practical aspects of tendering and contracting.

Bidding by tender is becoming commonplace, and part of the Pricing Toolkit is devoted to this topic. Here we give a flavour of the advice it offers, with an outline of the main stages to consider in the tendering and contracting process. For more help on the subject, see Module 5 of 'Pricing Toolkit for the Higher Education Sector'.



Self-help groups

The regional self-help groups are continuing to find it helpful to meet to discuss Transparency Review issues. The groups recognise that they have spent a lot of time helping each other progress with Transparency Review projects, and some are now turning their attention to focus on wider agendas of costing and pricing.

Many institutions are also beginning to focus their attention on the pricing of activities, and are keen to review and improve their practices in this area. Other institutions are keen to use the data they are collecting to inform their internal decision-making, and are embedding new policies and procedures into their everyday operations.

With this change in focus away from the Transparency Review, some of the regional self-help groups are reviewing their membership to ensure the most appropriate people are involved in discussions on the broader costing and pricing issues.

If you are a new costing and pricing project manager and are interested in joining your local self-help group, please telephone one of the JCPSG's National Co-ordinators:

**Lisa Blackshaw, 0161 237 1890
or Sue Delve, 0117 928 9821.**

Missed the pricing seminars?

Due to the high level of demand we have arranged two more pricing seminars in London. These will take place on 16 March 2001 and 4 April 2001.

To reserve a place, please complete the booking form – either the one provided as an insert to this newsletter or print a copy from the JCPSG web-site. We will give priority to those that were on our waiting list in November.

Who should attend?

We asked those who came to the Autumn events who else in their institution would benefit from

attending the seminar. Here are some of the staff groups they mentioned:

- senior management
- research support office staff
- marketing and external relations staff
- commercial unit staff
- senior research staff
- human resources/training staff
- planners/strategists
- finance staff.

We would urge members of these staff groups to come to one of the next events in London.

Another CD for your collection!



The JCPSG has developed a CD-ROM version of the Transparent approach to costing (TRAC) manual (Volumes I and II). Two copies have been sent to all HEIs but further copies, priced £50, can be obtained by completing the order form that can be printed from the JCPSG web-site's Transparency Review page.

Transparency Review

Transparency Review Champions Conference 23 February 2001

This national conference will provide an occasion for senior officers concerned with the Transparency Review to take stock of broader issues relating to the project and its implications and opportunities for their institutions and for the sector.

In this important event the use of Transparency Review information, both externally and internally, will be discussed by the current and future Chief Executives of HEFCE, by a senior member of OST, and others. All Transparency Review academic champions have been invited to this event. If you have not received your invitation, or are new to this role and would like to attend, please contact your National Co-ordinator.

Benchmarking

The Transparency Review Implementation Team is offering all institutions the opportunity to participate in a 'benchmarking' process in 2001. Such benchmarking has been found to be an invaluable aid in understanding the data, and in assessing how 'fair and reasonable' it is.

Although we have developed a standard method that works for HEIs, there is great diversity in the universities and colleges themselves in the ways they approach their work. Few of them have experience of this sort of costing. The benchmarking process was designed during the pilot

year to help with this. The finance teams from the nine pilot institutions came together to compare and analyse their data, and to resolve any misunderstandings. This process proved to be vital in developing good practice and building confidence. It also helped the institutions to think through their own requirements for costing for management purposes alongside the Transparency Review reporting process.

To meet Transparency Review requirements institutions are required to carry out reasonableness checks on their figures, and benchmarking is one of the key ways of doing this. We encourage universities and colleges to participate, and believe the exercise will be of value to all institutions. To support universities and colleges in the Transparency Review benchmarking activity we have made it a key element of our programme for the spring.

The exercise will allow for the comparison of initial (and developing) results on an informal and confidential basis. The implementation team is currently developing robust safeguards to ensure anonymity of institutional data – results will not be traceable to their originator. Even with interim, untested data, benchmarking will offer useful results to institutions.

Benchmarking meetings will take place in March and May 2001. This will allow time to develop the robustness of the data in the months before they need to be reported to the Funding Councils in July 2001. JM Consulting will be

writing to Transparency Review project managers with further information in mid-February.

Internal audit guidelines

Advice for internal audit services is now available on the JCPSPG web-site under 'Transparency Review'. These expand on the guidance given in the Transparent approach to costing (TRAC) manual (Section C8). This will be of interest to Transparency Review project managers and steering groups, as well as to internal audit services and audit committees.

Data Protection Act

Institutions need to ensure that their Transparency Review implementation methods comply with the Data Protection Act 1988 or similar legislation. This arises because of the personal information on time that institutions will be holding as a record on an individual. Project managers are advised to discuss data protection requirements with their Data Protection Officer.

New in the role?

JM Consulting and the National Co-ordinators keep details of Transparency Review academic champions and project managers. If you are new to this role, please let them have your contact details to ensure you receive information that is sent out to these groups of staff from time to time.

Reminder: Timings for Transparency Review reporting

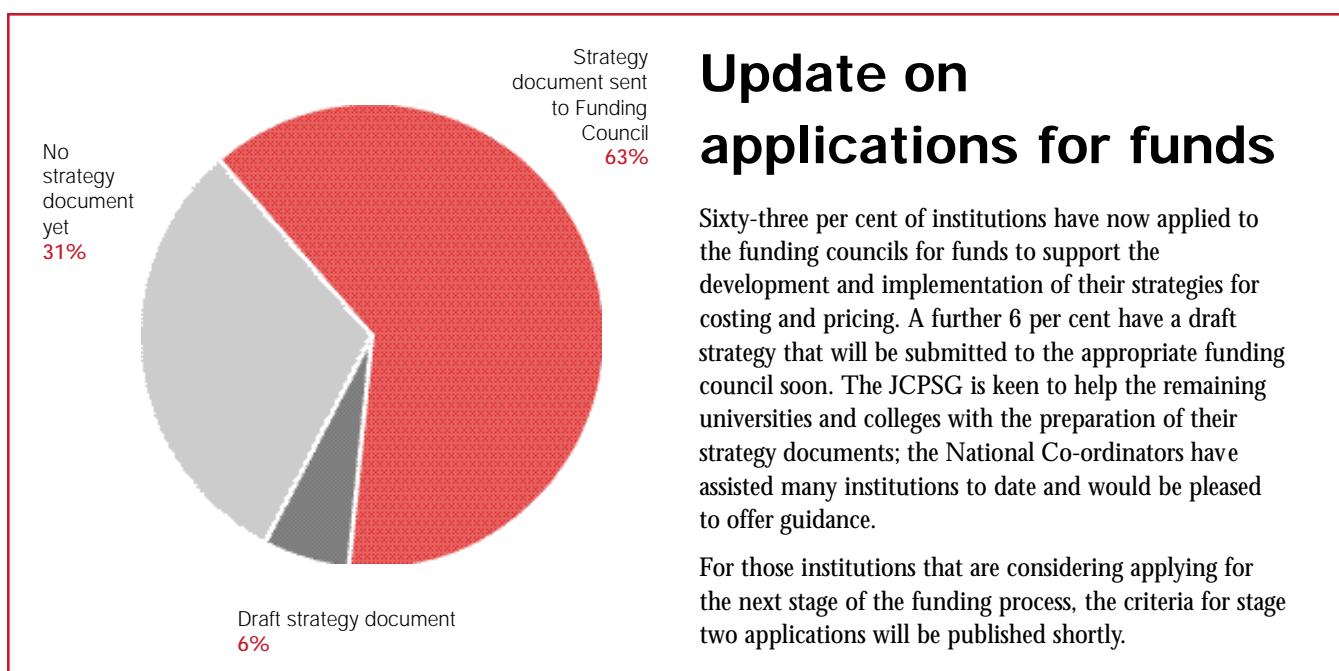
The timetable for reporting during the transition phase in implementing requirements for transparency was set out in the Transparency Review report (June 1999). From the 2002-03 academic year, when the methodology will be established, it is intended that reporting should coincide with the timetable for submission of the statutory financial statements.

The timetable for reporting is provided in the following table.

Transparency Review reporting timetable

Accounting period reported	Institutions	Reporting deadline
1998-99	Nine pilot universities	31 July 2000
1999-2000	Nine pilot universities	31 January 2001
	All other institutions	31 July 2001
2000-01	All institutions	31 January 2002
2001-02	All institutions	31 December 2002
2002-03 onwards	All institutions	31 December of each year

The Funding Councils have issued circular letters formally stating the reporting timetable. These can be accessed via the JCPSG web-site.



Pricing Toolkit

All institutions have received two copies of the JCPSG publication: Pricing Toolkit for the Higher Education Sector. Further copies, priced at £25, can be purchased from the Higher Education Funding Council for England by contacting Anthony Poploski on 0117 931 7035. The toolkit is also accessible through the JCPSG web-site under 'Download files'.

What's new on the JCPSG web-site

The JCPSG web-site is at www.bris.ac.uk/JCPSG. Latest developments include:

- **JCPSG publication: Pricing Toolkit for the Higher Education Sector** – This document is in Adobe Acrobat format and can be printed from the web-site.
- **Seminars: Pricing products and services in HEIs** – A letter from the JCPSG Chairman, Professor David Westbury, to heads of higher education institutions detailing the forthcoming seminars on pricing (see insert) The booking form for the 2001 seminar, which should be returned to secure a place, can also be printed from the web-site.
- **Seminars: Pricing products and services in HEIs** – PowerPoint presentation used at the series of seminars held in October and November 2000.
- **Newsletter Issue 6.**
- **Letter to heads of institutions** – Progress report on the Transparency Review from the Chair of the JCPSG (October 2000).
- **Notes on changes in the Transparency Review manual from September 1999 (first version) to July 2000 (second and final version)** – This paper contains a summary of the changes between the two versions of the TRAC manual.
- **Internal audit further guidance** – These draft notes give advice for internal audit services and expand slightly on the guidance given in the TRAC manual (Section C8).
- **Transparency Review requirement checklists** – Two checklists summarise the Transparency Review requirements. The first relates to the minimum criteria which institutions need to satisfy to meet requirements for Year 1. The second summarises the full requirements which need to have been met at least by the fifth year (2003-04 – reporting in December 2004).
- **Transparent Approach to Costing Update No.1** – A note from the consultants giving some reminders and further guidance (December 2000)

EDITOR: Lisa Blackshaw

This Newsletter is the official quarterly bulletin of the JCPSG. Its purpose is to provide information on the following: current work being undertaken by the JCPSG; information on training materials and events; feedback on progress being made within the sector and any other items of interest. All contributions are welcome and should be sent to Lisa Blackshaw, National Co-ordinator for Costing and Pricing, Manchester Metropolitan University, All Saints, Manchester M15 6BH.

Please note: Where institutions, companies, organisations or individuals not part of or directly affiliated to the JCPSG are quoted in this newsletter, the opinions expressed do not necessarily represent JCPSG policy.