

# Annual Report

2020



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## About PHES

**B**UFDG is an association run under the umbrella organisation Professional HE Services Ltd (PHES), of which it is the founding member. PHES is a not-for-profit company limited by guarantee and is owned entirely by its member HE institutions.

PHES is a shared service that provides the legal framework for different HE sector organisations to be run effectively and share staff and operational resources. There are currently five sector organisations under the PHES 'umbrella'; BUFDG, AUDE, HESPA, UHR, and CHEIA, with the latter organisation joining in the Summer of 2019. Each has complete autonomy to run its finances within the financial sustainability rules set out in the PHES agreement. Each organisation has its own structure and terms of reference and is run by its own executive.

There are many benefits to HE membership organisations being members of PHES, which in turn benefit their member institutions:

- The shared accounting and governance services through the PHES board are a considerable efficiency saving over each organisation contracting separately with, or employing an accounting function
- The shared staff resources offer considerable savings to all organisations and to their university members, particularly around the collection of subscription fees, where the subscriptions of all five organisations are collected on the same invoice
- The database and Content Management System form the 'engine' that runs behind all five organisational websites. This provides significant savings as each organisation does not have to establish and pay for its own website development, and improvements to one can be shared across all five. Each organisation can also help the others in keeping the institutional and individual data up to date
- The shared legal framework and terms of reference ensure each member does not have to go through the expensive process of establishing their own separate, legal entity

Perhaps the biggest benefit however is that, as members of PHES, the staff of each organisation share the same small building and, in some cases, the same room. As there are many similarities between membership organisations, the proximity of staff allows each of the organisations to learn and benefit from all the others. There are joint PHES team meetings three times a year to facilitate this.

# About BUFDG

The British Universities Finance Directors Group (BUFDG) is the representative body for Higher Education (HE) finance staff in the United Kingdom. Its members are the Directors of Finance and Chief Financial Officers of UK higher education institutions (HEIs). Its work supports 7,000 HE employees in over 180 universities.

BUFDG is an active and open partner to the HE sector. It works closely with other sector representative, charitable, and regulatory organisations for the benefit of its members.

*“Can I just say a big thanks to you for all your support over the years – it is really appreciated.”*

## About this report

This annual report seeks to adopt some of the principles of the Integrated Reporting (IR) framework. Integrated Reports don't just talk about the numbers, or list achievements. They look at how all the different resources in an organisation (what the IR framework calls 'Capitals') impact on each other. It's about how an organisation works, as well as what it does.

An Integrated Report is a journey, as well as a snapshot in time. It reflects the strategic decision making and integrated thinking that happens throughout the year, as well as the cumulative effect that thinking has on how the organisation is run over many years.

The report also shows how the organisation has sought to meet its objectives over the last year. Based on the work done for the most recent 2018-22 Strategic Plan (see [www.bufdg.ac.uk/about/about-bufdg/](http://www.bufdg.ac.uk/about/about-bufdg/)), the organisation has the following objectives:

|   |  |
|---|--|
| <b>To inform, advise and support</b>            | To be the pre-eminent source of information, comment, and support on finance matters<br>To promote high standards and best practice across the HE finance sector                 |
| <b>To facilitate networking and development</b> | To provide forums for networking, discussion, consultation and exchange<br>To provide and signpost to appropriate opportunities for learning and development                     |
| <b>To partner, coordinate and advocate</b>      | To work in partnership with related organisations, regionally and nationally<br>To advocate on behalf of all our members to government, policy makers, and external stakeholders |

This report aims to give you an insight into how BUFDG thinks and works, as well as the more 'traditional' annual report of what the organisation has achieved over the last year, and its financial situation and projections. This will hopefully show that BUFDG not only delivers value in the short-term, but is also a sustainable and worthwhile investment in the long-term.

Readers can find the original <IR> framework and other resources, and more about the work of the IIRC, at [www.integratedreporting.org](http://www.integratedreporting.org)

# Chair's foreword

**Sarah Randall-Paley**

Director of Finance, Lancaster University



Since our 2019 conference at Royal Holloway, University of London, 33 BUFDG member institutions have had a change of Finance Director. The stories behind those changes involve promotions, retirements, and changes of direction by individuals and institutions. Despite this, each institution has published another set of financial statements, updated its forecasts and budgets and considered the political, demographic, and regulatory conditions that determine its future viability.

As finance professionals, we are trained to seek evidence and make our decisions based on facts. But as we also know, evidence must be interpreted. The same piece of evidence can lead to different decisions by different interpreters, depending on the starting point, the beliefs they hold, and their wider environment. Navigating 2019 involved much interpretation and, dare I say it, guess work, and I foresee that 2020 will be no different. The real job of the finance director is therefore to guide others through the maze of evidence and noise to make considered, reasonable decisions that not only stand challenge by governors, but the much stiffer test of time. On the whole, I think we do a reasonable job.

As we grapple with the implications of COVID-19, Finance Directors are worried that recruitment will be affected, income targets will be missed and

accommodation will lie empty. Business continuity insurance may, or may not, cover any losses. The evidence we had when we made last year's decisions is supplanted by new facts on a weekly basis.

To help us cope with change, along with good colleagues in institutions, we are fortunate to be supported by the BUFDG team. The launch of BUFDG Pro, and the 85% take-up of this innovative solution to learning and development of finance office staff; the publication of the "Guide to Understanding University Finance"; and the approval of the latest SORP (and development of accompanying guidance documents) are just a few of the changes that have happened in 2019. The team's imagination, flexibility and enthusiasm in everything they do is impressive and on behalf of members, I offer our thanks to them all. As your chair for the second year, I would also like to thank members for the support you have offered me, and each other, through attendance at conference, regional meetings, posts on the discussion boards and many other interactions. Heraclitus is probably quoted too often, but indeed "change is the only constant in life" and we must be prepared for it.

*"Just wanted to say a BIG THANK YOU for all your work over the years. I really appreciate all the intellectual and hard work that you do. It has been fantastic knowing and working with you."*

# Message from the Executive Director

**Karel Thomas**  
Executive Director, BUFDG



**S**arah's message mentions the turnover of Finance Directors in universities, which has been particularly high again this year. By my reckoning, there is now only one university with the same Director of Finance as when I started with BUFDG 17 years ago, although there are quite a few faces that have been around as long as I have. You might draw several conclusions from those facts, but one would be that Higher Education is a dynamic environment that welcomes colleagues who embrace change.

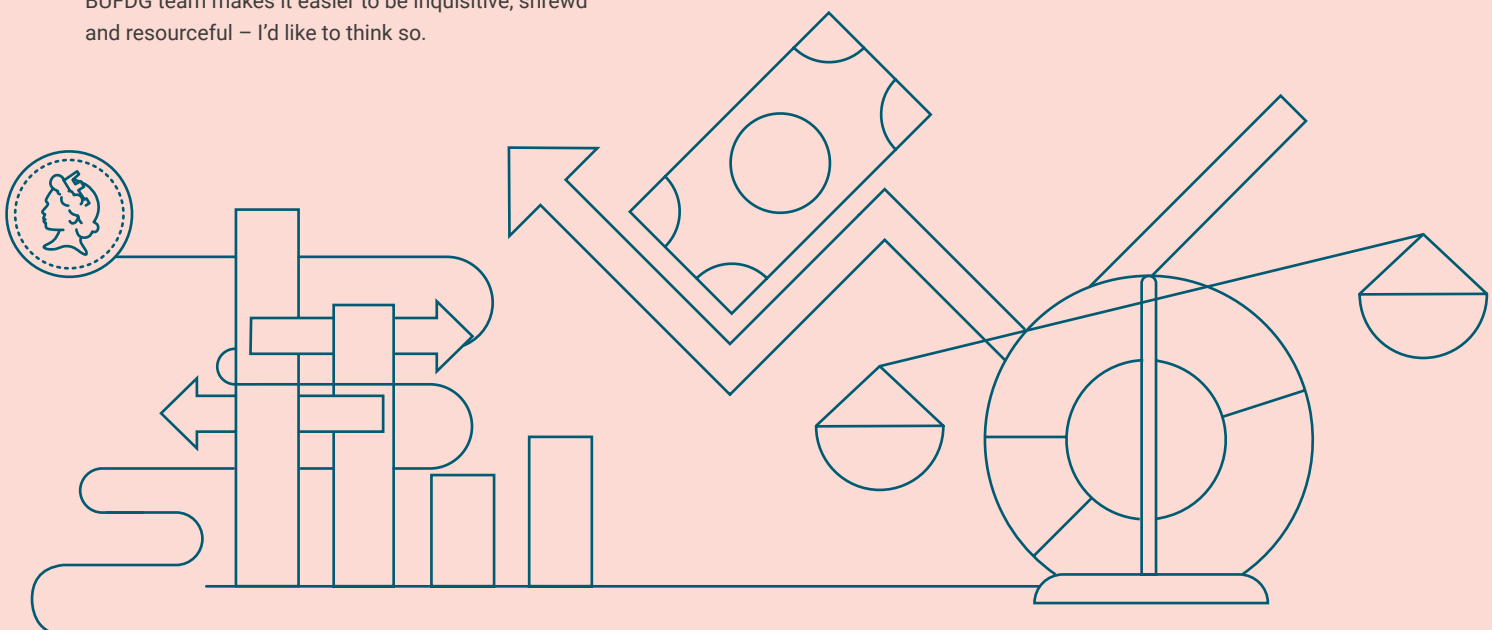
We have had our share of change too at BUFDG. Ashley Shelbrooke joined us as our Procurement Specialist to replace Emma Keenan and Julia Ascott replaced Caroline Jones as the Employment Taxes specialist. Amanda Darley, who is soon to take on a new role as our Digital Content Manager, has been replaced by Tax Specialist, Andrea Marshall, whom we recruited from the University of Worcester. This has all happened while we have reviewed what we do and made some significant changes, which is no mean feat in a small team. But maybe the size of the BUFDG team makes it easier to be inquisitive, shrewd and resourceful – I'd like to think so.

This description is also used to describe the Chinese year of the Rat. I have also learned that 2020 brings no ordinary rat, but a metal rat, meaning we should look forward to a year "filled with growth and accomplishments". The BUFDG team is certainly looking forward to more accomplishments, if not growth.

BUFDG would not exist if it were not for members and your enthusiasm for supporting collective endeavour. Thank you, for the 18th year running, for trusting us to support you.



**1136 new staff members registered on the website**



# BUFDG organisational structure

This year Julia Ascott replaced Caroline Jones to support the activity of the Payroll and Expenses group, and Ashley Shelbrooke replace Emma Keenan as HEPA Procurement Specialist (see the Working Groups section below for more information). There have been no other changes to the staff team, although we will have a new Tax Specialist in place at the beginning of April, as Amanda Darley moves internally to a new post of Digital Content Manager.

PHES has welcomed a new ICT Manager, Alex David, who started last Summer. This new role takes the ICT brief from the Executive Director, Dominic, enabling him to spend more time on operations and governance, and his other core work for the company.

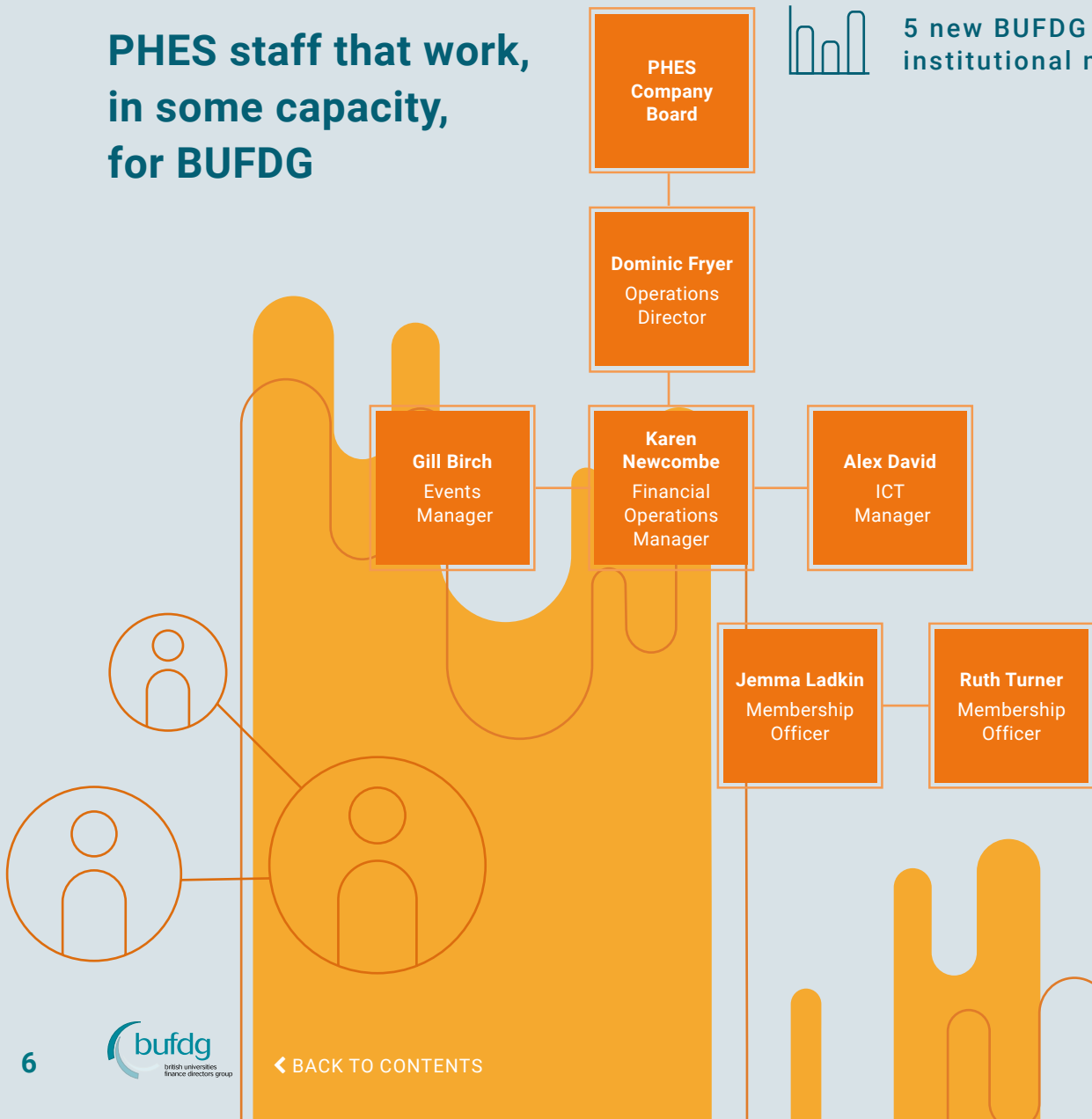


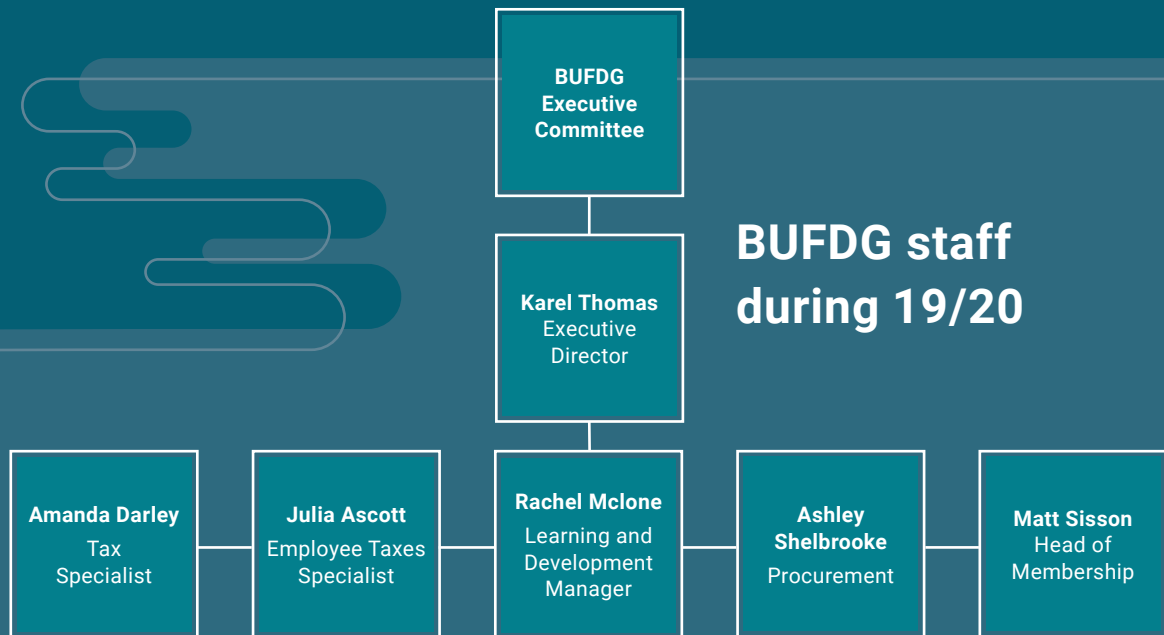
We've hosted 7 Annual Conferences, attended by 731 delegates

## PHES staff that work, in some capacity, for BUFDG



5 new BUFDG institutional members





## Delivering value through PHES

This year we have continued to look for opportunities to work closely with the other organisations under the PHES umbrella. There have been joint activities across a range of areas including:

- Sharing of news and resources - with UHR on payroll and pensions issues, and AUDE on the ratings revaluation exercise
- Joint PHES response to the OfS consultation on the accounts direction, which also included AHUA
- Collaboration on events including the Action Learning Sets, and Directors Development day
- Joint sessions at events involving the Chairs of BUFDG and UHR

- Internal cooperation on improving the efficiency and effectiveness of marketing expenditure, developing a single PHES member application form, new joint website developments, and sharing best practice for welcoming new members

While these activities are delivering value for members and avoiding duplication of effort, there is much more that could be done. There is huge opportunity for greater joined-up thinking and communication and, to that extent, the possible benefits of PHES are not yet being realised. BUFDG will be talking with other PHES SIOs this year and recommending clear steps that will hopefully lead to greater collaboration, and a more effective service for members.

*“BUFDG works for me and provides valuable insights, opportunities, advice, and collegiality across the sector - that I’ve enjoyed and brought to the benefit of my university and my own personal development.”*

# Working group activity

We sometimes think of the Working Groups as the ‘motors’ of BUFDG, undertaking essential programmes of work in areas important to university finance teams. They are led by the participating members and supported by a member of the BUFDG staff team. Each of the working groups contributes in many different ways to BUFDG’s overall objectives (see [www.bufdg.ac.uk/about/about-bufdg/](http://www.bufdg.ac.uk/about/about-bufdg/)). The permanent BUFDG working groups are:

| Group                    | Chair   | BUFDG Support                          |
|--------------------------|---|--|
| Tax                      | James Lacey<br>Director of Finance,<br>Nottingham Trent University              | Amanda Darley<br>amanda@bufdg.ac.uk    |
| Payroll and Expenses     | Currently Vacant – would you like to volunteer?                                 | Julia Ascott<br>julia@bufdg.ac.uk      |
| Financial Reporting      | Erica Conway<br>Director of Finance,<br>University of Birmingham                | Karen Newcombe<br>karen@phes.ac.uk     |
| Procurement (HEPA)       | Martyn Riddleston<br>Director of Finance,<br>University of Leicester            | Ashley Shelbrooke<br>ashley@hepa.ac.uk |
| Learning and Development | Simon Newitt<br>Director of Finance,<br>Northumbria University                  | Rachel McLone<br>rachel@bufdg.ac.uk    |
| Counter-Fraud            | Andy McGoff,<br>Finance and Operations Director,<br>Edinburgh Napier University | Ashley Shelbrooke<br>ashley@hepa.ac.uk |

## Group changes

There were two staff changes at BUFDG last year. Caroline Jones, BUFDG’s first permanent Payroll & Employment Tax Specialist, left to join BDO as their Employment Tax Director. Caroline loved working with BUFDG members but didn’t enjoy working from home and had a long commute to the central office in Loughborough from home in South Wales. She was replaced by Julia Ascott in November 2019 who, after roles at ‘Big 4’ firms, had been running her own consultancy. Julia was a regular presenter at the BUFDG Tax Conference and well-known by the sector.

At HEPA, Procurement Specialist Emma Keenan left to take up the Deputy Director role at LUPC. She was replaced by Ashley Shelbrooke in June 2019. Ashley was formerly a Procurement Specialist at the University of Kent.



We’ve run 43 training events, for 1147 delegates



# Objective 1 – To inform, advise, and support

Financial statements 2018/19 were the last to be reported under SORP2015. The Financial Reporting Group and the SORP board oversaw the development of SORP2019, and it was approved and is ready for the reporting year 2019/20. All the guidance documents for the previous SORP were updated during the year (Donations and endowments, Revenue, Government Grants and non-exchange transactions as well as Service Concession Arrangements) together with the model financial statements.

The second major project was the development of the guide to Understanding University Finance during the autumn. The guide was aimed at governors, regulators, students, and any other stakeholders with an interest in making sense of finances and financial statements. To date, the guide has been downloaded over 3,000 times, and has been extremely well received by universities and the wider sector.

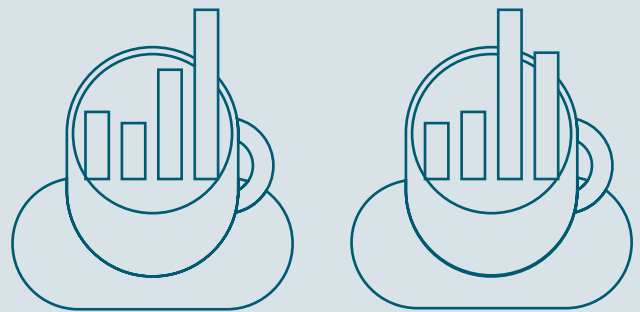
2019 also saw the launch of our fortnightly tax and payroll specific newsletter, TaxHE. Each edition of the newsletter is distributed to over 800 members and sector advisers and covers a broad range of tax and payroll issues. This has become an essential source of information for university tax teams. Likewise, the HEPA Newsletter was relaunched in the new year. We hope that this becomes as valued to procurement professionals as TaxHE is to tax specialists.

Dozens of other resources (and over 400 news articles) have been produced for members over the year. As well as regular outputs such as the Audit Survey, other highlights include:

- a new flowchart to help identify zero-rated medical purchases
- the finalised HE Common Roles document and Employment Status Tool – both in conjunction with HMRC – to help members decide on whether individuals should be treated as employed or self-employed

- the inaugural Procurement Value Survey, to record sector procurement efficiencies and allow meaningful benchmarking for participating institutions
- the development of the responsible procurement group sub-groups, covering climate change & carbon reduction issues, plastics & packaging reduction, social value, and modern slavery & human rights
- extensive coverage of fraud-risks shared via the discussion boards

We have further projects in the pipeline for 2020-21, including an update to the Understanding University Finance guide to accommodate SORP2019, a new guide on accounting for pensions in HE, and a whole new introductory guide to Tax in HE. However, we will also be spending time this year streamlining the resources available for members on the website. There are over 2,000 documents available for members, but many are now out of date and/or not used by members. We hope that by streamlining the available resources it will be easier for members to find what they need, and also make it easier for us to identify gaps and stay on top of updates to key resources. The new internal post of Digital Content Manager (Amanda begins in this role in July) will oversee this important work.



*“Thank you for all that you and the team do to make BUFDG such a success; never has the sector needed BUFDG more.”*

# Pensions

**P**ensions continue to keep Finance Directors awake at night. They have also kept the Financial Reporting group busy this year, not least with the consideration of options on the 2018 USS valuation and GMP changes.

Early in 2019 the FRG had hoped that the USS 2018 valuation would be signed off before the end of the financial year, and so prevent a huge charge in 2018/19 and what is likely to be significant credits in 2019/20. However, this was not to be.

Actuaries took an inconsistent approach to the ruling by the judge in the Lloyds Bank High Court Case that schemes must equalise Guaranteed Minimum Pensions ('GMP') between males and females. Some provided an impact assessment, and some did not, with auditors demanding a value estimate to look at materiality for financial statement valuation

purposes. In addition, the Government Actuary's Department (GAD) undertook an assessment of the impact of the McCloud judgement on the actuarial assumptions of the LGPS, which merited consideration in the last stages of preparing university accounts.

The Group has commissioned a guide on Accounting for Pensions in Higher Education to complement the Understanding University Finance guide. The aim is for a single document to help governors, finance directors, finance staff, and anyone else interested in the numbers to unravel the complexities of pensions as they relate to higher education. The document is being written by former Open University FD (and FRG stalwart) Miles Hedges.

## Improving the annual conference

**F**eedback scores for the Annual Conference had declined over the last few years and, while they still fared well against comparable conferences, delegate numbers at the 2019 conference were slightly lower than expected too. The team felt that more significant changes were required.

Following further analysis of the feedback and an additional member survey, we decided to bring forward the plan to move the conference to Wednesday-Friday (from the traditional Sunday-Tuesday slot) to 2020, and capped the number of sponsor delegates. We also recognised that a 'one-size fits all' approach to the programme and delegate fee would no longer do and introduced more personalisation to bookings. This included:

- Running a survey for CFOs to choose topics for the programme, which is entirely based on what members have requested
- Reducing the number of plenaries and increasing the number of workshops – the most popular of which are repeated so that more delegates can attend all the sessions they want to

- Splitting up the booking options so that different days of the conference, dinners, and options for accommodation can all be booked separately
- Replacing the Power Hour with new personalised networking guides to encourage genuine engagement between delegates and sponsors

While there are considerable risks involved in making so many changes all in one go, we felt that there was greater risk in not immediately responding to members' clear preferences. While we won't get everything right with the new model first time around, we'll closely monitor the feedback from 2020 and make further improvements for 2021.



**We've held 61 networking meetings, for 998 members**

# Objective 2 – To facilitate networking and development

**B**UFDG has 11 free e-learning modules available to all staff at all member institutions, as part of the HEI's normal subscription package. However, in the summer of 2019 we launched BUFDG Pro, a further suite of advanced modules covering tax, procurement, and compliance topics, as an additional, optional subscription. This was the largest single project for the BUFDG team during the year, and perhaps ever! It was created in response to several concerns, but particularly the increasing financial pressure that some member institutions are under, which affects their ability to fund travel to, and attendance at, face-to-face training events. We are keenly aware of the need to ensure access, and so value, for all members – not just those that can afford to continue to engage in a traditional way.

BUFDG Pro is available to all member institutions, and typically adds an additional 25% to the annual subscription fee. The modules can be used by all staff at a member institution, not just in the finance team. Take-up for 2019-20 was extremely positive, with over 80% of all BUFDG member institutions subscribing. So far there are 12 e-learning modules in BUFDG Pro (and 23 overall), with a further 10 planned for 2020-21. All the working groups have been involved in, or taken the lead on, developing Pro modules. We're also pleased to see that the sector's Staff Development Forum are starting to recognise BUFDG modules as the go-to option for finance training.

Despite the financial pressures some institutions are under, we have continued to develop our range of face-to-face events. This means the full range of conferences including the Annual Conference, Tax Conference, Management Accountants' Conference, Treasury Management Conference, and the TRAC Conference. While all conferences have been generally well received, some have been more successful than others. The Tax Conference was statistically the best one yet, with feedback scores, which were already excellent, improving even further in all areas. However, we were not happy with the lower-than-expected satisfaction of the Annual Conference, and this has prompted some significant changes for 2020 (see box below).

With a recognition that procurement events were not as coordinated as they could be, the sector launched a collaborative procurement Learning & Development Group. The group has representation from each of the HEPA regions, the purchasing consortia and BUFDG. It has developed a training plan for the sector at a national level, to be delivered regionally, based on the needs of the procurement community. Courses for 2020-21 will be available as usual from the HEPA website.

As well as the conferences, BUFDG members now benefit from an extensive range of regional and topical meetings and workshops. These include the CFO regional meetings, Deputy Finance Director meetings, regional tax group, regional financial reporting workshops, and regional PEG meetings. Additional developments this year include International Forums held across the country, and hosted by PwC, IR35 events, and a major update to the introductory and advanced VAT & Property classroom courses.

For 2020-21, we aim to expand the use of webinars and MS Teams meetings, to improve access and reduce cost for members, on top of the expanded e-learning programme. We're pleased that developments to improve usability of the discussion boards have contributed to the 15% increase in discussions this year, to over 3,300 posts. The discussion boards are a real success story and continue to play a priceless support role for members between face-to-face events.

We also aim to collaborate more with associations both within and outside PHES. We have run an event with ARMA on due-diligence this year, with a further event on post-award and an intro to research finance e-learning module in the pipeline. We have a new Credit Management Conference for 2020, and this is also an 'on' year for the biannual HEPA conference, which will take place in York in September. We'll continue to take all feedback seriously and listen to members' needs. We feel challenged by members' comments to consider alternatives and improvements for all our Learning and Development activity, to ensure it offers both real value, and value for money.

# Objective 3 – To partner, coordinate, and advocate

**W**e have made a specific effort this year to look for more opportunities to partner and coordinate with other organisations across the sector, and to advocate on behalf of members. This has included developing resources where BUFDG is uniquely placed to provide expertise (the Understanding University Finance guide, and the forthcoming Pensions and Tax guides), and publishing the new Chair’s Quarterly, with a primary audience of external stakeholders. Progress on this objective is largely anecdotal, but there is a genuine sense within both the BUFDG office and the executive committee that BUFDG is being ‘sought out’ more for its expertise and input into sector initiatives.

The continuing representation of FRC (Financial Reporting Council), HESA (Higher Education Statistics Agency), HEFCW (Higher Education Funding Council for Wales) and SFC (Scottish Funding Council) on the Financial Reporting Group supports engagement with other parties who both influence and make use of member institutions’ financial reports. Extending this to FE representatives (as we have done for 2020-21) will also help us to ensure FRG considers more aspects of financial reporting. We have also coordinated with other PHES SIOs and AHUA this year to provide a joint response to the OfS consultation on the 2019-20 accounts direction.

In other advocacy work, BUFDG has:

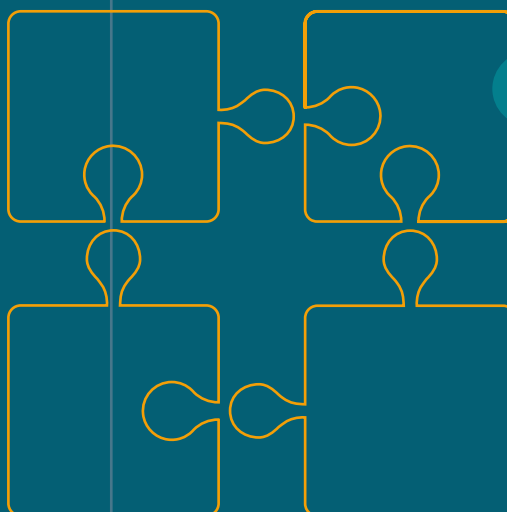
- Contributed to discussions with HMRC Policy resulting in allowing organisations to apply for delays to implementing digital links for Making Tax Digital in certain circumstances
- Continued to work with the Charity Tax Group (CTG) on issues such as zero-rated web advertising and VAT treatment of DfID funding
- Responded to the OECD digital economy consultation
- Responded to the HMRC Partial Exemption/CGS consultation
- Continued to work on HEI’s National Minimum Wage issues, including responding to a Government consultation to represent HEI concerns around current legislation

- Worked with HMRC and members after the removal of aspects of the accommodation tax exemption, including highlighting next steps available to HEIs
- Developed contacts with UKRI, NERC, UCEA, and UHR on tax and payroll tax issues
- Stepped up collaboration with the purchasing consortia, sector bodies, and government policy teams to communicate procurement opportunities and developments
- Initiated conversations with publishers of digital materials in respect of possible VAT reclaims

The Tax group will continue its close work with HMRC and the CTG throughout 2020-21, and there will be much we can do to coordinate with others in the sector on pensions issues. We will also seek opportunities for engagement with, and to provide assistance to, UUK and other sector bodies on issues affecting finance. As mentioned above, we also recognise there is more to be done to improve collaboration with other PHES SIOs and will take steps to ensure more opportunities are taken.



**We’ve posted 473 website news articles**



# Operational challenges

**W**e are currently in the middle of BUFDG's current strategic plan, which runs from 2018-2022. While last year's report covered a year of 'consolidation', the last 12 months has seen the emergence of some significant challenges and required a far more proactive approach than we had anticipated.

**Annual Conference** – While the Annual Conference typically involves just 110 member delegates out of almost 3,000 who attend BUFDG events and meetings throughout the year, it contributes a quarter of BUFDG income and three quarters of the entire surplus from Learning and Development activities. Because of this, the decline in satisfaction from both delegate and sponsor delegate attendees at the 2019 event was a major cause for concern. As a result, we made some significant changes for the 2020 event (see box on page 13) and will continue to monitor feedback closely.

**BUFDG Pro** – The development of BUFDG e-learning provision began in response to several trends, including the financial challenge of members attending face-to-face events. In 2019-20 we

introduced a new tier of membership called 'BUFDG Pro', which included access for all staff at subscribing universities to a second tranche of more advanced finance and procurement modules. Priced at an additional 25% of institutional subscription fee (£500 - £1,500 depending on turnover), this is incredibly good value, and so we perhaps should not have been surprised that take-up, at 85% of the membership, was much higher than we prepared for.

With the extra demand, and the burden of continuing further course development whilst also marketing the existing modules within universities, we have created an additional post of Digital Content Manager within the BUFDG team. Amanda Darley, formerly the Tax Specialist, takes to the role in April 2020. While the success of the programme is extremely positive and is a valuable service for a sector where training budgets are being squeezed, there are now additional costs that can only be maintained with the continued high rates of BUFDG Pro subscription. We are confident that members will continue to back the project but have also proposed two alternative budgets that should help mitigate some of the financial risk (see Our Finances on page 16).

*"Just wanted to say thanks for the event. I really enjoyed it. Some interesting speakers and an excellent topic mix. Well done! It's not easy to get right and I thought you nailed it."*

## Institutional membership

**A**fter a challenging first few years of existence, the OfS appears to have caught up with the backlog of institutional registrations and the new regulatory environment is now taking shape. There are now dozens of new institutions that are OfS registered and offering higher-level education, and BUFDG receives increasing numbers of enquiries from these providers, many of whom are not the same 'size and shape' as traditional BUFDG members. In addition, BUFDG services are more in demand by other membership organisations who operate in the sector, to the extent that the free provision of our services on a reciprocal basis is not sustainable.

In response to both these developments, BUFDG reviewed its entire membership provision towards the end of 2019, and has now established a matrix of provision and fee levels for all organisations, whether HE institutions, supporters, or suppliers, who access BUFDG services. This is a timely piece of work that helps us respond to enquiries more promptly and consistently, reduces risk, and provides a framework for reviewing our services and priorities. It also provides an opportunity for BUFDG to raise additional income from broadening membership and, while this should be welcomed, there is a risk of distraction from providing core activities to existing members.

# Member communications

Two years ago BUFDG produced a communications strategy that highlighted steps to communicate more effectively and efficiently with members. The intention was to provide more targeted communications while also freeing up BUFDG staff time for other activities. Many of the proposals were not enacted at the time for several reasons, but we were able to press ahead with changes during 2019. These included moving the Weekly Digest to Monthly

and developing new Chair's Quarterly and TaxHE publications. There was a risk that some members would be disappointed with the changes and, while feedback to the Digest change has been mixed, the response to the other developments has been positive. Meanwhile, staff time has been freed up to focus on BUFDG Pro and other projects, to the overall benefit of the organisation.

## Multi-Year projects

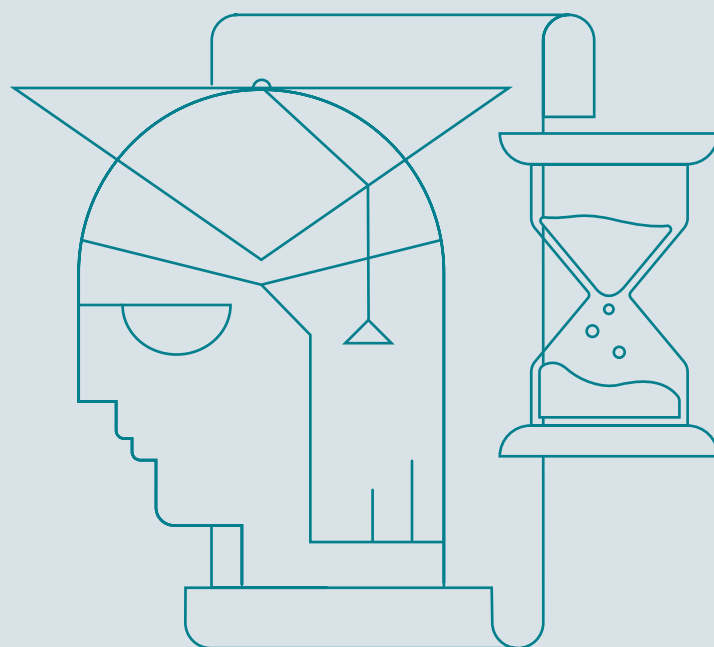
On top of the activities of the working groups, BUFDG undertakes many multi-year projects to further the interests of its members – and often for the benefit of the wider sector. Here are updates on two long-term projects mentioned in last year's report:

On **Integrated Reporting**, BUFDG launched a project in 2016 to help the sector understand IR and how it might be implemented in the sector. This was followed-up by a second report in 2017, with more in-depth assessments of the Integrated Reports of four HEIs in conjunction with the IIRC. In 2018 we produced a series of six short videos explaining value and value creation in universities. In addition, in the same year HEFCE (now the OfS) provided funding for the Leadership Foundation (now AdvanceHE) to undertake an additional project on Integrated Reporting, which BUFDG was pleased to support. This led to an annual conference called 'Let's talk Value', which took place for a second year in Feb 2020.

While BUFDG is no longer directly involved in the initiative, we are pleased to see more and more institutions press ahead with more Integrated reporting, and the sector taking the issue of communicating value creation seriously. Universities UK published a guide on presenting financial information to students at the end of 2019, and in early 2020 announced the development of a 'wider framework' of HE value indicators. Meanwhile, sector commentators are increasingly focused on

value in HE with HEPI, the sector thinktank, calling 2020 the 'Year of Value'. We will continue to monitor developments and seek to assist colleagues across the sector where opportunities arise.

On **e-learning**, after rolling out the new system with 11 free modules at the beginning of 2018, we added another 12 modules during 2019 for the launch of 'BUFDG Pro'. The challenges and implications of this are covered in the 'Operational Challenges' section above. E-learning is now an essential pillar of our organisational strategy, and we will continue to develop the BUFDG Pro service with a further seven modules to launch in the Summer of 2020.



# Our finances

The year ended 31st July 2019 was our second with PHES as a fully taxable and VATable company, and financial processes are running smoothly and efficiently.

The statement of BUFDG accounts for the year ended 31st July 2019 has been presented to the BUFDG executive committee meeting. It shows a surplus of £103k against the budgeted £14k. The additional £89k was largely the result of a substantial increase in conference surplus, driven by a reduction in expenditure from managing the conference through PHES rather than the host institution. Smaller contributions were made from recruiting new member institutions, and from an extended staff vacancy and the introduction of a salary sacrifice scheme.

A budget for BUFDG for 2020/21 has been agreed by the Executive Committee suggesting a proposed surplus for the year of £34k. This is based on a continuation for 20/21 of the positive uptake of BUFDG Pro subscriptions, and a prudent view on the likely surplus generated from conference and L&D activities. It also includes a 3% baseline increase in subscriptions as follows:

| Subscription rates | 2019/20             | 2019/20             | 2020/21             | 2020/21             |
|--------------------|---------------------|---------------------|---------------------|---------------------|
|                    | Excl BUFDG Pro<br>£ | Incl BUFDG Pro<br>£ | Excl BUFDG Pro<br>£ | Incl BUFDG Pro<br>£ |
| Turnover >£400m    | 3,106               | 4,356               | 3,199               | 4,487               |
| Turnover >£200m    | 2,902               | 3,827               | 2,989               | 3,942               |
| Turnover >£100m    | 2,703               | 3,578               | 2,784               | 3,685               |
| Turnover >£20m     | 2,382               | 3,157               | 2,453               | 3,251               |
| Turnover >£5m      | 1,561               | 2,056               | 1,608               | 2,118               |
| Turnover <£5m      | 1,050               | 1,500               | 1,082               | 1,545               |

While BUFDG appreciates that any increase in cost for members is unwelcome in the current financial environment, the proposed 3% increase for 2021 will ensure that BUFDG can progress to meeting its reserves targets under its agreement with PHES, without having to reduce the breadth and quality of services offered to members. Whilst the demand for BUFDG services increases from existing and new members, the Executive committee do not consider the alternative, of reducing the staff budget, as preferable.

In addition to the proposed budget, BUFDG will be consulting on more substantial changes to future funding arrangements, for 2022 and beyond. These aim to help BUFDG meet its reserve targets promptly, return more closely to the principle of subscription income meeting core expenditure, and reducing the access barrier for members attending L&D events and the Annual Conference. This consultation will be launched at the 2020 AGM.



We've listed 668 job vacancies, viewed 25 times each on average

# BUFDG accounts

## BUFDG Statement of Accounts for the year ending 31 July 2019

|  | Year to 31 July 2019 | Year to 31 July 2018 |
|--|----------------------|----------------------|
| <b>Income</b>                                      |                      |                      |
| BUFDG membership subscriptions                     | 454,660              | 422,917              |
| BUFDG conferences and L & D Events                 | 766,179              | 666,943              |
| Grant income                                       | 2,500                | 2,500                |
| <b>Total</b>                                       | <b>1,223,339</b>     | <b>1,092,360</b>     |
| <b>Expenditure</b>                                 |                      |                      |
| BUFDG salaries                                     | 486,615              | 470,011              |
| Staff T&D  | 1,795                | 1,819                |
| Travel and subsistence                             | 32,628               | 31,867               |
| Website  | 9,652                | 6,233                |
| Conferences and L&D Events                         | 487,737              | 435,443              |
| General office costs                               | 8,420                | 5,760                |
| Marketing and Communications                       | 4,013                | 2,430                |
| Overheads  | 28,874               | 32,049               |
| Room hire for working groups                       | 20,023               | 22,359               |
| Subscriptions to other organisations               | 6,850                | 8,725                |
| Special projects                                   | 34,524               | 24,470               |
| <b>Total</b>                                       | <b>1,121,132</b>     | <b>1,041,166</b>     |
| Surplus before interest                            | 102,207              | 51,194               |
| Interest   | 437                  | 173                  |
| <b>Surplus for the year before corporation tax</b> | <b>102,644</b>       | <b>51,367</b>        |
| Corporation tax                                    | 13,518               | 0                    |
| <b>Surplus for the year</b>                        | <b>89,126</b>        | <b>51,367</b>        |
| Fund balance brought forward                       | 104,699              | 53,333               |
| <b>Accumulated funds carried forward</b>           | <b>193,825</b>       | <b>1,047,00</b>      |
| <b>Represented by<br/>PHES Balance Sheet</b>       |                      |                      |
| Debtors  | 41,299               | 96,052               |
| VAT repayment                                      | 108,990              | 94,324               |
| Cash at bank                                       | 1,397,143            | 1,089,088            |
| Trade creditors                                    | -57,003              | -64,563              |
| Other creditors                                    | -126,830             | -136,846             |
|  | <b>1,363,599</b>     | <b>1,078,055</b>     |
| BUFDG reserves                                     | 198,325              | 104,700              |
| PHES Other reserves                                | 1,165,274            | 973,356              |
|  | <b>1,363,599</b>     | <b>496,079</b>       |



**Analysis of special projects**

|               |        |
|---------------|--------|
| Procurement   | 5,928  |
| Tax           | 7,460  |
| Miscellaneous | 10,686 |
| FRG           | 8,150  |
| Legal advice  | 2,300  |

|              |               |
|--------------|---------------|
| <b>Total</b> | <b>34,524</b> |
|--------------|---------------|

*“We are just about to start the process to tender for our external auditor and your BUFDG Audit Survey 2019 has been really helpful in providing background and context. I just wanted to shine the light on a fab piece of work, and say if you are ever tempted to not bother doing it please dig out this email and reconsider!”*



There have been 3,327 posts on the discussion boards, and viewed 252,013 times



# Ashley Shelbrooke

I joined HEPA from the University of Kent in June 2019 as Procurement Specialist. Working with the HEPA Board and BUFDG colleagues, the role provides learning and development opportunities, news, best practice and access to a wide variety of resources for members – helping to advance procurement capability and professionalism within the University sector.

I had the pleasure of working with Emma Keenan, the previous Procurement Specialist, during my time at Kent and was very excited to make the move. It has been fascinating facilitating projects with the profession from a more central point of view, building upon HEPA’s networks and working in conjunction with the purchasing consortia.

2020 is shaping up to be a great year for HEPA, with planning well underway for our Conference at the University of York in September and plenty to do to help procurement teams navigate Brexit, combat fraud and demonstrate value through exercises such as the Procurement Value Survey.

Research tells us that 85% of Finance Directors are responsible for procurement, and your support for this corporate service is vital. Please continue to ask difficult questions of your procurement managers and to invest in the service they can give you.

# Our environmental and ethical impact

Three years ago, as part of the introduction of Integrated Reporting, we began to explicitly consider BUFDG's 'environmental capital', and how its work impacts the environment. BUFDG is a small organisation that does not own its own buildings and, as a supplier of services rather than goods, has a relatively small environmental impact. However, over the last few years we have gained a better understanding of how the organisation can reduce its environmental impact, and better encourage environmental awareness across its membership.

The biggest impact we have made over 2019 is the continued commitment to developing BUFDG e-learning, whether online modules or webinars. While this does not replace our face-to-face events entirely, moving more of our Learning and Development activities online vastly reduces the amount that members travel to attend events. In the last year we have also trialled a series of meetings using Microsoft Teams, and we will roll this out more widely over the next 12 months.

BUFDG has been involved in related sector initiatives this year. Central to these is the Responsible Procurement Group, which now has four sub-groups, each focusing on a specific area: climate change & carbon reduction, plastics & packaging reduction, social value and modern slavery & human rights. In addition, BUFDG and other PHES organisations were invited to join the sector's Climate Commission and attended the opening event. As the Commission develops its programme there is much that BUFDG could be involved in, including on managing and mitigating risk, measuring and reporting emissions, and changing energy use. We will seek to engage more closely with this work through 2020.

Finally, we also continue to minimise the user of merchandise and unnecessary marketing at conferences. The Annual Conference this year uses recyclable or recycled lanyards, pens, books, bags, and folders, and we've provided delegates with refillable steel bottles and access to water fountains, rather than using plastic bottles.

*"I think and know (25 years of HE experience, and a lot at the sharp end too!) that you and your team are one of the leading lights of the sector and the perfect example of VFM – efficient, effective and economic. What you achieve together as a team and by partnering so effectively with such little resource is truly incredible and very rare – Keep up the amazing work!"*

# Risks and the year ahead

**B**UFDG monitors risks throughout the year at committee meetings and internal team meetings, and considers how the organisation might respond to mitigate these. We monitored several major risks over the last few reporting cycles. These were competition from other sector organisations; the trend towards a more commercially-minded and competitive sector undermining the collegiality on which BUFDG relies; the risk of failing to comply with GDPR and new data expectations; and the risk of a loss of key staff, on which the organisation was over-reliant.

While the first three of these had been mitigated, there was still reason to be concerned that the risk of the loss of key staff could undermine the effectiveness with which BUFDG supports its members. However, the addition of the new Digital Content Manager role, and the movement of some responsibilities internally, mean that we believe this risk has been mitigated sufficiently.

There are three further concerns of note. Firstly, the development and success of BUFDG Pro (and the appointment of the related additional post) has created a financial dependence on face-to-face (F2F) L&D activities. We are particularly at risk from the possible volatility of income from L&D and BUFDG Pro income, especially while needing to generate a surplus to meet the reserves target expected of the organisation as part of its membership of PHES. As a precaution, we have made prudent assessments of income from L&D activities and Pro subscriptions in next year's budget but are also consulting on more wide-ranging changes to the financial model.

Secondly, but related to the first concern, we have become aware of an increase in the number of commercial organisations running conferences and events that cover Higher Education finance, and sometimes held at similar times of the year to comparable BUFDG events. We must expect competition, but there is a risk that these events could impact on the success of BUFDG's events by attracting both delegates and sponsors that would otherwise have participated in our programmes. This risk is heightened if BUFDG steps back from some F2F events to focus on online training. While we hope that the quality of BUFDG events

will ensure their success, there may come a point where there is no longer a 'critical mass' of BUFDG training, and it becomes normal for finance staff and institutions' learning and development teams to look elsewhere to meet their needs. BUFDG will need to decide whether it wishes to continue as the 'go-to' provider of finance training, or just offer courses where we are uniquely placed to add value.

Finally, we remain concerned that the combined effect of external risk factors such as Brexit, the emerging Coronavirus threat, the climate crisis, and relatively unknown government HE policy and regulation could create financial pressures on member institutions to the extent that they feel under pressure to discontinue their subscription. Our membership is currently growing rather than shrinking, but we must be alert to the risk. We need to ensure that, while financial sustainability of the sector is out of our control, we add enough value to our members that our subscription would be the last one to be cut! At the same time, BUFDG needs to continue to operate efficiently and effectively. We hope that this report goes some way to reassuring members that this is the case.

One final note: It is easy, and understandable, to feel fraught by the extensive list of uncertainties and threats, many of which are largely beyond the sector's control. While the BUFDG team is not directly affected by the same range of risks as its members, this year has felt particularly challenging for us too. Yet it is also important to remember that there is a likelihood that, through good governance, thorough forecasting, adequate risk management, and the hard work and competence of our excellent colleagues and university communities, UK HE can be a success story in the next year or five years, as it has so often been in the past. Similarly, we hope that BUFDG continues to be a flexible and responsive support organisation to our members, and we look forward to contributing to the value our sector generates over the next 12 months.



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