

UKRI Data Pack on Research Financial Sustainability - Sankey diagrams and analysis of TRAC data for academic year 2024-25

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How to read the Sankey diagrams

Our Sankey diagrams illustrate the crossflows of funding within the higher education sector.

Income Sources

The nodes on the very left-hand side of the diagram show sources of income, with the income levels shown alongside the different income types:

- Research funding: Research councils; UK-based charities; Industry; Postgraduate funders; Other government departments; EU research grants and contracts; quality-related research funding (QR) or equivalent; and Other research-related income.
- Teaching income: Non-publicly funded teaching and Publicly funded teaching.
- Other income: Other income generating activities and Income/gains from other non-commercial activity.

Full economic cost/no cross-subsidy required

For some activities, such as delivering Non-publicly funded teaching, the full economic costs are met by the income intended for these activities. The full economic cost of these activities is shown at the right-hand side of the bar, e.g., full economic cost of delivering Non-publicly funded teaching is £8,706 million.

Source of cross-subsidy

For some activities, the income received is greater than the associated full economic costs, meaning that a surplus is generated. These income surpluses (teal bars) flow into the middle of the diagram to the node labelled 'HEP surplus' (higher education provider surplus), utilised to support delivering Publicly funded teaching and research and knowledge exchange activities.

Similarly, QR or equivalent funding (yellow bar) can be used flexibly for research and knowledge exchange activities in line with HEPs' individual strategic interests (see [QR explainer](#)).

Generally, across the higher education sector, the full economic cost of research activities and delivering Publicly funded teaching exceeds the income received for those activities. Therefore, HEPs support research activities by utilising QR funding and surplus income from delivering Non-publicly funded teaching.

Full economic cost of activity/cross-subsidy required

The nodes on the right-hand side of the diagram represent activities that require cross-subsidisation from other income streams, with the weight of the orange bars denoting the size of the subsidy. The full economic cost (£m) of each activity is shown against the activity description.

Overall, there is a sustainability gap of £2,522 million, representing the amount by which the full economic cost of all HEPs' activities exceeds income.

The diagrams represent an approximation of how income streams are mapped to costs; in practice this will be different for individual HEPs. Full economic costs include a Margin for Sustainable Investment (MSI) - a measure of the funding required to sustain future levels of activity and investment.

Flow of funding in UK HEPs – sector view

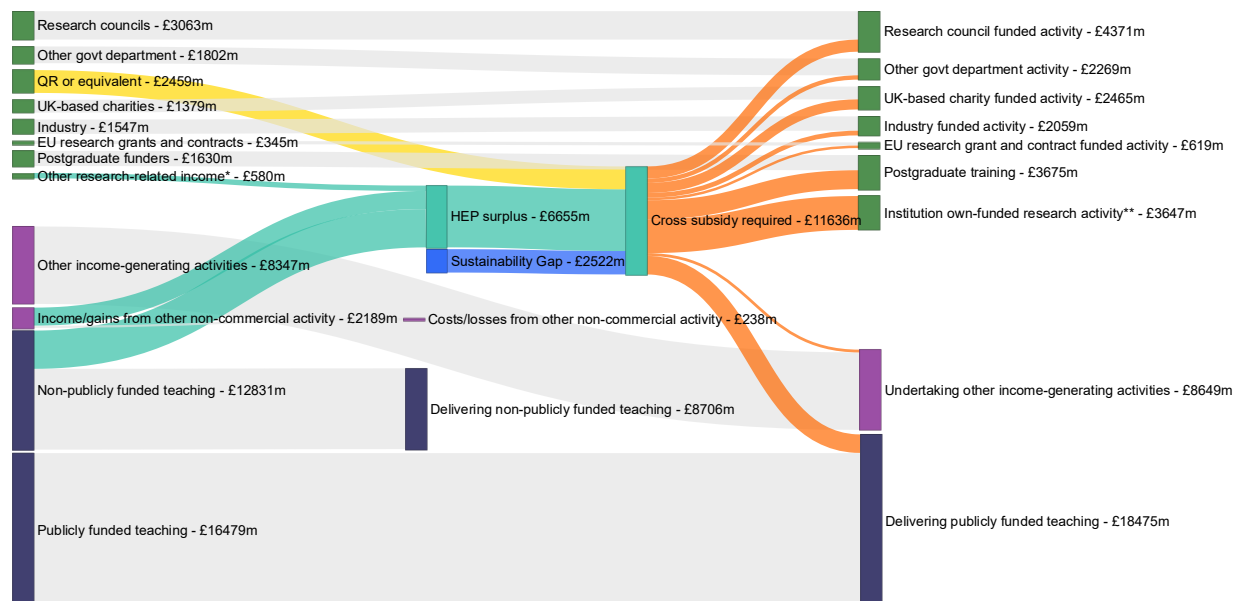


Figure 1: Sector-level Sankey diagram for academic year 2024-25. Source: 2024-25 TRAC data for 150 UK Higher Education Providers (HEPs). *Including endowments and donations and returns on investments. **Including commercialisation from HEP-own funded research and ringfenced donations and endowments.

- £52,651 million in income flowed into the sector in 2024-25.
- Despite cross-subsidy from surplus-generating income streams, there was an overall sustainability gap of £2,522 million across all activities (4.8% of the sector's income). This puts the total sector-wide cost recovery at 95.4%, 0.2 percentage points lower than in academic year 2023-24.
- The cost recovery for research was 67%, 0.4 percentage points higher than in academic year 2023-24. Delivering research-related activity generated a £6,299 million deficit.
- Publicly funded teaching remained the single largest source of the sector's total income (31%). Delivering this activity generated a £1,996 million deficit. For all TRAC groups except A and F, the single highest source of income was Publicly funded teaching.
- Non-publicly funded teaching income remained the second-largest source of income (24%). Delivering this activity generated a £4,124 million surplus, the largest source of surplus.

Flow of funding in UK HEPs – TRAC A

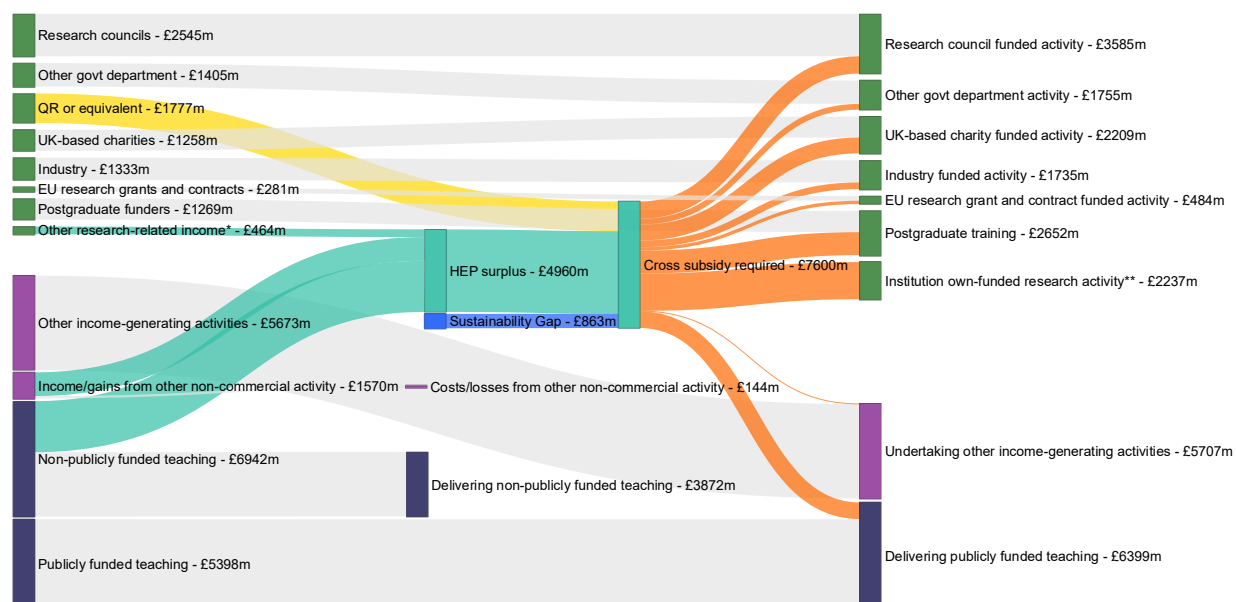


Figure 2: TRAC A group Sankey diagram for academic year 2024-25. Source: 2024-25 TRAC data for 32 TRAC A UK Higher Education Providers (HEPs). *Including endowments and donations and returns on investments. **Including commercialisation from HEP-own funded research and ringfenced donations and endowments.

- £29,915 million or 57% of the sector's total income flowed into TRAC group A HEPs (research-intensive institutions).
- The sustainability gap for TRAC A HEPs was £863 million, which represented 34% of the sector's sustainability gap. The sustainability gap as a percentage of the group's income was 2.9%, lower than for all TRAC groups except F.
- TRAC A HEPs received 81% of the total sector research income, including 83% of the sector's competitive research income from Research councils, and 72% of QR or equivalent funding.
- For TRAC A HEPs, research activity was the single largest source of income (35%). 42% of TRAC A HEPs' research income came from Research council and QR or equivalent funding. Another 14% came from Other government departments.

Flow of funding in UK HEPs – TRAC B

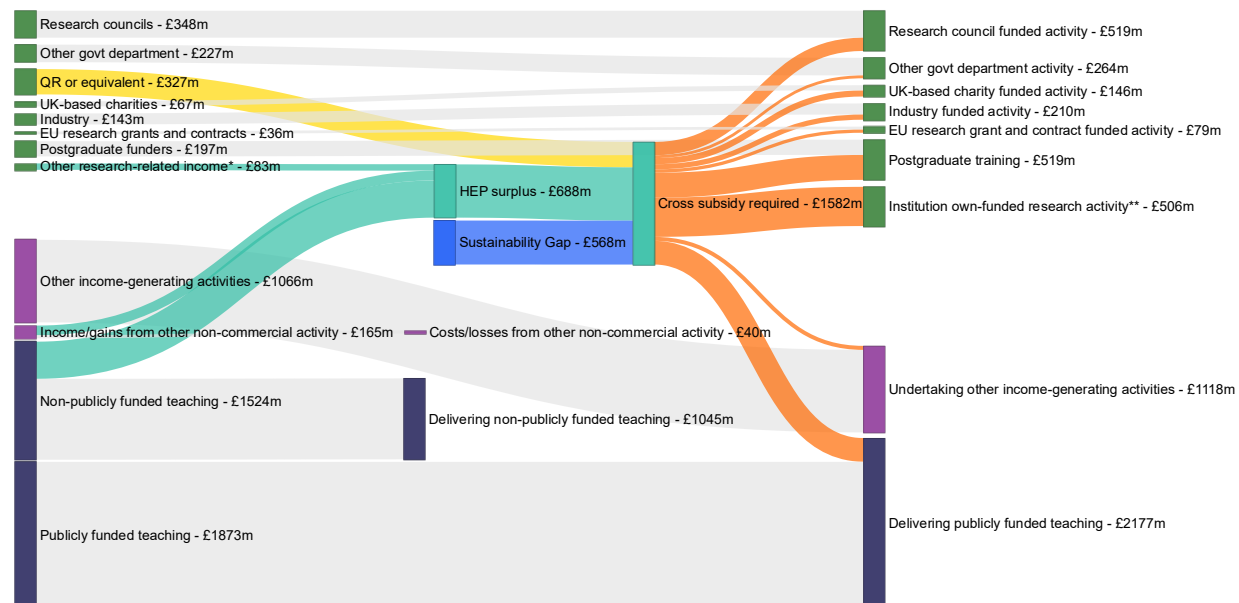


Figure 3: TRAC B group Sankey diagram for academic year 2024-25. Source: 2024-25 TRAC data for 20 TRAC B UK Higher Education Providers (HEPs). *Including endowments and donations and returns on investments. **Including commercialisation from HEP-own funded research and ringfenced donations and endowments.

- £6,055 million or 11% of the sector's total income flowed into TRAC B HEPs, the lowest in percentage terms since 2018-19.
- The sustainability gap for TRAC B HEPs was £568 million, which represented 23% of the sector's sustainability gap. The sustainability gap as a percentage of the group's income was 9.4%, higher than that of all other TRAC groups. TRAC B remains the only group for which the sustainability gap has been consistently increasing year-on-year in real terms since 2020-21.
- TRAC B HEPs received 11% of the total sector research income, including 11% of the sector's competitive research income from Research councils, and 13% of QR or equivalent funding.
- Publicly funded teaching was the single largest source of the group's total income (31%). Non-publicly funded teaching was the second largest (25%). Research activity generated 24% of the group's income.

Flow of funding in UK HEPs – TRAC C

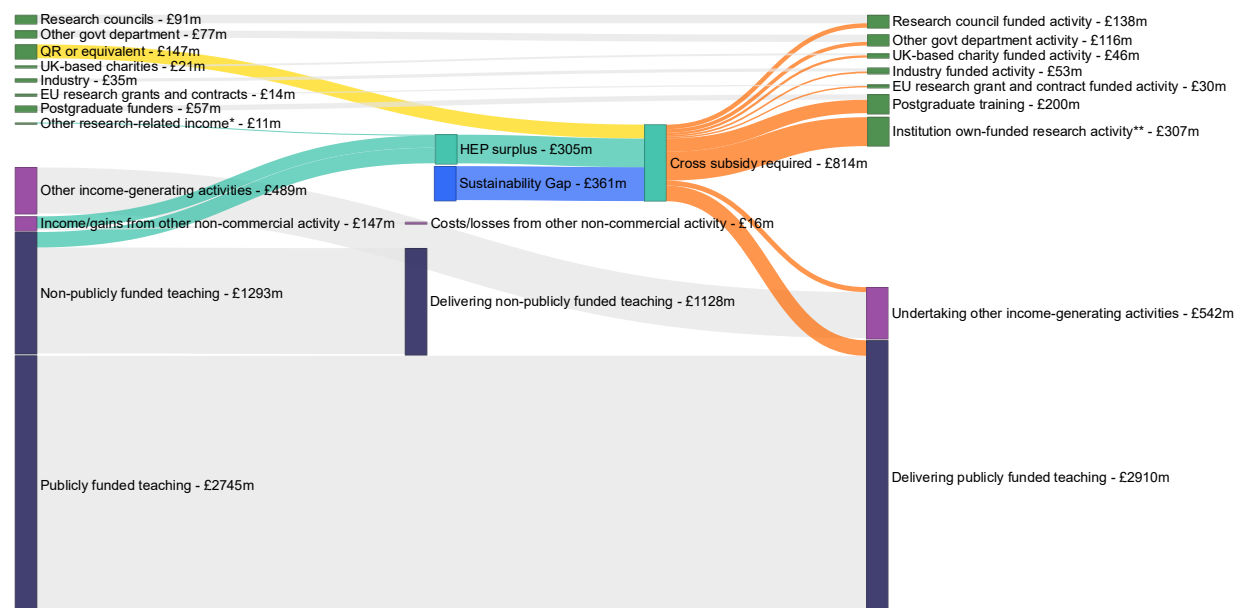


Figure 4: TRAC C group Sankey diagram for academic year 2024-25. Source: 2024-25 TRAC data for 22 TRAC C UK Higher Education Providers (HEPs). *Including endowments and donations and returns on investments. **Including commercialisation from HEP-own funded research and ringfenced donations and endowments.

- £5,126 million or 9.7% of the sector's total income flowed into TRAC C HEPs, the lowest in percentage terms since 2018-19.
- The sustainability gap for TRAC C HEPs was £361 million, which represented 14% of the sector's sustainability gap and 7.1% of the group's income.
- TRAC group C HEPs received 3.5% of the sector's research income, 3.0% of the sector's competitive research income from Research councils, and 6.0% of the QR or equivalent funding.
- Publicly funded teaching was the single largest source of the group's total income (54%). Non-publicly funded teaching was the second largest source of income (25%). Research activity generated 8.8% of the group's income.

Flow of funding in UK HEPs – TRAC D

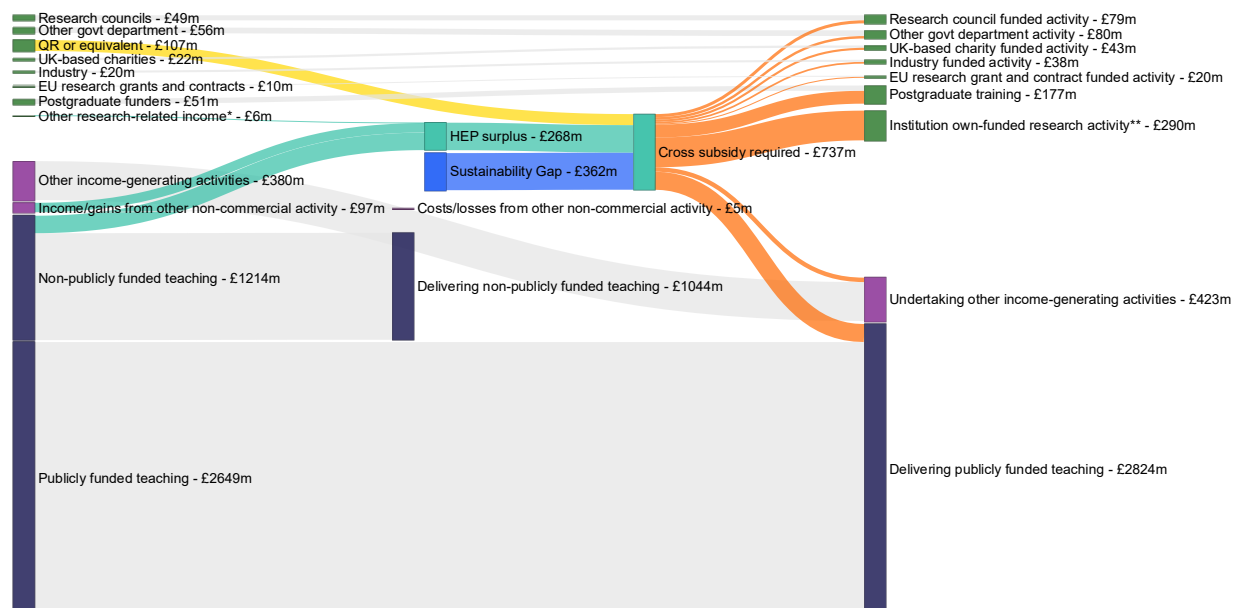


Figure 5: TRAC D group Sankey diagram for academic year 2024-25. Source: 2024-25 TRAC data for 15 TRAC D UK Higher Education Providers (HEPs). *Including endowments and donations and returns on investments. **Including commercialisation from HEP-own funded research and ringfenced donations and endowments.

- £4,661 million or 8.9% of the sector's total income flowed into TRAC D HEPs, marginally higher in percentage terms than in 2023-24.
- The sustainability gap for TRAC D HEPs was £362 million, which represented 14% of the sector's total sustainability gap and 7.8% of the group's income.
- TRAC group D HEPs received 2.5% of the sector's research income, 1.6% of the sector's competitive funding from Research councils, and 4.4% of the sector's QR or equivalent funding - all percentages the highest since 2018-19.
- Publicly funded teaching was the single largest source of the group's total income (57%). Non-publicly funded teaching was the second largest source of income (26%). Research activity generated 6.9% of the group's income.

Flow of funding in UK HEPs – TRAC E

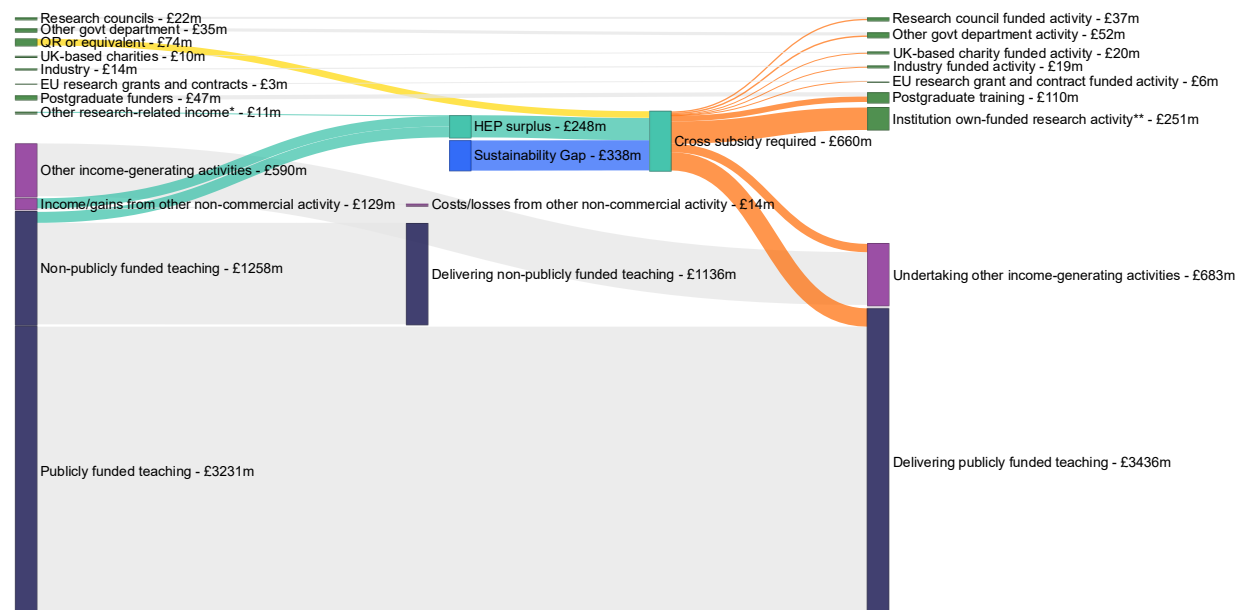


Figure 6: TRAC E group Sankey diagram for academic year 2024-25. Source: 2024-25 TRAC data for 40 TRAC E UK Higher Education Providers (HEPs). *Including endowments and donations and returns on investments. **Including commercialisation from HEP-own funded research and ringfenced donations and endowments.

- £5,425 million or 10% of the sector's total income flowed into TRAC E HEPs, marginally higher than in 2023-24.
- The sustainability gap was £338 million, which represented 13% of the sector's total sustainability gap and 6.2% of the group's income.
- TRAC group E HEPs received 1.7% of the sector-wide research income, 0.73% of the sector's competitive funding from Research councils, and 3.0% of the sector's QR or equivalent funding – all percentages the highest since 2018-19.
- Publicly funded teaching was the single largest source of the group's total income (60%). Non-publicly funded teaching was the second largest source of income (23%). Research activity generated 4.0% of the group's income.

Flow of funding in UK HEPs – TRAC F

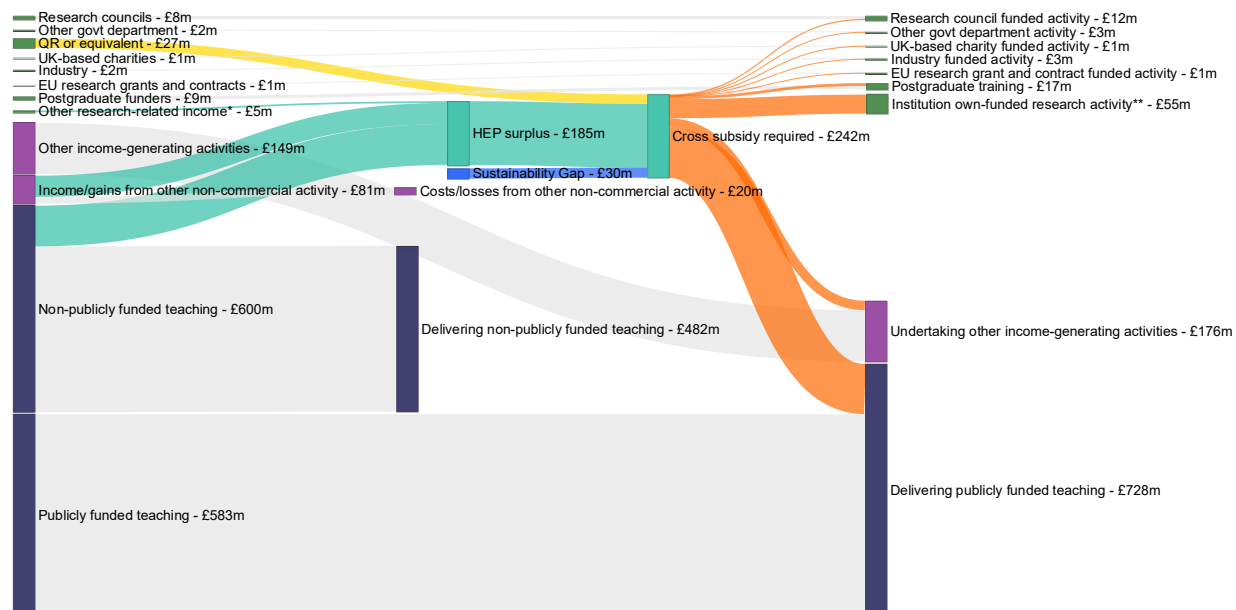


Figure 7: TRAC F group Sankey diagram for academic year 2024-25. Source: 2024-25 TRAC data for 21 TRAC F UK Higher Education Providers (HEPs). *Including endowments and donations and returns on investments. **Including commercialisation from HEP-own funded research and ringfenced donations and endowments.

- £1,468 million or 2.8% of the sector's total income flowed into TRAC group F HEPs (specialist institutions), marginally higher than in 2023-24.
- The sustainability gap for TRAC F HEPs was £30 million, which represented 1.2% of the sector's sustainability gap and 2.0% of the group's total income.
- TRAC F HEPs received 0.43% of the sector-wide research income, 0.28% of the sector's competitive funding from Research councils, and 1.1% of the sector's QR or equivalent funding.
- This was the only group for which the single highest source of income was Non-publicly funded teaching (41%). Publicly funded teaching was the second largest source of income (40%). Research activity generated 3.8% of the group's income.

Key findings

For all TRAC groups, Non-publicly funded teaching generated the largest source of surplus, followed by Other (Non-commercial) activity. All other areas of activity generated deficits. Surplus income can be used to cross-subsidise public teaching and research activities. In the academic year 2024-25, the gap between income and costs for research was **£6.3 billion** and for Publicly funded teaching was **£2.0 billion**. 2024-25 was the first year since 2020-21 when all TRAC groups registered deficits from Other (Income generating) activity.

Table 1: HEP sector surplus (deficit) by activity (£ million, 2024-25 prices). Other (Non-commercial) activity can include endowments, donations, investment gains and losses, and in 2024-25, student residences ([TRAC guidance](#)). Numbers can fluctuate year on year, for example there was significant fluctuation in academic year 2020-21 due to changes brought about by the Covid-19 pandemic.

Activity	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Teaching (Non-public)	2,484	2,875	3,111	3,522	3,776	3,900	4,124
Teaching (Public)	(775)	(859)	(510)	(1,190)	(1,890)	(2,130)	(1,996)
Other (Income generating)	363	(983)	(637)	282	(162)	(51)	(302)
Other (Non-commercial)	1,448	712	2,995	665	747	2,281	1,951
Research	(5,649)	(5,658)	(4,982)	(5,817)	(5,813)	(6,431)	(6,299)
Total	(2,129)	(3,912)	(23)	(2,539)	(3,343)	(2,432)	(2,522)

Teaching and research activities are interdependent: cross-subsidy from international student income supports research activities and cutting-edge research informs curriculum design and practice-led teaching.

The gap between the income received for research and the costs of undertaking research activities arises from a number of factors, including strategic decisions made by HEPs regarding their research portfolios and the various funding flows that combine to make up the full economic costs of grant-funded activity, support for postgraduate research training, and institution-own funded research.

Other factors to consider in terms of the funding gap:

- Growth in teaching income has been driven by increases in international (non-EU) fee income.
- HEPs increasingly rely on international tuition fees as an income stream that can support cross-subsidy of teaching and research activities.
- HEPs' international reputations and rankings are linked to quality metrics for teaching and research.

TRAC Peer group definitions

Peer group A: Institutions with a medical school and research income* of 20% or more of total income

Peer group B: All other institutions with research income* of 15% or more of total income

Peer group C: Institutions with a research income* of between 5% and 15% of total income

Peer group D: Institutions with a research income* less than 5% of total income and total income greater than £150 million

Peer group E: Institutions with a research income* less than 5% of total income and total income less than or equal to £150 million

Peer group F: Specialist music/arts teaching institutions.**

*Research income is defined as the recurrent research grant funding (e.g., QR or equivalent) plus the total research grants and contracts returned in the 2024-25 HESA Finance Record.

**Includes specialist music and arts colleges. This makes comparisons and interpretations slightly difficult as there are a wide range of institutions which have different research and teaching models.

Other notes on the data

The data used to generate the diagrams in this publication is based upon those institutions whose TRAC returns are included in the Office for Students' Annual publication ([OfS publication of TRAC 2024-25](#)). Similarly, our previously published diagrams ([UKRI publication of TRAC data 2023-24](#)) use the data included in those years' OfS TRAC publications.

There are small differences in the institutions whose data is used each year, therefore care should be taken when making comparisons between years. The year-on-year comparisons in this publication differ from those in the OfS TRAC publication, which compares data across years using only institutions that appear in both years. In contrast, our comparisons use the full set of institutions included in each year's publication, which can vary slightly from year to year.

Where comparisons with previous years are made, constant prices are used (March 2026 GDP deflators from Quarterly National Accounts, financial year 2024-25 prices).

In this year's release, there were methodological changes with regards to the Margin for Sustainability and Investment (MSI) adjustment. Namely, there were separate calculations for the MSI allocated to student residences, in addition to calculations and allocations of MSI to the rest of a provider's activities. More details can be found in the TRAC publication and TRAC guidance ([TRAC guidance v.3.0](#)).