



## Dear colleagues,

As we put the finishing touches to the BUFDG Annual Report for 22/23 and approach this year's AGM, we've done a fair bit of both looking back and looking forward recently. The first article of this Quarter's edition does the retrospective bit, as we remember March's excellent Finance Festival (which already seems a lifetime ago!), and last month's Annual Meeting in Leeds. The others cover future developments.

Julia and Andrea talk about the implications of your employees working overseas, and the guides that either are, or will shortly be, available to help you navigate the tax challenges, as well as teeing-up the Tax Conference later this month.

Then, with memories of last winter's energy crisis fading a little, the team at TEC are back with an energy update to explain why this coming winter will hopefully be different, and the key trends to keep an eye out for.

For our fourth article, Joni talks about three new BUFDG groups (Research Finance and Investment Management) that will be kicking off shortly. Lastly, Sam Russell from the Cabinet Office about the details of the Transforming Public Procurement programme, and why universities should be interested.

I hope you enjoy the read, and see you again in September!

**Erica Conway, CFO, University of Birmingham and Chair, BUFDG**

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## BUFDG round-up

It seems a long time ago now, but this is the first Quarterly since the 2023 Finance Festival in the middle of March. In what was BUFDG's biggest ever single event, we welcomed over 1,200 members in total over the course of the 3 days, in 36 different plenaries and workshops, with 77 speakers. It was a fantastic event, and the feedback we've had from delegates was not only very positive but also constructive, and we have lots of good ideas about how we can make next year's event even better!

For those who couldn't attend – either at all, or just some of the sessions that you wanted to – recordings of all the sessions are now available to watch on the BUFDG website, [using your website login](#). If you didn't catch them first time around, why not find out more about the [importance of good data visualisation](#), how to [make \(and demonstrate\) progress towards net-zero](#), and how to [tackle the financial recruitment challenge](#) at your HEI. We'd like to take the chance again to say a big thank you to all the speakers, chairs, and delegates who made the event so successful.

*“More than one speaker advised us that the sector should not expect governments to boost university incomes, and that pleading for inflation-linked increases in grants or student fees was more likely to be counterproductive than convincing.”*

It was also brilliant to join with so many colleagues in Leeds last month at the BUFDG Annual Meeting. Without exception, Thursday's speakers gave us something to think about and the fringe meetings on Wednesday also made an impression. More than one speaker advised us that the sector should not expect governments to boost university incomes, and that pleading for inflation-linked increases in grants or student fees was more likely to be counterproductive than convincing. We were urged to make the case for higher education

and research and to bring politicians and the public on-side. Enough has been said on how best to do that but I'm looking forward to renewed efforts by sector organisations (including BUFDG) and universities to make friends and influence people

As a result of the meeting I've also accepted that my one-woman campaign to see BUFDG pronounced as “BooFudge” has failed. “B U F D G”, “Buffdog”, and “Buffdug” were all confirmed as acceptable alternatives!

The publication of the BUFDG Annual Report for 22/23 coincides with the BUFDG AGM on June 14th, when BUFDG members are given a chance to take part in some formal democracy. Then, over the remainder of the Summer we'll be analysing the data from the comprehensive, and largely informal, democratic review process and taking some well-earned holidays (there is still time to respond if you haven't already – look out for the general member survey later in June). Updates to all these will be in the September edition.

**Erica Conway**, Chair, BUFDG

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## The Global University, and BUFDG tax resources

The vast majority of UK universities have been actively working to incorporate a global outlook into their academic programs, research facilities and operations, pursuing and attracting a diverse staff and student body from around the world. This 'global university' strategy can incorporate anything from establishing partnerships with institutions worldwide, participating in international research collaborations, and supporting the recruitment of staff/students from anywhere in the world. This article focuses on new resources commissioned by BUFDG on behalf of its members to assist with the consideration of international taxes.

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## Key implications

Within the very framework of global university strategies is the movement of university employees around the world, whether short term visits or longer stays. Where UK

is, red flags indicating high risk areas for the higher education sector, and practical 'next steps' if further advice is necessary. This will be available shortly on the website and [via the TaxHE newsletter](#).



employees work overseas, or overseas nationals come to work in the UK, there are implications that universities must consider, organise, plan and budget for. BUFDG often refer to these implications as the wheel of fortune:

As part of BUFDG's eternal efforts to reduce unnecessary time and effort spent by members trying to find practical, higher education focused resources, we have commissioned three documents focusing on: Permanent Establishments, (USS) Pensions overseas, and CERN.

### Permanent Establishment

An employee working overseas may inadvertently cause their university to create a Permanent Establishment (PE) in that country, where one did not exist before their presence. Every country has different rules, but the university will have to register in that country and likely pay corporate, sales, and payroll taxes.

BUFDG commissioned KPMG to produce triage guidance to set out the principles of what a PE

### Pensions and the USS for overseas workers

Whilst the USS has confirmed that employees can retain USS contributions whilst working temporarily overseas, contributions by the employee or employer or even the growth in value of the fund might be taxable in that host country, depending on the local rules.

On behalf of BUFDG, Vialto Partners have produced this [USS Overseas Members Country Grid](#), a high level overview of the typical tax and social security treatment of membership of a UK registered pension scheme (typically the USS) for 10 countries including China, France, India, and the USA. This is another 'triage' style document which is designed to highlight high risk arrangements so that universities can determine the best course of action.

### Movement of people to/from CERN

And finally, UK universities actively participate in various CERN (European Organisation for Nuclear Research) experiments and research projects. There are particularly complex rules for the movement of people to CERN given that it is based both in Switzerland and France.

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Vialto Partners have been assisting many universities with their global mobility requirements for CERN collaborations. They have been provided with a number of real life scenarios, reflecting the various categories that need to be considered, and will provide UK, French, and Swiss technical positions for those working at CERN. In addition, they will produce a checklist for universities to use when collating necessary data in order to assess an individual's tax, social security, and payroll requirements. This checklist aims to accelerate the data gathering process within the university and avoid the need for protracted 'back-and-forth' questions. We are expecting this guidance imminently.

#### What's next?

At the time of writing, the tax team are gearing up for the [2023 BUFDG Tax Conference](#), taking place from 13-15 June where there will be a whole host of international sessions, including sessions from KPMG and Vialto on using the guidance highlighted above. There is also a raft of resources already available on the BUFDG website, including:

- The [Making Education Digital](#) spreadsheet – identifying those countries taxing the digital economy. This document is updated annually (September)
- The [Global Mobility Country Database](#) – with summaries and links to current double taxation agreements, appropriate social security position, along with other useful links, on a country by country basis
- [Time to Talk - US State Taxes](#) – global mobility taxation within the three biggest US states applicable to the HE sector, being New York, Massachusetts and California

If you have suggestions for guidance or webinars, we are always looking to improve practical resources for our membership. Contact [Julia](#) (global mobility taxes) or [Andrea](#)

(VAT/GST or corporate taxes) with your suggestions.

**Julia Ascott**, Employment Taxes Specialist and  
**Andrea Marshall**, Tax Specialist, BUFDG

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## Energy Market Update

UK wholesale energy prices have fallen dramatically over the last quarter. This is especially true in the near term, for contracts that will deliver this summer, which is why the latest domestic price cap is so much lower. Further along the curve, from October and beyond, prices have also been falling to a lesser extent although they are still two to three times higher than historic price levels.

*“It would be complacent not to recognise that risks do remain around winter supplies. Europe will need to attract large amounts of LNG from the global market, and keep demand in check, if it wants to make it through a normal winter.”*

Healthy gas storage levels, both in Europe and Asia, not only weighed on market prices as we came out of a mild winter, but also meant that the summer storage injection programme will be lighter than usual. It is currently around eight weeks ahead of where we would normally expect it to be, meaning the chances of gas storage not being full in time for winter are remote. The performance of French nuclear power generation has also improved compared with 2022, and is forecast to improve further, but this is certainly something to keep an eye on over the coming months.

These lower gas prices in the EU and elsewhere have encouraged some buyers of Liquefied Natural Gas (LNG) in south and north Asia to re-enter the market. Although overall demand is at the level where current supplies can meet it in the near term, price differentials are such that

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LNG cargoes will be attracted to Asia instead of Europe in increasing numbers this summer. The danger is that they continue to move that way in winter too, although now the relative prices of winter gas do not suggest that will happen.

However, European gas storage capacity is still only the size it is, and it would be complacent not to recognise that risks do remain around winter supplies. Europe will need to attract large amounts of LNG from the global market, and keep demand in check, if it wants to make it through a normal winter. This implies necessarily higher prices than we've been used to before 2022. The European Commission is also considering preventing the return of more piped gas from Russia, as well as reducing Member States' purchases of Russian LNG. This would intentionally encourage investment in, and leave the European market more dependent on, LNG.

- TEC members' commodity prices are now around 95% set until April 24, and although some budget lines are subject to change, we hope that you can be fairly sure of the energy budget until then.
- As TEC's members have a delayed increase in their pricing (winter 23 will be noticeably higher than winter 22), there is still time and value to implement as much energy saving as possible in the coming winter.
- Beyond that, market prices have been falling, and although risks remain, you should start to see some relief in your energy bills starting in April 24.
- Those risks really do remain, and there are factors in the global energy supply/demand balance that are keeping prices much higher than historic levels (although not as high as seen recently), until at least 2025, and possibly beyond.
- There are reasons to believe that energy will be relatively expensive for some time to come, as the energy transition takes place, and the EU strives to increase energy security. Balancing the

system and attracting new build projects (plus the necessary grid connections) will take significant investment.

The main market price drivers to look out for over the coming months will be:

- The continued performance of French nuclear power stations.
- The level of wind and hydro power generation this summer in Europe.
- The level of global LNG import demand, but particularly in China as it re-opens after three years of COVID restrictions.
- How demand in Europe responds to lower energy prices, following important price-driven reductions in 2022.

**Duncan Wyatt**, Energy Trader, TEC

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## Three new BUFDG groups

Over the last year it has become clear there is a need for BUFDG to provide support for members in a number of additional areas. As a result, we've recently launched three new groups. The first of these is for those involved in research finance, with our first ever Research Finance Forum taking place on Wednesday 21 June, 10am – 12.30pm.

This will be an opportunity for those with research finance related roles to share their thoughts and ideas with fellow research staff across UK Higher Education Providers, and hear about relevant resources and projects. We will also invite those attending to give feedback on BUFDG services as part of our wider review, and suggest how we can serve the research finance community better. The session will include:

- Compliance considerations for international fellowships
- UKRN-Jisc report on collaborating across diverse professions

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- A new 'Introduction to Tax on Research' e-learning course
- Interactive feedback session
- Roundtable discussion with other members

Please feel free to share this event with relevant colleagues. Interested members can find out more, and [book their place on the forum with this link](#). And if there is anything you would like to be discussed at this meeting please let [Rachel](#) or [Joni](#) know.

*“With stakeholders asking far more difficult questions than they used to, as custodians of funds, we need to be ready with answers.”*

The second group is the Investment Management Working Group, which we hope will support Finance Directors as they grapple with calls to divest [from climate-injurious activities], diversify their investment portfolios in an ethical fashion, and at the same time maximize returns. Those aims can be reconciled, but with stakeholders asking far more difficult questions than they used to, as custodians of funds, we need to be ready with answers. The principal objective of the Group is to support Finance Directors in their role as executive managers of universities' investment funds, to:

- Support and guide independent governors/council members who ultimately decide on a university's investment strategy
- Communicate with students and staff regarding investment strategy and choices
- Manage relationships with Investment Management companies
- Manage investment portfolios, and
- communicate investment strategy in the context of pension schemes

...among other things! To start with, the group will be jointly chaired by two FDs/CFOs,

currently Andy Goor (St. Andrews University) and Carol Prokopyszyn (University of Manchester). If you'd like to find out more, [get in touch with Karel](#).

The third group in its infancy is the BUFDG Financial Sustainability and Climate-Related Environmental Disclosures (SACRED) Group, chaired by Sally McGill (Staffordshire University). This group will liaise with the Financial Reporting Group and support Finance Directors with responsibility for sustainability, climate-related and environmental financial disclosures. The Group's work will address issues such as identifying and clarifying Universities' obligations as Public Interest Entities, businesses, charitable organisations and the best ways to collect, collate, display and disseminate information. [Get in touch with Karel or Sally if you are interested in joining](#).

**Joni Rhodes**, Project Manager, BUFDG

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## Transforming Public Procurement - update

Just over a year ago in May 2022, [the Procurement Bill](#) was introduced in the House of Lords and it is now entering its final stages in Parliament. This is one part of the wider Transforming Public Procurement programme. It will shake up our current ways of working and enable new ways of purchasing the goods and services we need.

The higher education sector has its own unique identity and in developing the legislation, the Cabinet Office has been engaging with sector representatives through workshops, via formal consultation on the Green Paper, governance groups, and by attending and speaking at events. I had the privilege of attending and speaking at the BUFDG Finance Festival in March earlier this year and was really impressed by not only the organisation and

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running of the event, which was fantastic, but also the attentive questions and insightful comments from the audience during the session.

The new procurement regime will create an opportunity for you to improve your commercial outcomes and better enable the delivery of high quality services. The legislation will provide greater flexibility to contracting authorities to design efficient, commercial, and market-focused competitions and remove the overly prescriptive rules contained in the existing regulations.

*“This will significantly benefit SMEs, many without dedicated bid teams, as it will give them longer to consider and prepare responses to future procurement opportunities and work with other organisations to form consortia.”*

By embedding transparency throughout the commercial lifecycle, we will ensure that spending of taxpayers’ money can be properly scrutinised. With more consistent commercial data, we will see increased competition, collaboration, and accountability. The reforms confirm that value for money remains paramount during contracting, whilst also encouraging buyers to take into account other relevant wider social and environmental considerations suppliers may bring.

#### **Additional Wins**

Reforms have been introduced to support small and medium-sized enterprises (SMEs), including a duty for contracting authorities to have regard to reducing and removing barriers to SME participation in procurement.

The new transparency requirements will lead to larger contracting authorities publishing a pipeline notice in respect of higher value contracts. This will significantly benefit SMEs, many without dedicated bid teams, as it will give them longer to consider and prepare responses to future procurement opportunities

and work with other organisations to form consortia.

The reforms will also lead to the creation of a digital platform for suppliers to register their details once for use in any bids, while a central online transparency platform will allow suppliers to see all opportunities in one place. We understand the importance of prompt, fair, and effective payment and to support this, 30 day payment terms will be passed down through public sector supply chains. We have strengthened the exclusion grounds and included provisions which will help ensure that public contracts are not awarded to suppliers which are unfit to bid, due to serious past misconduct or poor performance.

The Bill integrates the existing “Light Touch Regime” for social, health, education and certain other services into the broader provisions but with a series of exceptions to recognise that “Light Touch Contracts” may require different treatment.

#### **Next Steps**

Once the Procurement Bill receives Royal Assent, work to finalise the secondary legislation (Statutory Instruments, or regulations) will take centre stage, such as technical details and the contents of what must be included in the procurement notices. This will include public consultation on the draft regulations, which we expect will happen over the summer. Following the consultation, the final version of the secondary legislation will be laid in Parliament and we expect that this would be the earliest point we could give 6 months’ advance notice of go-live of the new regime. Whilst still to be finalised, the earliest the new regime could go-live would be spring 2024.

The Cabinet Office will be providing funded training and written guidance/learning aids. The training will cover the range and depth of knowledge requirements for those operating within the new system, allowing users to access the learning most appropriate for their

role. The written guidance and learning aids will be free to access via Gov.uk.

The best way to prepare is to start by familiarising yourselves with the [Bill](#), making use of the explanatory notes and the [summary guide to the provisions](#). You can take a look at our [planning and preparation checklist](#) and also the official funded [learning and development offer](#). Keep an eye open for a number of further documents we are planning to publish in the coming weeks.

Finally, to keep up to date with our Transforming Public Procurement programme, [sign up](#) to receive our regular newsletter, or visit the dedicated [transforming public procurement webpage](#).

**Sam Russell**, Senior Policy Lead - Commercial Policy, Cabinet Office

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