



Dear colleagues,

I can hardly believe it has been nearly three months since I took over from Sarah as Chair of BUFDG! The timings of Quarterlies though mean this is the first real opportunity to share my thoughts with the group about what we might focus on over the next year or two – read the first article below for where I think BUFDG can make an important contribution.

Next up is a summary of the power market from our colleagues at TEC. Adam Clarke and his team are doing a fantastic job at helping sector finance and estates team keep it together, despite the unprecedented budgeting challenges that the current energy situation provides. Make sure you book on to the September webinars for more information.

Then, Karel shares her thoughts, and updates, on sustainability reporting, before Karen rounds-up all the Financial Reporting resources that have been published recently, and Matt asks you for your experiences of Financial Systems implementations – sharing is caring!

Have a great quarter, and best wishes,

Erica Conway, Finance Director, University of Birmingham and Chair, BUFDG

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The first few months, and beyond...

We've The first few months of a new role often involve finishing off things relating to your old one; as has been the case for me with a Financial Reporting Group meeting, [an FRG newsletter](#), and a SORP Board review meeting to sort out; as well as some engagement with the Financial Reporting Council on the update to FRS102 that is due before the end of this calendar year and the resultant impact on the SORP. Good luck to Mary White of Royal Holloway University of London, who is taking on the FRG Chair role.

As a recovering auditor, financial statements have remained a passion and something of a comfort zone for me. Becoming BUFDG Chair takes me out of that – it's a bit more of a challenge! In deciding what I would like to support BUFDG in delivering, I am trying to take into account that broader view. A few months in, I have landed on sustainability and engagement as my two key themes, alongside supporting the team to deliver the [BUFDG strategic objectives](#).

Anyone who heard me speak in Bristol will be aware that I am passionate about sustainability, all aspects of this, not just the ones we can easily count. Carbon net zero is a massive challenge for all of us, in different ways, and one I am sure we will find an effective way to understand, record and report in the next few years; before we have something foisted upon us by another party. The project BUFDG is involved in with EAUC, AUDE and DfE (see more about this in Karel's article below), will provide some basis for understanding where we can make the most difference to our carbon emission figures; hint - based on the work we have done here at the University of Birmingham, this is likely to be more about supplier activity than the flights your staff take. We, like many other sectors, have made pledges around this, with relatively scant data on how we are going to do it and

how much it will cost. Finance Directors and our teams may well be playing catch up. Measurement consultants are referring to their work as "accounting" and delivering "true and fair measurement" which frightens me by their association. Keep an eye out for future time-to-talk sessions, working groups and more, where we will be looking for volunteers to get involved and help us move this forward.

The importance of education and research in our sector is, I am sure, self-evident to all of you. It is not to all of our stakeholders. This can result in a focus on potentially small things, for example investment levels into fossil fuels, without recognising the contribution we make and the challenges we face in relation to the other UN sustainable development goals. For example, research into hunger, poverty and inequality; education of students from different cultures and backgrounds; as employers in our local areas and net contributors to the civic environment. I plan to consider how BUFDG's plans to partner, coordinate, advocate and influence can help us make some progress around all of this.

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We have recently been joined by [CUBO](#) in the PHES fold and am sure the wider network they bring to the existing [PHES SIOs](#) will help us with the facilitation and development objective in the BUFDG strategic plan. Our sector is very open and consultative, yet as we have seen with online events and conferences, reaching people and providing them with networking opportunities are not the same thing. The past couple of years have emphasised how important our networks are, and we should be more open about the need to attend events for

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networking purposes. BUFDG hopes to provide more opportunities for this over the coming year now that our reliance on online events is less critical. When weighing networking opportunities against time away from the office, as with so many things in life, balance is key.

In relation to the BUFDG strategic objective of informing, guiding and supporting, we have seen that online events enable more people from Finance and other teams to partake of what is on offer. How we capitalise on this and show that BUFDG is not just for FDs will be key to achieving this aim. We appreciate everyone paying their subs, even when teams are not as engaged with BUFDG as they could be, but it does not feel right. A few days ago, one of my team asked me a question about a sector matter, I suggested they posted a query on the BUFDG discussion board, an excellent source of information about what is going on; I wonder if I would have made the same suggestion when I was not Chair? Possibly not. Given there is only one Chair, how can all those of us who are engaged in some way with BUFDG do more to spread the word and widen our influence and, more importantly, give access to the excellent support available for more people across the sector? If you have ideas of how we can engage differently and reach more of our members then please do let me, Karel, or Amanda, have your suggestions.

My final note is about the pronunciation of BUFDG, is it buffdog, B.U.F.D.G, or my own preferred boofudge? It doesn't really matter if everyone knows what it can do for them, does it?

Erica Conway, Chair, BUFDG

TEC Power Market Summary, and webinars

Finding a budget to keep the lights on has never been harder and it's getting worse. Energy Commodity Markets continue to settle at unprecedented highs, and this is creating a high degree of budget uncertainty with little sign of a return to normality on the horizon. TEC has produced an energy markets update for late August which members will find extremely useful in understanding the [challenges and complexity of the current situation](#), and why we shouldn't expect a reprieve in the short-term. We're facing something of a perfect storm caused in no small part by the hot and dry weather, which is having knock-on effects all through the energy system, as well as other issues such as the Ukraine war and unfortunately-timed maintenance of nuclear plants on the continent.

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As well as the fundamental supply issues facing the market, there are further challenges faced by the traded market itself. Liquidity (the number and size of trades done each day) has plummeted because many traders have simply exited the market. Volatility, and so the risk and cost of doing business, have sky-rocketed. This means that the extreme price rises seen in recent weeks are based on ever diminishing traded volumes. Not only does this make it very difficult practically to carry out a hedging programme of any size, but the price signals that the industry is receiving from the market to help decision making are less reliable.

If this all leaves you with more questions than answers, or you'd just like to keep ahead of

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what is a constantly-evolving picture, you are invited to a webinar where energy market experts from The Energy Consortium (TEC) will be providing an update on current and future market conditions. TEC will also be seeking opinion from HEIs on future energy usage and what steps we can take in both the short and medium term to reduce consumption. This is a great opportunity to ask questions and share experiences as we navigate through uncertain times.

Whilst position analysis and budget forecasting will be concentrated on TEC members' traded positions, this webinar is open to both Members and non-Members of TEC. We believe that it is important that we all understand current and future market conditions and share across the sector what we can do to reduce our exposures in these uncertain times. The webinar will be held twice (same content) [on 8 September](#) and [again on 14 September](#).

Adam Clarke, Managing Director, TEC

Sustainability reporting, and CNZ targets

Many universities have already set target dates to be [carbon net zero](#) (CNZ), yet while some are more ambitious than others, setting a CNZ target date and knowing the organisation's carbon emissions figure is now just the starting point. There is growing awareness of the climate crisis and accompanying regulatory pressures, and it is increasingly important that institutions get ahead of the curve on environmental reporting.

The DfE published its [sustainability strategy](#) in April 2022 and is working with a group of sector partners to deliver a Standardised HE/FE Carbon Emissions Framework for Scopes 1, 2, and 3, that will set out areas that HE and FE institutions should report against. The bulk of the work is being done by the [EAUC](#) and a network of 21 universities and colleges from England, Scotland, and Wales. EAUC has

[released a update](#) explaining that the Framework “is based on the GHG Protocol and is not creating a new methodology of accounting, but framing the Protocol within an education setting to provide a standardised way of reporting.” Members of the advisory group urged the DfE to be clear on their expectations of institutions' use of the framework, possible reporting, and the timescales involved.

Furthermore, as I mentioned in the last Quarterly, BUFDG and AUDE are working with EAUC and environmental consultants Energise on an additional project to help universities plan and budget for decarbonisation. The projects will analyse the data from the carbon footprint calculation framework and identify the priority hotspots. It will then model a range of carbon reduction opportunities and produce a strategic assessment of their typical costs and benefits. More details of the project will be published later in the autumn.

Reporting progress will be important and, while we don't yet know what data the DfE will demand from English universities, Scottish [procurement rules](#) in effect from March 2022 require public bodies listed in [Schedule 1](#) of the [Climate Change \(Duties of Public Bodies: Reporting Requirements\) \(Scotland\) Order 2015](#) to report, where applicable, their “targets for reducing indirect emissions of greenhouse gases”, as well as “how they align spending plans and use of resources to contribute to reducing emissions and delivering emissions reduction targets”.

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Carbon reporting in whatever guise is only a part of ESG reporting, which provides the evidence that the organisation is ethical and

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responsible – doing all the right things for the right reasons. There are as many views of what constitutes good ESG reporting as there are days in the year but the UN SDG goals are a convenient common point of reference being used by many universities. In the absence of mandatory requirements however, BUFDG [would be interested in hearing your thoughts](#) on the extent to which the sector should be giving our stakeholders comparable and consistent information. There are reasons not to – not least that there would be no obvious league table – but in time we may find we have no choice.

We are pleased to announce that Sally McGill (CFO, Staffordshire University) has agreed to be the BUFDG lead on all “sustainability” issues, attending BUFDG Committee Meetings as a co-opted member. She will coordinate all aspects of sustainability as they affect the finance function, from financial and regulatory reporting to procurement, capital planning and skills development. The role will involve liaison with other sector groups and external advisers as well as support for the BUFDG team.

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Sally said, “This role is an ideal way for me to contribute to the higher education sector’s efforts to achieve carbon net zero as well as develop financially sustainable business models and activities to support teaching, learning, research, and enterprise. I am looking forward to working with the BUFDG team and using my own institution’s experience and deep personal interest in environmental issues for the benefit of the membership.”

Erica Conway, Chair of BUFDG said, “We are delighted that Sally is taking this important role on, focussing on the carbon aspects of sustainability, as institutions face the reality of delivering changes in business practices to meet ambitious carbon net zero targets.”

Karel Thomas, Executive Director, BUFDG

FRG updates a-plenty

It’s the time of year for Financial Reporting updates and the bulk of these are contained in [this Summer’s Financial Reporting Group newsletter](#). As Erica writes in her introduction, this year has again been focussed on operationally responding to Covid19 and all the changes that has necessitated, and so less changeable in relation to financial reporting. However, it is the calm before the storm, and we will see some significant changes in the next few years.

For now though, we can bring you up to speed on the latest documentation and resources. The latest [Model Financial Statements](#) are available and, as usual, you will need to consider your own specific inputs to this and how they are consistent or different from those used last year. Documenting this for your internal approvals, audit and disclosures is key. The [USS Deficit Provision Modeller for 2021/22 is also available for download](#), along with the latest [Discount Rate guidance](#) from Mercer. The corresponding discussion on the BUFDG boards – should you have any questions of colleagues – [is via this link](#). The final piece of the puzzle is the USS FRS102 Year end disclosure note, which we are expecting to drop any minute. As soon as it does (which it may have already by the time of publishing), [the link will appear in this discussion post](#). Please also note that should you lose track of this Quarterly in future, and not be able to track down the relevant discussion posts, the

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key links above are all present on the [Financial Reporting resource page of the BUFDG website](#).

Finally, FRG has seen a number of our members move on this year, either due to retirement, or changes in roles. We thank all those who have stood down for their hard work and for those who are continuing we are grateful that you are staying with us. We are a jolly group, with a mix of virtual and F2F meetings to enable networking alongside getting the work done. If you, or any of your team has an interest in financial statement reporting and would like to get involved in the group, please [get in contact with me](#).

Karen Newcombe, Secretary, Financial Reporting Group and Financial Operations Manager, PHES

BUFDG / UCISA financial systems implementation project

In 2002 BUFDG's then Financial Systems Group published a guidance document covering the implementation of a new financial system. Called 'Inside Track', it was an extensive guide with insight across much of the process, including initial planning, risk management, team construction, and pre- and post-implementation. It also included helpful 'toolkit' elements, including check lists, a project management flow chart, and a number of HE case studies. [The document can be downloaded from the BUFDG website here](#).

The BUFDG team had hoped to initiate a project to update the guide in 2020, which was unfortunately derailed due to the pandemic. However, over the last 12 months BUFDG has received a number of enquiries from members who are at various stages of their own systems implementation projects. As a result, BUFDG

has now begun the process of updating the resources in collaboration with UCISA. UCISA are able to contribute the considerable experience and expertise of their members, as well as ensure that the project is useful for IT and Information staff, who are central to the implementation of new systems in universities.

"If you have experience of being part of an implementation in a past university role, have implemented a system within the last four years at your current institution, or are part-way through an implementation, then we'd love to hear from you."

The main project outputs are expected at the end of 2022 and, as part of the guidance, we would like to publish a number of case studies to provide unique and specific insight into the challenges of implementing new financial systems in a university context. If you have experience of being part of an implementation in a past university role, have implemented a system within the last four years at your current institution, or are part-way through an implementation, and feel that you have learnt some lessons you would be happy to share, then we'd love to hear from you. You don't have to be the authoritative voice on that particular implementation – you just have to have been involved in some way and feel that you might have an interesting perspective. And it doesn't have to have been an unqualified success – sometimes the really valuable lessons learned are when things go wrong!

To let us know about your experience, we'd really appreciate it if you could take five minutes, in the first instance, [to complete this survey](#). We'll then get back in touch with you to agree the most convenient way forward. And if you have any further questions or comments about the project in general, please don't hesitate to [get in touch with me](#).

Matt Sisson, Projects and Membership Manager, BUFDG

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