

JCPSG

# Integrating financial and academic decision-making **Strategy for costing and pricing: phase two**

Of interest to: Senior Managers, Heads of Finance

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Joint  
Costing and  
Pricing  
Steering  
Group

[www.jcpsg.ac.uk](http://www.jcpsg.ac.uk)

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EDUCATION and LEARNING WALES  
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DEPARTMENT for  
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SCOP  
promoting higher education colleges

  
Universities UK



## Introduction

The Joint Costing and Pricing Steering Group (JCPSG) is entering the second phase of its work to support the development and embedding of good practice in costing and pricing in higher education institutions (HEIs). Considerable progress was made in the first phase of work, October 1998 to July 2002, on both costing and pricing, but there is more to do.

In phase one, costing methods were designed that were appropriate to higher education, using a consistent framework across the sector. These have been implemented in all HEIs. These methods meet the Government's reporting requirements under the Transparency Review, and provide a valuable platform for improved and integrated financial and academic management processes. Considerable progress was also made in exploring issues of pricing for the higher education sector. The Government has recognised the importance of the progress made, and has responded to many of the issues revealed by the new information produced.

The funding councils, Universities UK and SCOP, responding to requests from the sector, have agreed to sponsor this second phase of work, recognising that there is more to do to put costing and pricing activity on a more stable footing. This phase will run to July 2005. By that time, all institutions should have developed and implemented costing and pricing strategies and integrated these methods into their management processes and decision-making. The JCPSG is committed to supporting the sector in achieving these outcomes.

This document sets out the key aims for universities and colleges, and the principal objectives that JCPSG has set itself to assist the sector.

As in phase one, the JCPSG cannot deliver the strategy on its own. The success of the programme depends upon the actions and commitment of individual universities and colleges. The funding councils are committed to the strategy, and have provided funds to support the work needed. I strongly urge all universities and colleges to work with us to improve the costing and pricing of all activities in higher education. There are further benefits to be gained.

Professor David Westbury

Chair of the Joint Costing and Pricing Steering Group

## **Aims of the second phase of costing and pricing development**

By July 2005, all HEIs should have embedded costing and pricing processes that are integrated with their financial and academic decision-making, and form part of a financial strategy and management process that ensures that activities are sustainable in the long-term.

The role of the JCPSG is to support HEIs in achieving this agreed aim.

As a result of this development:

- a. All institutions should be able to determine the full economic cost of all their activities at a level appropriate to their decision-making.
- b. All institutions should be able to set a price for their activities using market-based pricing (taking account of markets, customers, competition and risks), or cost-based pricing where appropriate.

In addition, institutions should use appropriate performance measures to quantify the benefits derived from improved pricing, costing and decision-making, thus encouraging continuing development.

## **In support of these aims the JCPSG undertakes:**

1. To secure the continued embedding of good practice in costing and pricing (including related marketing practice) in HEIs.
2. To work with HEIs and other organisations to promote awareness and understanding of good practice, and to continue to encourage the introduction of this within HEIs' decision-making and management processes, so enabling institutions to improve the financial contribution from their activities.
3. To maintain and develop existing guidance on costing and pricing - including the TRAC methodology and its application for the costing of teaching, research and other activities - and to develop new guidance where there are clearly defined needs.
4. To continue supporting the development of good practice in costing, and particularly in pricing, and to communicate this to the sector.
5. To promote the development of training, in collaboration with sector bodies and institutions, that will support the costing and pricing strategy.
6. To act as an advocate on behalf of HEIs on costing and pricing and related matters, and to provide support to Universities UK and SCOP as they fulfil their advocacy role.
7. To communicate effectively with HEIs and other stakeholders.
8. To develop a framework that will ensure that costing and pricing activities are taken over by institutions and appropriate sector bodies after July 2005.

The JCPSG will develop a programme of activities to support these objectives and will communicate these through the JCPSG web-site and its newsletter.

## Membership of the Joint Costing and Pricing Steering Group

Professor David Westbury	Chair
Patricia Ambrose	Standing Conference of Principals
Irene Bews	University of Aberdeen
Lisa Blackshaw	Manchester Metropolitan University
Dr Tony Bruce	Universities UK
Andrew Clark	Higher Education Funding Council for Wales
Kath Coughlin	North East Wales Institute
Professor Graham Henderson	University of Teesside
Steve Igoe	Edgehill College
Ian Lewis	Higher Education Funding Council for England
Liam McCabe	Scottish Higher Education Funding Council
John Newton	National Co-ordinator for Costing and Pricing
Professor Stuart Palmer	University of Warwick
Derek Pretty	University of Bristol
Berenice Smith	University of Leeds
Heather Williams	HEFCE, Project Manager

**For further information about JCPSG activities,  
please contact:**

John Newton  
JCPSG National Co-ordinator for Costing and Pricing  
University of Cardiff  
PO Box 497  
56 Park Place  
Cardiff  
CF10 3XR  
Tel 029 2087 4141  
E-mail [newton@cardiff.ac.uk](mailto:newton@cardiff.ac.uk)

Heather Williams  
JCPSG Project Manager  
HEFCE  
Northavon House  
Coldharbour Lane  
Bristol  
BS16 1QD  
Tel 0117 931 7113  
E-mail [h.williams@hefce.ac.uk](mailto:h.williams@hefce.ac.uk)

Information may be accessed electronically from the JCPSG web-site: [www.jcpsg.ac.uk](http://www.jcpsg.ac.uk)