

New guidance – Developing a Pricing Strategy

Good practice guidance to be issued by the JCPSPG will help higher education institutions develop pricing strategies.

Many higher education institutions (HEIs) are focusing their attention on the issue of pricing and developing pricing strategies. Following discussions with many colleagues across the sector, JCPSPG will issue a consolidated set of guidance material, based on current and planned activity within institutions.

This publication aims to build on the work already taking place in the sector, whether stimulated by the Pricing Toolkit (published by JCPSPG in October 2000) or home-grown, to provide practical guidance to HEIs at all stages of developing and implementing pricing strategies and procedures.

It will address the issues raised in the Pricing Toolkit in greater depth, and contains examples of good practice from institutions. It also cross-refers to other useful material.

The publication will be distributed to institutions during July 2002.

The guidance will cover the following topics:

- pricing, marketing and strategic planning
- implementing a pricing strategy
- business planning
- risk management and risk analysis
- market analysis
- pricing products and services
- negotiating and contracts
- intellectual property and knowledge transfer
- non-financial pricing
- taxation
- supporting the strategy
- monitoring and review.

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Suggested Distribution:

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

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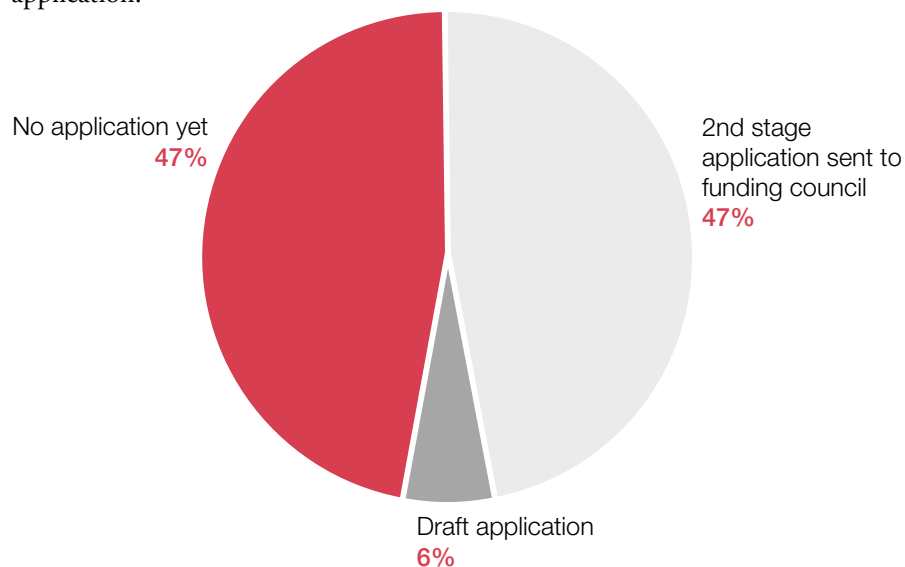
Stage 2 funding – deadline end June

Almost 50 per cent of institutions have claimed the second tranche of funds from the funding councils to support the development and implementation of their strategies for costing and pricing.

Institutions that have not already claimed are encouraged to do so as soon as possible, as funds will only be available until 30 June 2002.

The template and guidance notes on the JCPSG web-site on the 'Joint Funding Councils' Initiative' page will help institutions document the progress made towards improving their costing and pricing policies and

procedures. Lisa Blackshaw, the JCPSG National Co-ordinator, is happy to discuss any HEI's progress and give advice on submitting an application.



Future of the JCPSG

A consultation on how costing and pricing issues are promoted in the sector, including the future of the JCPSG, is now complete.

The funding councils would like to thank the institutions that responded to the consultation on the future of the JCPSG and how costing and pricing should be promoted after July 2002, the date when JCPSG is due to cease activity. There was an excellent response rate (from 96 HEIs, 57 per cent of the sector), reflecting the importance that HEIs attach to costing and pricing issues.

Analysis of the responses showed clear support for Universities UK and the Standing Conference of

Principals (SCOP) to deliver the advocacy role and for there to be continuing technical support and advice from JCPSG after July 2002. The JCPSG takes this as a vote of confidence in what has been achieved to date and what its successor is being asked to deliver over the next three years. Feedback has indicated that the future role should incorporate the following:

- The continued development of the Transparent Approach to Costing (TRAC) methodology and its application for costing of teaching, research and other activities.
- Technical support to Universities UK and SCOP as they fulfil the advocacy role.

- Maintenance and updating of existing guidance on costing and pricing.
- Identification and dissemination of good practice in costing and pricing.
- Continuation of the National Co-ordinator role.
- Continuation of the JCPSG web-site.

There was limited support for continuing with the newsletter.

The funding councils with the Universities UK and SCOP are considering the next steps. More details of the JCPSG successor body will be in the next issue of this newsletter (July 2002).

Transparency Review

Reporting deadlines

The Transparency Review implementation team would like to congratulate all higher education institutions on reporting their data to the funding councils at the end of January 2002. 100 per cent of the sector reported.

This was an outstanding achievement, the result of a lot of hard work by Transparency Review project managers and their colleagues. It is also a mark of the importance the sector attaches to the review. The aggregated data are

informing the Government's 2002 Spending Review.

The funding councils have now reviewed reporting dates for 2001-02 and later years. The timetable for all institutions to report on the costs of their activities is shown below.

The position for 2003-04 and later years will be reviewed during 2004.

The next reporting date of 31 January 2003 should allow institutions time to draw appropriately on HESA data, and to build in good quality assurance procedures to review their emerging figures.

Accounting period reported	Institutions	Reporting deadline
2001-02	All institutions	31 January 2003
2002-03	All institutions	31 January 2004

The position for 2003-04 and later years will be reviewed during 2004.

Good practice guidance

The JCPSG is developing good practice guidance.

The guidance will cover:

- allocation of estimated costs
- allocation of library costs
- time allocation.

Institutions that have developed methods or approaches which might be helpful to others are invited to contact Melanie Burdett at JM Consulting, tel 0117 959 3687, e-mail jmconsulting@dial.pipex.com

JM Consulting has written a short paper on ideas and methods for use in allocating estates. This will shortly be sent to some institutions for consultation. To receive a copy of this and give comments, please contact JM Consulting.

A small number of institutions are shortly to participate in a research library costing project for the Follett Committee. The findings will contribute to the development of the good practice.

Regional self-help groups

The regional self-help groups are continuing to meet.

The meetings are now focusing on:

- use of Transparency Review data in informing management decision-making
- calculation of indirect cost rates
- refinement of cost drivers
- pricing and pricing strategies
- embedding new costing and pricing practices and processes
- development and implementation of course/module costing systems
- use of electronic solutions, such as institutional intranets and software to collect data - either developed in-house or purchased.

Groups have found it useful to list the topics that members want to discuss and the ways they can support each other, and to set meeting dates for the forthcoming year. Institutions that believe they have some experience or good practice to share are taking the lead in these areas within their group.

If you are not a member of your local self-help group and would like to participate in the discussions, contact Lisa Blackshaw on 0161 247 1890, e-mail L.Blackshaw@mmu.ac.uk

Transparency Review

Medical schools

Northern universities with medical schools held a meeting on 11 March in Sheffield to discuss Transparency Review implementation.

It proved very useful, and other institutions with medical schools are being invited to participate in a similar meeting in May at Imperial College of Science, Technology and Medicine in London.

A short benchmarking proforma will be sent out soon to collect time and costs (if available) of medical and dental schools. Results will be circulated to Transparency Review project managers at the end of May by e-mail (averages and ranges only).

A set of the notes from that meeting is available from Melanie Burdett at JM Consulting (see page 3 for contact details).

Internal audit

Institutions' internal audit service should be reviewing and commenting on the adequacy and effectiveness of the systems established by management for satisfying themselves that the costing method is following the recommendations in the Transparency Review report, and that it is being applied consistently.

The funding councils may in future expect annual Transparency Review data returns to include a statement from an institution's internal auditors that the process to produce the data was in accordance with the Transparency Approach to Costing methodology.

EU research and ESF projects

Discussions have taken place in Wales to explore the scope for EU recognition of the Transparent Approach to Costing (TRAC) under Framework Programme VI.

The organisations involved were:

JM Consulting, the Welsh European Funding Office (WEFO), the National Audit Office (NAO), Education & Learning Wales (ELWa), the Office of Science and Technology (OST) and EU officials.

This is encouraging in that it may be possible to negotiate a framework

agreement under which all UK institutions who use TRAC would be able (but not required) to use TRAC-derived data as a basis for 'full-cost' recovery on EU contracts (i.e. 50 per cent of full costs) without the current requirements for individual auditing of each institution's data and methods.

There have also been significant developments in obtaining the acceptance of TRAC for European Social Fund (ESF) projects. The Welsh European Funding Office has now acknowledged that TRAC is, in principle, an acceptable methodology for calculating indirect cost rates.

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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.