



# ANNUAL REPORT 2017



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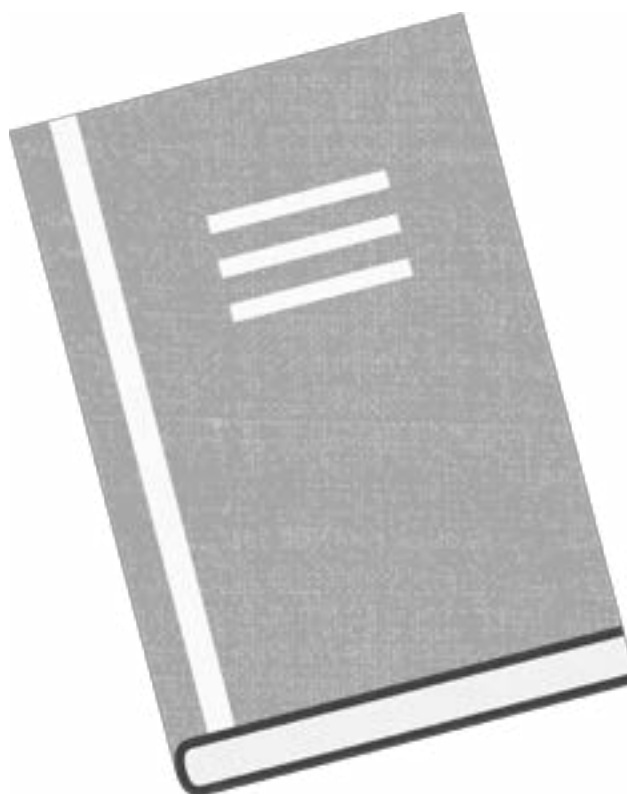
# ABOUT BUFDG

**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 almost all UK higher education institutions (HEIs). Its work supports over 5,000 HE employees in over 170 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.

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



# ABOUT THIS REPORT

This report has been compiled using many of the principles of Integrated Reporting (IR). IR is a framework for organisations to prepare and publish concise reports about how their strategy, governance, performance and prospects, in the context of their external environment, lead to the creation of value over the short, medium and long-term.

What this means is that it's a holistic report that doesn't just talk about the numbers, or list achievements. It instead looks 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.

Perhaps most importantly, while an Integrated Report is a snapshot in time, it is also a process and a journey. The former because an Integrated Report reflects the strategic decision making and integrated thinking that happens throughout the year. The latter because, even in the most flexible and adaptive organisations, the move to Integrated Reporting can take many years, and there will be mistakes to be made and learning to be done.

In today's uncertain economic and political environment, which unfortunately extends to the HE sector, it is more important than ever that organisations tell their stories in an engaging and effective manner. We hope that this report gives you an insight into how BUFDG thinks and works internally, as well as the more 'traditional' content of what it has achieved over the last year, and its financial situation and projections. This will hopefully show that the organisation not only delivers value in the short-term, but is a sustainable and worthwhile investment in the long-term as well.

To produce this report, members of the staff team and the BUFDG chair held three meetings during the year to discuss what should be included, and why. The meetings also considered how the evidence for the report would be gathered and how, on reflection, the organisation could improve its operations as a result. This process will continue.

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



**Phil McNaul**

*Director of Finance, Edinburgh University*

I have no hesitation in saying that my first year as BUFDG chairman has been great fun as well as an eye-opener to the amazing work that colleagues do across the country, on behalf of BUFDG and the HE sector. I am very proud of how much we have achieved and would like to thank all our members for their engagement in the association. While the organisation has never sought to grow for the sake of it, it's obvious to me that it has never been of such great benefit to the sector as it is today.

You'll notice that the report is different to prior years. Following last year's project to encourage member institutions to adopt Integrated Reporting, it became clear that BUFDG should adopt the reporting standard itself. Early in my term of office, I visited BUFDG Central in Loughborough to review our strategic plan, and to work with the staff team to get the ball rolling. There's more about this in the 'About this report' section above.

2016 has been another challenging year for Finance Directors in the Higher Education sector. They have had to cope with continuing uncertainty around fee and grant income, the trailed introduction of new legislation in the form of various HE Bills, the fallout (real and expected) from the Brexit vote, and the introduction of a new accounting standard, among other things. BUFDG has played an invaluable

role helping the sector through these challenges. Many of them are still to play out in full and, with your support, BUFDG will be there.

The theme for the Annual Conference this year at the University of Bath is 'Telling the Finance Story' – the culmination of a year of communicating the benefits of storytelling to the wider sector. While I do hope you read this report in full, if you are short of time please read the stories of the working groups for this year, on [pages 23 to 29](#). While so many BUFDG members contribute in so many ways, the working groups often require their members to go above and beyond what may be expected, and they play a key role in providing topical support and expertise to the wider network. It would be a shame if this contribution was overlooked.

At the heart of an Integrated Report is an attempt to convey how an organisation works, rather than just what it has done. In doing so, it should demonstrate how the organisation is set up in a sustainable manner to create value in the long-term, and thus make it worthy of continued investment and support. I hope you will find evidence of this for BUFDG in the many high-quality projects outlined in this report, and that members continue to throw their support behind the efforts of their colleagues and the BUFDG staff team in the year, and years, to come.

# INTRODUCTION FROM THE EXECUTIVE DIRECTOR



**Karel Thomas**

*Executive Director, BUFDG*

This first BUFDG integrated report is a triumph born of collaboration. It is the story of BUFDG over the last three years - a historical non-fictional account of how BUFDG has developed into a highly effective membership organisation for Finance Directors and their staff. Although this report recounts the progress we have made since 2015, the story started long ago. There are some Finance Directors who remember a time when there was no support team at all and Finance Directors and their PAs organised regional meetings, some special interest groups and an annual conference. They did a great job, but in the early 2000s, members of the BUFDG executive had a vision for something bigger and better – we have them to thank for what we enjoy now.

We have come a long way and this Integrated Report sets it out for all to see. Matt has collected contributions from colleagues who are already incredibly generous with their time, and BUFDG staff have had to set aside their modesty and acknowledge their imagination, dedication and vision. This story does not shy away from acknowledging the limits of what we can do and recognises that there are other ways for finance colleagues in higher education to get information, advice and support, networking, and

development. We believe that working in partnership and collaborating is the best way to make money go further and improve what we do.

Continuing the story theme, sharing historical tales and tragedies are a favourite pastime at BUFDG, but we are delighted when we can report a romance between institutions and, although comedies are less common, a bit of humour can teach us more than we realise. We are very grateful to all the storytellers at our conference this year for their openness and guts to do something different and tell their story. We hope that delegates are inspired by what they hear.

The current BUFDG strategic plan runs to 2018, which means that later this year we will produce a successor plan. We know that the world will look different post-Brexit, and whilst there are many advisers who will help universities cope with changes ahead, there is a big role for BUFDG and other sector associations. I hope that you will use your membership voice and get involved in shaping BUFDG 2018 – 2022. As always, any suggestions, feedback, or big ideas are gratefully received.

I am very proud of BUFDG – I hope you are too!

# OUR ROLE

UK universities are a fundamental ‘good’; a great benefit to the country’s society and economy. Through the production and dissemination of knowledge - Teaching, Research, and Collaboration - UK universities enrich the lives of those in the UK as well as, increasingly, countless others across the globe.

By supporting UK universities to enhance their finance capabilities, deliver value, and work together, BUFDG plays a small but unique role in helping improve the efficiency and effectiveness with which the sector uses its resources and undertakes its mission. BUFDG helps Directors of Finance and their staff by providing information, guidance, and networking opportunities, and by working in partnership with other HE sector organisations.

**“** I would like to thank BUFDG colleagues for the engaging and accessible manner with which you’ve kept me informed about HE finance and other issues. It’s a delight to see such a professional organisation.

BUFDG’s strategy (last established for 2015-18; see [page 16](#)), includes the goal to be the recognised channel for the provision, analysis, and dissemination of information, advice and support across the HE Finance sector.

To achieve this goal, it has three general strategic objectives:

## OBJECTIVE 1: TO INFORM, ADVISE AND SUPPORT

- To be the pre-eminent source of information, comment, and support on finance matters
- To promote high standards and best practice across the HE finance sector

## OBJECTIVE 2: TO FACILITATE NETWORKING AND DEVELOPMENT

- To provide forums for networking, discussion, consultation and exchange
- To provide and signpost to appropriate opportunities for learning and development

## OBJECTIVE 3: TO PARTNER, COORDINATE AND ADVOCATE

- To work in partnership with related organisations, regionally and nationally
- To advocate on behalf of all our members to government, policy makers, and external stakeholders

There is much more about our strategy in the Annex on [page 39](#).



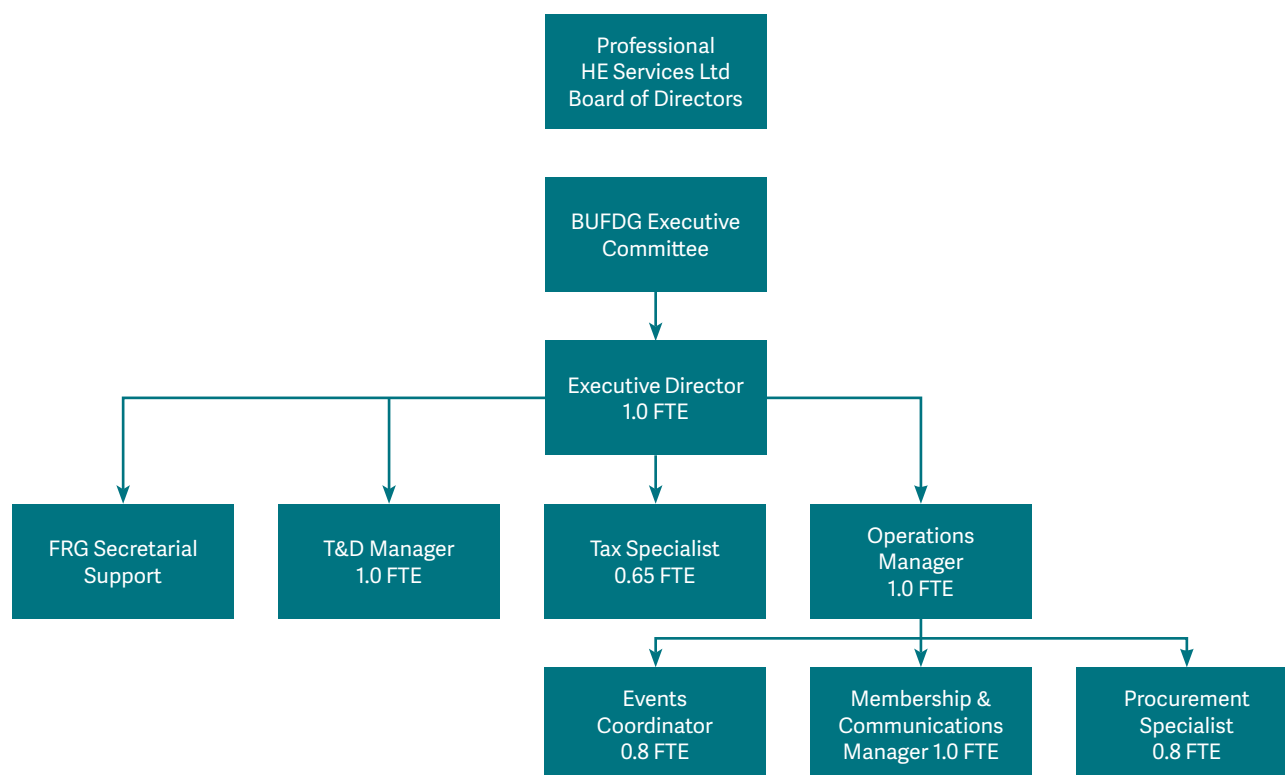
# OUR OPERATING MODEL

BUFDG is governed to ensure that its structure and operating model provide the resources to perform its role, and the stability and management to enact its general strategy. It is run by an Executive committee of university Directors of Finance that provides strategic oversight to the organisation and makes recommendations on aspects such as subscription fees and the annual budget, and manages the election of office holders. Members vote at the AGM to apply or amend recommendations, and elect the officers.

The Executive Committee meets four times a year, discussing and responding to matters presented by the fellow finance directors (directly and through regional Chairs), and by the Executive Director and

Staff team. The Committee receives the Executive Director's quarterly report, which contains updates from each of the topic-based working groups (see [page 23](#)). The meetings are also used to discuss and act on the organisation's financial performance throughout the year.

Furthermore, the meetings provide a useful sounding board and guide to the Executive Director, Karel Thomas, and her team in determining the services provided to members and projects undertaken. In addition to Karel, the team comprises a further six members of staff employed on permanent contracts. The structure of the organisation is as follows\*:



\*Some staff are shared with other associations in the shared service company, Professional HE Services Ltd.

BUFDG is a not-for-profit organisation and receives its core funding from member institution subscriptions, and training and development activities. It also receives grants and donations. Our finances have been managed according to the following principles, to comply with the requirements of HMRC for Cost Sharing Groups:

- Subscription fees should cover fully the fixed expenditure in respect of core activities as well as the fixed element of training and development activities;
- Training and development activities should be required to generate a break-even position with any surplus reinvested into Training and Development activities
- The Annual Conference host usually makes a voluntary donation to BUFDD funds from the proceeds of the conference;
- Special projects are funded from income, reserves, grants and donations per the budget agreed at the AGM. Such projects will only be undertaken if, from the outset, all relevant parties or stakeholders agree to contribute to a share of the costs on a mutually agreed fair and reasonable basis.

BUFDG's governance and structure has so far ensured that it is an effective and efficient organisation. It is well regarded by its members, and has a positive reputation in the wider sector where,

anecdotally, its impact is perceived to be greater than the resources it has at its disposal.

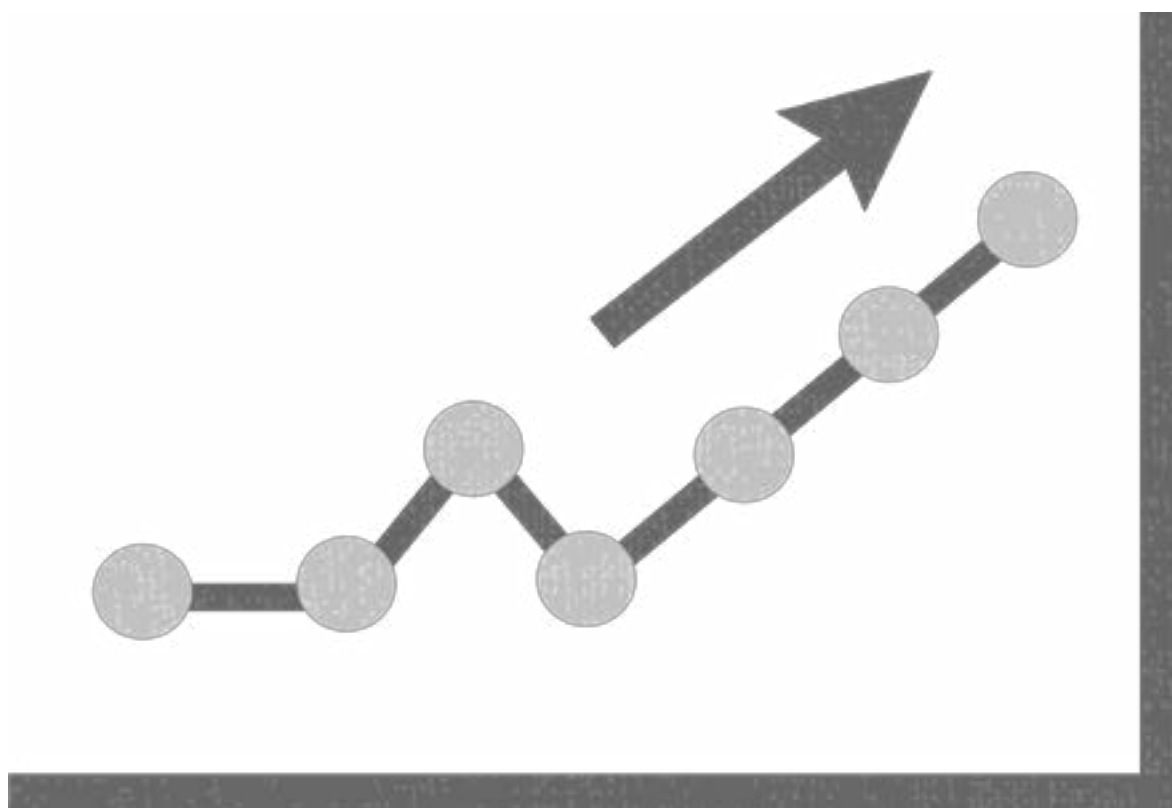
It is managed well internally, with high levels of staff satisfaction, low rates of staff turnover (just 1 member of staff has left in the last 3 years), and an average of just 2.4 days lost to sickness per staff member in 15/16 compared to a national average of 5.8. It is sustainable, with healthy financial reserves in line with its agreed financial model (see [page 32](#)), and which allow it to collaborate with other sector organisations and co-fund special projects.



Emma joined BUFDD from the University of Cambridge in 2015. Emma is the organisation's 'Procurement Specialist', working with the Higher Education Procurement Association (HEPA) – the name for the BUFDD

Procurement working group.

*"Working for BUFDD means that no two days are the same - from Procurement, to Tax, to Finance, to Legislation, to Training and Soft Skills! I'm very proud to be part of this team of qualified experts. They're well connected to, and always ready to support, the HE community (and each other) in many areas, and in such a professional way."*



Perhaps most importantly, it is an adaptable organisation capable of making and enacting significant decisions, such as the 2014 decision to convert to a cost-sharing group under the umbrella organisation PHES (requiring the unanimous agreement of each of the 165 members), and the 2015 decision to significantly increase subscription fees to recruit additional staff and establish a more financially sustainable model, which again was passed unanimously. A proposal will be put to the 2017 AGM to further change its operating model, to ensure that the organisation is on the best footing to help its members succeed in the challenging years ahead. In addition, the size and shape of the team, and the roles undertaken by staff members is under

regular review to ensure that the organisation delivers value for its members, and that staff talents and ambitions are given the best chance to shine.

All BUFDG members are required to pay an invoice for membership services and the size of the turnover of an institution is used as a proxy for the use the member makes of BUFDG. The levels of engagement of each organisation is monitored (*see page 21*), and confirms this correlation.

The subscription rates for institutions are shown below. Projected subscription income for 2017/18 suggests a 5% increase in subscriptions (subject to approval at the AGM), and some new member subscriptions.

Subscription rates (turnover)	2015/16	2016/17	2017/18
	£	£	£
>£400 millions	2,949	2,979	3,128
>£200 millions	2,737	2,764	2,902
>£200 millions	2,525	2,550	2,678
>£20 millions	2,186	2,208	2,318
<£20 millions	1,317	1,330	1,397

# OUR STAKEHOLDERS

BUFDG has a varied range of stakeholders, with different relationships to the organisation. We reviewed these as part of the 15-18 Strategy, and identified how the nature of their relationship with BUFDDG was covered by the three main strategic objectives.

Primary stakeholders will benefit from the activity from all three of BUFDDG's strategic objectives – we facilitate their learning and development and networking, partner with them and advocate on their behalf, and ensure they benefit from the exchange of advice and information.

Secondary stakeholders typically benefit from just two of the three strategic objectives. BUFDDG will partner and coordinate with them on behalf of the sector (such that it in some way benefits BUFDDG

members), and will work with them on the exchange of advice and information, but will not ensure their Learning and Development.

Those stakeholders at the Tertiary level are typified by the exchange of information and resources. They may benefit from existing BUFDDG networking opportunities, such as access to the BUFDDG annual conference, where this is also to the benefit of BUFDDG members.

BUFDG listens to, and attempts to meet the needs of its stakeholders in a variety of ways, both formally and informally. In doing so, it prioritises its Finance Directors and other Primary stakeholders first, responding with lower priority to Secondary and finally Tertiary stakeholders.

Level	Stakeholder Group	Who it includes	Nature of Relationship with BUFDDG
<b>Primary (Service and support)</b>	University finance leaders	Finance Directors, CFOs, PV-C Resources, etc	Are BUFDDG's primary members, who have voting rights at the AGM, and who BUFDDG ultimately represents
	University finance staff	Deputy FDs, Finance Managers, Accountants, and staff in procurement, payroll, tax, treasury, and more	Work for, or report to university finance directors, and support the work of the university finance function
	Other university leaders	Governors, Vice-Chancellors, charity trustees	Receive BUFDDG information, resources, and support to inform work on university assurance and leadership
	Other university staff	Staff working for, or anywhere within a university, include departmental budget holders or procurement specialists	Receive BUFDDG information often forwarded on from colleagues. Receive the benefit of the work of BUFDDG through their finance departments and business partnerships
<b>Secondary (Partnership)</b>	Other sector representative bodies	Incl. UUK, UCEA, HESPA, AUDE, etc	Work in partnership with BUFDDG on events, resources, information, and advocacy
	Advisory firms and financial suppliers	Auditors and advisors such as PwC, KPMG, QMPF, as well as Banks and Ratings Agencies	Work in partnership with BUFDDG on events, resources, information, and advocacy, sponsor conferences, and sell to the sector, for which BUFDDG can act as gatekeeper

	Sector regulators and funders	HMRC, the funding councils, the SLC, other funders and grant bodies such as the EIB, and Pension funds such as USS, TPF, LGPS	Work in partnership with BUFDG on events and information, fund, regulate, and guide the sector, and respond to BUFDG and sector enquiries and feedback
	Research bodies	RCUK and the separate research councils, as well as Wolfson and the Wellcome Trust	Provide funding to the sector, and occasionally work in partnership with BUFDG
<b>Tertiary (Information Exchange)</b>	Thinktanks and Mission Groups	Incl. the Russell Group, University Alliance, and Million+, and HEPI, IFS, and the IPPR amongst many others	Provide information, resources, and advocacy to the sector, sometimes engaging with BUFDG, but working in partnership is less common
	Media organisations	Incl. the Times Higher, Wonkhe, Guardian, EducationInvestor, the Conversation, the FT	Provide news and information to BUFDG, occasionally working in partnership on events or stories
	Accountancy Bodies	CIPFA, ACCA, ACA, ICAS, ICAI	Provide professional support and events, but not in partnership with BUFDG
	Unions and Students	UCU, TUC, UNITE, etc, and the NUS	Provide information to, and advocate on behalf of the sector. Engage rarely with BUFDG, and then mostly through UCEA
	The wider public		Occasionally receive information from, or enquire of, BUFDG

BUFDG does not regularly and formally survey its members for input or feedback on its operations. Instead it relies on informal feedback at and during meetings, and via phone conversations and email, in the due course of regular business and partnership working. The staff team pride themselves in knowing most FDs personally, and value personal contacts highly. BUFDG has a schedule of regular national and regional meetings with Finance Directors and other Primary and Secondary stakeholders which enables this exchange to occur. Quarterly Executive Committee meetings allow the most important issues to be considered at the highest level within the organisation on a regular basis.

BUFDG also meets stakeholder needs in relation to training or engagement events and conferences, where events are, and content is, produced in response to the direct requests or needs of primary stakeholders. BUFDG then uses formal

feedback mechanisms to assess the quality and usefulness of the events at two separate points after they take place.

Whilst BUFDG undertakes some regular annual conferences and projects, and many multi-year projects, it does not operate a rigid annual programme of work. This ensures the organisation has some spare capacity throughout the year to respond to stakeholder requests and external developments (See 'New World, New Numbers' box overleaf). It does not, however, have the capacity to fully satisfy every stakeholder request or pursue every possible line of work. It instead seeks a consensus to prioritise work that is seen to be the most important by the largest number of most senior stakeholders, or which is perceived to deliver the greatest value. This is ultimately a subjective exercise, and BUFDG staff are helpfully guided by the Executive committee.



## NEW WORLD, NEW NUMBERS

With the UK-wide introduction of a new financial reporting standard this year, BUFDG took the lead in interpreting the implications of the new standard for the HE sector. The resulting HE-specific rules, known as the FE and HE Statement of Recommended Practice (or SORP), brought about significant changes to the way university finances were measured and recorded. It was the biggest change in university accounting for 20 years. BUFDG's Financial Reporting working group (the FRG), as the technical advisers to the SORP Board, were at the heart of the change.

Despite efforts throughout the year to communicate the changes, there was concern among the group that the message wasn't getting through to important stakeholders. The group decided to hold a free face-to-face event in December 2016, bringing University Finance Directors together with university leaders, governors, unions,

journalists, and others to help attendees gain a greater understanding of the changes, university finances and financial sustainability in general. The event involved collaboration with sector pension funds, regulators, and other secondary and tertiary stakeholders, and was a great success with over 220 delegates attending.

The sustainable nature of BUFDG finances, and our sector partnerships (in this case, our good working relationship with USS), and the adaptable nature of the organisation meant that we could hold this event at short notice. We did not have to charge attendees, which would have led to reduced numbers, and we didn't need to resort to commercial sponsorship, which may have diluted the event's message. We're now considering running a similar event next year – but this time planned a little further in advance!

# DELIVERING VALUE THROUGH PROFESSIONAL HE SERVICES LTD (PHES)

BUFDG is a founding member of Professional HE Services Ltd (PHES). PHES was setup as a limited company and a cost-sharing group to provide the legal framework for different HE sector organisations to be run effectively and share staff and operational resources. There are currently three sector organisations under the PHES 'umbrella'; BUFDG, AUDE, and HESPA. Each has complete autonomy as to how it runs 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 wholly by its own executive.

There are many benefits to HE membership organisations being members of PHES, which in turn benefits their members.

1. The existing, shared legal framework and terms of reference ensures each member does not have to go through the expensive process of establishing their own
2. The shared accounting and governance services through the PHES board is a considerable efficiency saving over each organisation contracting separately with, or employing an accounting function
3. The shared staff resources (the Operations Director, Events Manager, and Membership Officer) offers considerable savings to all organisations and to their university members, particularly around the collection of subscription fees, where the subscriptions of all three organisations are collected on the same invoice
4. The database and Content Management System is the 'engine' that runs behind all three organisational websites. This provides significant savings as each organisation does not have to establish and pay for its own website, and improvements to one can be shared across all three. Each organisation can also help the others in keeping the institutional and individual data up to date

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 quarterly to facilitate this.



Professional HE Services







# OUR 2015-18 PLAN

In early 2015 BUFDG undertook a review to formalise its strategy for the next three years. The aim of review was to move the organisation on from an organic 'business as normal' approach that sought to continue prior activities but with small incremental improvements, in favour of a longer-term vision and direction. This process produced the 2015-18 strategic plan, laying out the rules for the organisation's financial management, and expanding the three strategic objectives – to inform, advise and support; to facilitate networking

and development, and to partner, coordinate, and advocate [See Annex 1]. In producing the plan, the review identified two significant areas of weakness that limited the organisation's effectiveness. Now approaching the final year of the three-year process, the organisation continues to focus specifically on improving a) its collection and analysis of data, and b) the performance of its topic-based working groups. The stories of these two organisation-wide projects are told in the following pages.

**“** We really are so very lucky to have to have BUFDG looking after us and supporting us. The committed team make BUFDG the premier sector professional grouping.



## OUR DATA JOURNEY

In 2014 we read the book *The 7 Measures of Success: what remarkable associations do that others don't* published by the American Society for Association Executives (ASAE). While BUFDG scored highly on six of the measures, it scored poorly on its use of *Data-Driven Strategies*. Organisations that score well in this area have “an expertise in gathering information as well as processes for sharing and analysing the data to deduce what actions the data point to taking”<sup>1</sup>.

Prior to 2015, the organisation collected limited data on website usage, and aggregated figures on event attendance, but did little subsequent analysis and did not use this to inform decision making. An Operations Manager (Dominic Fryer) was recruited in Autumn 2014 and set to work on making us ‘data-driven’.

On communications, the organisation has moved from acquiring basic figures on newsletter readership (Year 1), to enhanced analytics on newsletters and selected other mailouts (Year 2), to a more complete data-driven communications strategy (Year 3, planned). Year 3 will also see the reintegration of the events booking system into the main BUFDG website, which will allow more effective communications and improved analysis of events bookings. It will also see the introduction of a new ‘multi-stream’ membership system, which will actively employ data to help improve engagement and retention rates in the first 6-months after new members register for the website.

On usage data, the initial system captured just basic website pageview figures (Year 1), which was improved throughout Year 2 into a full individual-level ‘engagement’ score, aggregating data from the website, communications, and events attendance. This information was provided in simple form to FDs at the end of Year 1, in an enhanced report at the end of Year 2, and will be used for an automated, digital dashboard for FDs at the end of Year 3. The engagement score data is increasingly being used to support strategic decision making within BUFDG.

On surveys and analytics, Year 1 saw the introduction of a more stable calendar for surveys,

Year 2 the introduction of automated systems to speed up analysis of some surveys, and consistent organisational banding levels across all BUFDG surveys, which allow like-for-like analysis between surveys on different topics. We also improved the surveys we use to gather feedback from events and conferences, and reacting to these is now a key role of the L&D working group.

Finally, on the qualitative recording of productivity, in Year 1 each team member started producing monthly accounts of their work, and in Year 2 these were combined, along with information contained in other communications such as the Weekly Digest and the Friday FD emails, into a monthly ‘Achievement Log’, that could then be used to assess workloads, identify areas for cooperation, and evidence effectiveness.

Whilst we now believe we are well on the way to becoming a more *Data Driven* organisation, there is clearly still room for improvement. Data will be central to produce a new long-term strategy for 2018 onwards and, in the meantime, we’ll keep implementing good ideas as we come up with them outside of the strategic cycle.

That being said, one of the challenges that we’ve come across as we’ve developed our data capability is that bigger doesn’t always mean better. For example, when it comes to measuring member engagement or other statistics over the year, we don’t necessarily want to see the numbers go up. Yes, we want to see members make use of our services - but their time is the most important thing, and any time they spend on our website is time they could also be spending doing their day jobs.

In addition, we don’t want to end up with data overload, or where we’re collecting data for data’s sake. So, the challenge for us is to collect just enough to make the website easier to use, to make our services more efficient, to help our members join the dots in the fewest steps, to only communicate when we need to, to only do the things that add the most value, and to support university staff to make their lives easier. We won’t get it right all the time, but we’re working on it.

<sup>1</sup> 7 Measures of Success, Association Management Press, 2012:7



## HOW DO WE USE 'ENGAGEMENT SCORE' DATA?

Here's an example: Matt is the co-ordinator for the Counter-Fraud working group. He regularly communicates with the network of 'Counter-Fraud Champions' across the sector. Using the engagement score data, he can run a report that shows which champions are actively accessing the counter-fraud resources, and those who aren't, as well as seeing

which regular members are accessing the counter-fraud materials. If there are members who are clearly 'engaged' with the counter-fraud activities, but not part of the Counter-Fraud Champions network, he can approach them and ask if they would like to sign up to the network and receive the fraud alerts.



## THE WORKING GROUP 'ENGINES'

One of the main ways that BUFDG pursues its strategic objectives is through its topic-based working groups (*see pages 23 to 29 for further details*). These groups are chaired by Directors of Finance (some of whom are on the Executive Committee) and populated by senior university finance staff, with secretary or coordinator duties performed by members of the staff team. The coverage of topic-areas by working groups has always been incomplete, due to the limited capacity of the central BUFDG team to coordinate the groups, and the interest and capacity of the membership to chair, direct, and contribute, in addition to their day jobs. As a result, some of the topic areas such as Tax, and Financial Reporting, have had active, efficient, and productive groups for many years now, while other areas such as Treasury management do not have a working group at all. Some groups such as Financial Systems were discontinued several years ago, while others have sprung up in the last few years, e.g. Counter-Fraud.

The process of producing the 15-18 Plan identified successful working groups as the 'Engines' of BUFDG activity. An effective working group covers each of the main BUFDG strategic objectives – informing and advising the membership, facilitating networking and development, and partnering with other sector organisations. Over the last two years the group has put steps in place to develop the working groups, and there have been some clear improvements in some areas. However, there are still large gaps and significant work to be done in others.

In Year 1 we reassessed the topic 'areas' within BUFDG, and produced a new classification that saw the work of the organisation mapped across eight different areas – Audit and Financial Reporting; Counter-Fraud; Management Accounting; Payroll and Expenses; Pensions; Procurement; Tax; and Treasury and Debt Management. Each of these eight areas is supported by the Learning and Development working group to provide expertise in this specialist area. We then re-

mapped all the existing resources and discussions on the website against this new classification.

In Year 2 we reviewed the work and effectiveness of the existing groups, and began to think about what it was that made an effective working group. This resulted in a framework for assessing current group activity, that outlined six essential 'ingredients' for effective groups. The current groups were set against this framework to identify gaps and weaknesses that would require extra focus from the staff team. This resulted in the launch of regional Payroll and Expenses group meetings, and progress is being made to relaunch Treasury Management and Pensions groups.

In Year 3 we aim to establish national working groups in the areas that don't have one (e.g. Management Accounting), and to continue to improve the 'ingredients' in the existing groups. We'll also be asking each of the groups to produce an annual plan, identifying their partners in the sector, and how the work of each group fulfils each of BUFDG three strategic objectives. This currently only happens on an ad-hoc basis. Each group will also be asked to write a short, quarterly report on activities, that will be fed back to the Executive Group via the Executive Director's quarterly report. This will formalise and improve existing governance activities, and provide a consistent way to qualitatively evidence how the organisation delivers value to its members.

Inevitably, while the group believes topic-based working groups are the best way to structure most of the group's activities, supporting and running the groups is an expensive and labour-intensive activity. As BUFDG is such a small organisation, undertaking the ambitious programme of work outlined above requires significant resources. It is apparent that establishing and maintaining a full range of effective working groups will require an expanded central staff team and an increased budget. Proposals to this extent are being put to the organisation's AGM this year.

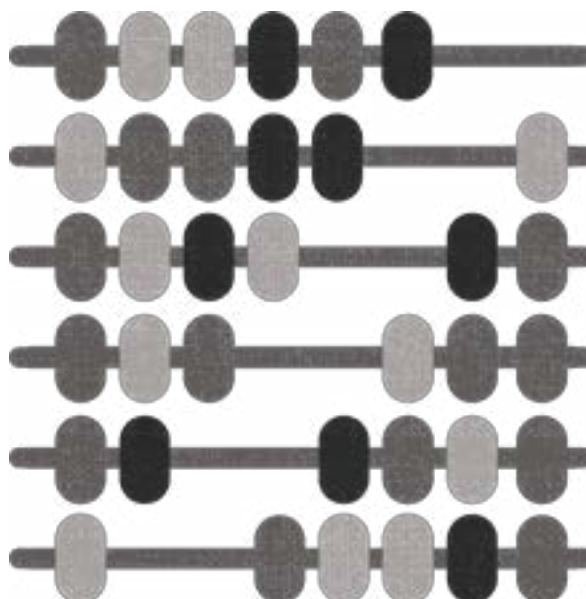


## PAYROLL AND EXPENSES GROUP DEVELOPMENT

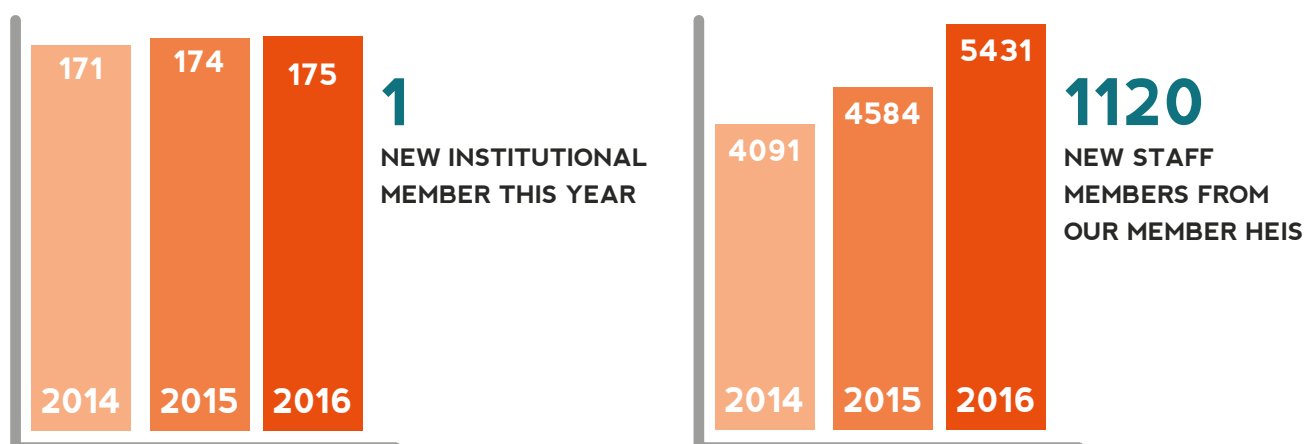
The PEG (Payroll and Expenses Group) meetings, supported by a firm of advisers on a rotation, are well-attended and much-appreciated, as there is no fee to attend the meetings. There is evidence of demand for more support for payroll tax, pensions and expenses staff working in Finance and/or HR departments and supporting this aspect of tax is drawing on the Tax Specialist's time to a disproportionate degree. A new part-time post could provide extra support, which would allow the Tax Specialist to concentrate on VAT and other

direct tax issues. However, while we're exploring the options, it would be hard to accommodate this within current subscription income. It is proposed that the post could be funded by a small increase to each institution's subscription in 2017/18 and in subsequent years. However, we are conscious of cost-pressures everywhere and realise that difficult decisions have to be made. If it doesn't happen this year, we will have to use our imaginations and find another way...

**“** You would have heard it all before but I personally would like thank you all for your infallible effort throughout the year. We are very much stronger as a sector because of it.



## 2016 IN NUMBERS



## EVENTS WE'VE RUN:

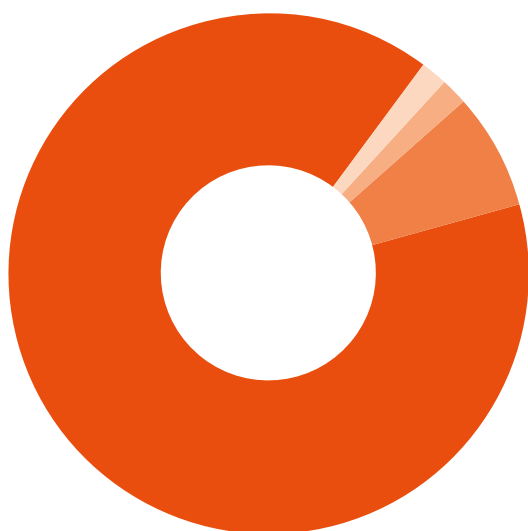
  
**6**  
 ANNUAL  
 CONFERENCES  
 (929 delegates)

  
**18**  
 FD AND  
 DEPUTY FD  
 MEETINGS  
 (382 delegates)

  
**34**  
 REGIONAL AND  
 PROFESSIONAL GROUP  
 MEETINGS  
 (542 delegates)

  
**29**  
 TRAINING  
 EVENTS  
 (777 delegates)

## CONTENT WE'VE WRITTEN:



**12** HEPA NEWS BULLETINS

**13** SURVEYS

**50** WEEKLY DIGESTS

**620** NEWS ARTICLES

Down from 737 on the previous year

## WEBSITE STUFF:



**939**

JOB VACANCIES LISTED



**448**

NEW DOCUMENTS



**53,813**

DOCUMENT DOWNLOADS



**2,004**

DISCUSSION FORUM POSTS



**108,801**

DISCUSSION FORUM VIEWS



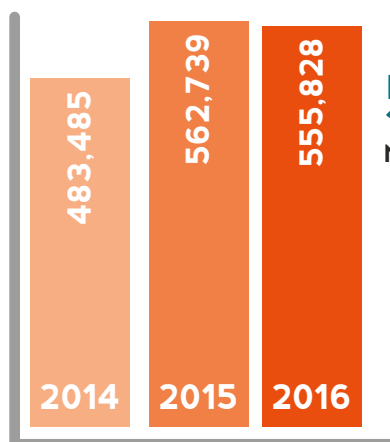
**555,828**

WEBSITE PAGE VIEWS

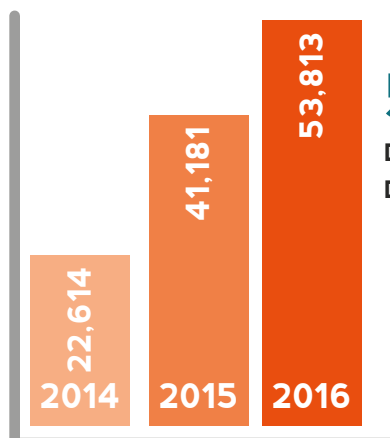


**921**

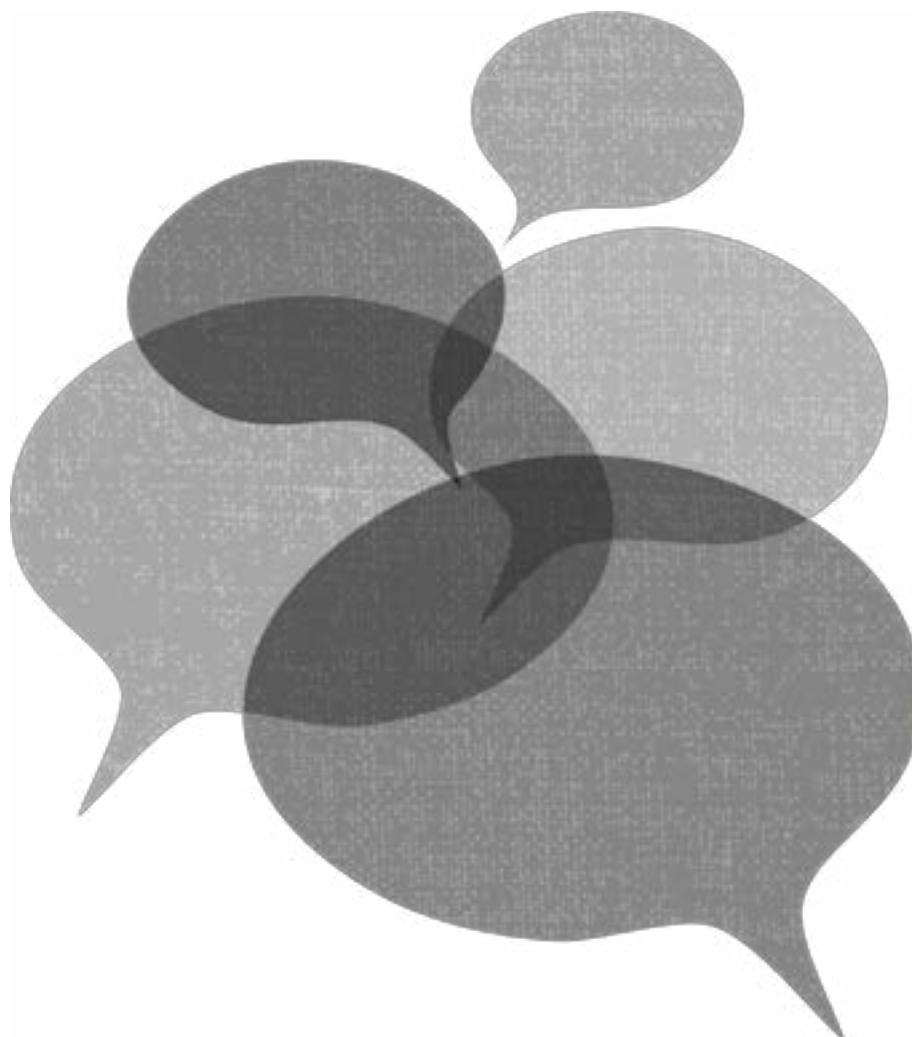
TWITTER FOLLOWERS



**555,828**  
NEW WEBSITE VIEWS



**53,813**  
DOCUMENT  
DOWNLOADS



# 2016 WORKING GROUP REPORTS

The working groups are the 'engines' of BUFDG, undertaking programmes of work in areas of importance to university finance teams. They are led by the participating members, and supported by a member of the BUFDG staff team. The activity of each working group is reported back to the BUFDG executive on a quarterly basis through the report of the Executive Director. The working groups are also networks, and provide an excellent opportunity for members to discuss with, and learn from colleagues, as well as to develop their own expertise in specific areas. The working groups often engage with external agencies such as the Accounting Standards Board (ASB) and HMRC.

In addition to the working groups, BUFDG also supports regional meetings for groups of

Finance Directors, and Deputy Finance Directors, up to three times a year. The meetings serve as high-level, HE-specific CPD for participants, and provide them with the opportunity to discuss and learn about topical issues affecting the sector.

The working groups and the regional FD and Deputy FD meetings are supported further by the web-based discussion boards, which provide the opportunity for discussion between the meetings. There were over 2,000 discussion posts over the last year. Each question asked on the board that receives an answer is automatically 'archived' after a period of a month. This is a searchable resource available for all members.

The following pages provide a short summary of the work of each of the working groups over the last year.





## TAX

The Tax Group said “Hello, and welcome” to their new Chair, James Lacey of Nottingham Trent University, and said “goodbye, and thank you” to Neil Scott of Aston University after the tax conference in June 2016.

The group contributed to several government consultations throughout the year, including meetings with HMRC and written responses to the consultations regarding **VAT on eBooks in the EU**, **Making Tax Digital**, **Business Rates**, the **Apprenticeship Levy in Scotland**, **Off Payroll Working**, **Museums and Galleries Tax Relief**, **Salary Sacrifice**, **Termination Payments**, **employer provided accommodation**, two consultations on the Apprenticeship Levy, and a response to the BEIS Select Committee's inquiry into the **Future World of Work**. Many of these consultation meetings and discussions involved collaboration with UCEA, given that many relate to employment taxes and issues. We worked extensively with UCEA in 2016 to advocate for universities and provide information to members in relation to the new apprenticeship levy and Off Payroll Working rules, which took up a large proportion of the latter half of the year.

HMRC raised some objections to how some universities were operating their fuel and power VAT calculations and how they were applying

the zero-rating for the construction of student accommodation, and the group has been engaged with HMRC Policy on both these issues, although without any conclusion yet.

The relationship with HMRC's operational team for universities continues to work well, with HMRC using BUFDG to communicate to the wider university sector, and BUFDG being able to escalate matters for members with the HMRC team when necessary, including facilitating a discussion about the overseas agents issue (although that ended up **going to court** anyway).

The 2016 tax conference was the biggest yet – we tried a new venue and some new elements to the format, had more delegates than ever before, and the feedback scores from delegates were also the highest (just) ‘since records began’.

Lizzy Conder from the University of London and Deputy Chair of the Tax Group, became very involved with helping the North West Universities Purchasing Consortium create the Global Mobility Framework, along with tax and payroll staff from several universities. The framework **launched at the end of 2016**.

**Amanda Darley, Tax Specialist**  
BUFDG, and Tax Group Coordinator





## FINANCIAL REPORTING

Following the long development process, the new FE/HE SORP2015 finally hit us this year! The change in accounting standards and the implementation of the new SORP was a huge challenge for FRG and no doubt all of you as well. This has been a bigger change than in any previous SORP revision. Included in this is a restatement of the 2014/15 financial statements, first time recognition of liabilities (not previously included in the Balance Sheet), new accounting policy choices (e.g. do we revalue our fixed assets or not?) and presentational issues.

The first reporting cycle was a huge communication challenge for FDs - not only explaining the 2015/16 year but also why the 2014/15 comparatives have changed.

The recent publication of BUFDG's **Integrated Reporting** study provided a framework through which FDs could tell their story, with the narrative being a vital part of our financial statements. Few will see through the accounting volatility arising from capital grants (performance model), new endowments and fluctuating values of pension provisions, investments and financial instrument liabilities. These conspire to cloud underlying performance and Brexit has made this confusion denser given its impact on 31 July valuation driven data. These include pension provision and financial instrument liability. There were audible sighs of relief from FDs across the land once their University Financial Statements were signed off by first Audit Committee, followed by the external auditors and finally Council.

There has been a lot of hard work behind the scenes throughout the whole of this development period. The Financial Reporting Group has produced a whole range of support on implementation through training, guidance materials, webinars and self-help

sessions etc. We are all hugely indebted to all FRG members, including all the audit firms as well as Karel and her excellent team at BUFDG HQ. It is also good to report that there has been lots of activity and sharing of ideas on the discussion boards.

December saw journalists, regulators, and other key stakeholders converge on BAFTA in central London for a joint BUFDG/HEFCE event explaining the new accounting rules. 'New World, New Numbers' was a non-technical look at how the FE/HESORP impacts on the way university finances are measured and recorded. Over 200 delegates attended the event, with the videos of the day forming an important 'FAQ' resource on the website.

Looking forward to the next year of work, FRG are commissioning a number of audit firms to review compliance for 2015/16 as it is beneficial for us to identify where members are struggling, and in doing so help the SORP Board to ensure sector compliance and report to the FRC. The review will also signal where there could be training needs that BUFDG can satisfy.

The not so good news is that there is a revision to FRS 102 in the offing. In 2017, the FRC will consult on proposals through two separate Financial Reporting Exposure Drafts (FREDs). One will propose amendments to be effective in 2019/20 (with only minor incremental updates expected). The other for more big-ticket items such as the new IFRS lease standard and possibly tacking the disjoint between government and non-government capital grants, to be effective in 2022/23.

**Karen Newcombe**

Financial Operations Manager, Loughborough University, and FRG Group Secretary



## COUNTER-FRAUD

**The Group has had an extremely productive year – again thanks to the enthusiastic support from Matt from BUFDG Central who has transformed our discussions into tangible actions. I am very grateful to all members of the Group who have given their time, energies and expertise over the year.**

We held our second ‘Counter-Fraud in Higher Education Conference’ in London on March 6th. This followed last year’s successful inaugural conference, and again brought 110 delegates together to share and discuss how to strengthen our counter-fraud position – from the perspectives of Finance, Risk and Governance, Internal Audit, Procurement and other backgrounds. We incorporated helpful suggestions from last year’s feedback into the programme and wider plans for this year.

One example is the interest gathered for more practical training, leading to a successful pilot of a ‘Fraud first-responders course’, and which in turn has led to three further events across the country. The courses are for all those in institutions whose role means they may receive suspicions of potential frauds, as well as the university counter-fraud champions and institutional ‘first-responders’.

We aim to ensure that we reach key stakeholders in all our Universities and are increasingly using our networking with other sector bodies to help us with this. We have been delighted with the response, with nearly 300 colleagues now signed up as Counter-Fraud Champions, and counter-fraud leads from 20 other HE networks, all receiving regular targeted mailings and fraud alerts. Much of our work throughout this year will focus on developing and supporting counter-fraud champions

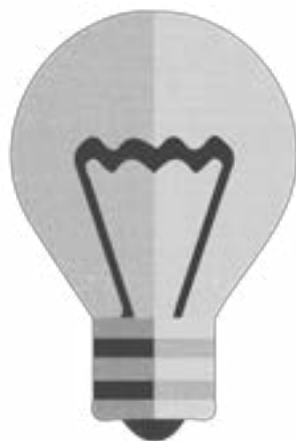
in performing that role as effectively as possible in the limited time allowed by their busy day-jobs. If you are in any doubt as to whether your institution has registered at least one CFC please check with Matt.

Responding to requests from members for introductory-level, HE-specific fraud awareness training, we launched an e-learning module in the Spring of last year. While over 30 institutions signed up to use the module, many others wanted to be able to install it on their own institutional Virtual Learning Environments. At the end of 2016 we converted the module into a free, open-source format, and it is now being adopted by institution’s staff development teams for internal use. The trade-off is that we could potentially lose the ability to evidence the ‘impact’ of this resource. Rachel McLone, BUFDG’s new L&D manager, is working more closely with staff development colleagues across the sector to keep track of the data.

In summary, it has been another great year of progress and we have a sound platform to build on for the future. We have some exciting ideas for this year – particularly around internal communications and counter-fraud networks, how we build relationships with other university professional departments, and how we satisfy the demand for counter-fraud expertise outside of the initial ‘financial’ remit. If you have any ideas or questions about the work of the Group, please feel free to speak to Matt or me. Also, feel free to explore the [counter-fraud resources](#) pages on the BUFDG website.

**Sarah Randall-Paley**

Director of Finance, Lancaster University



## LEARNING AND DEVELOPMENT

In 2016 the L&D Group welcomed its new chair, Liz Furey and two new members, Andy Stephens (Finance Director, Loughborough University) and Rachel McLone (L&D Manager, BUFDG), whose L&D expertise is already challenging the group to be more ambitious.

The standout success for the year was the inaugural Management Accountants Conference. The event was oversubscribed, and a huge success, and the group is now planning two conferences (North and South) for 2017, to fit everyone in. The *Introduction to Finance in Higher Education* web-based resource was launched in 2016 and it will be updated in 2017 to be more interactive and user-friendly.

We partnered with the FRG Group to host two webinars on FRS102 with KPMG. These were popular in content and format and we're looking to increase the number of webinars where feasible, as it is a lower cost and more accessible form of learning.

Multi-Disciplinary Action Learning Sets (arranged between BUFDG, AUDE, UCISA and UHR) were re-launched in the latter part of 2016. These groups run over 8-10 months and we will review their success throughout 2017, but early feedback shows that participants enjoy helping other professions with their problems.

In November, the Group spent time considering where the gaps were in its work, and what the key areas of development could be for BUFDG members. These included:

- Business Partnering: supporting our Management Accountants through the

transition to become Business Partners

- Deputy Finance Director to Finance Director development: what the skill gaps are and what activities the Deputy Finance Director can do to better equip themselves for the Finance Director role
- Online resources: encouraging the sharing of resources where appropriate, working with experts and other associations to increase our online resources for members
- Finance for Non-Finance Managers: training or resources available through BUFDG
- Networking: reviewing and improving the networking opportunities for member's groups
- Dedicated training positions: an increased number of HEIs are considering the recruitment of a dedicated finance training staff member. We will stay informed and support where we can

We will also continue to develop relationships with staff development departments in every BUFDG member institution and encourage them to look after their Finance Department.

To support the delivery and execution of these projects, the L&D Group members will each sponsor a project alongside the BUFDG L&D Manager, Rachel McLone, individually and as a group, and of course, nothing would happen with Gill's event planning expertise and attention to detail. We are looking forward to 2017 and the impact we can make.

**Liz Furey**

Director of Finance, Harper Adams University

Thanks for keeping us updated so well throughout the year.

”



## THE HIGHER EDUCATION PROCUREMENT ASSOCIATION (HEPA)

**HEPA, now in its fourth year, continues to build on its reputation as the recognised channel for provision, analysis, and dissemination of relevant procurement related news, information, advice and training across the HE Procurement sector.**

The Board, chaired by Richard Dale, welcomed new members in 2016 - Mike Hanson, Director of Procurement at the University of Coventry and Anj Cooke, Head of Procurement at the University of Bristol. The Board continues to meet twice a year to address strategic procurement topics and direct the work of the organisation, including the need for the sector to collaborate as much as is possible, highlighting the work of the consortia, sharing information and promoting best practice.

We have had invitations to present at procurement events in Australia and Canada as well as other sector conferences in the UK. These have led to a wider understanding of procurement collaboration, as well as how HE procurement is done elsewhere in the world, as we learned from those we visited and shared our experiences.

During 2016 we ran 11 face to face courses, covering topics such as Category Management and the Modern Slavery Act. We also promoted many more free and third-party paid for events that we perceived to be of value to members. We launched a new online Introduction to Sustainability course, ran free webinars on the new Standard Questionnaire (part of the EU regulations), and on how to complete the EMM collection. 135 procurement professionals attended a highly successful, two-day conference in Glasgow in September 2016. It featured nearly 30 different presentations from a variety of sources including institutions, CIPS and other sector bodies.

The Procurement Journey resource has been reviewed and updated, and it continues to be one of our most popular services. It's a step-by-step guide through procurement projects, with templates and guidance at every stage.

The long process of reviewing the Proc HE codes continues - the result will make the coding of purchase orders in universities much easier for central teams and those in departments, as well as aligning to category management processes. This will also provide invaluable data to be used for better procurement and value for money.

With a focus this year on *Keeping in Touch*, Emma has regularly visited and communicated directly with Heads of Procurement and their teams, especially those new to the sector. This interaction means she has a real understanding of the pressure on departments and the issues (both good and bad) directly affecting institutions. Emma's efforts in sharing key information has made many new Procurement Manager's transitions into a new sector is easier. HEPA can pre-empt or react quickly to provide useful, timely and accurate information, with great personal flair.

We have many exciting projects lined up for the year ahead, including advice on the position of universities as contracting authorities, training for managing currency fluctuation, more online learning in Advanced Sustainability and the Modern Slavery Act, and a major review of the Efficiency Measurement Model.

**Richard Dale**

HEPA Chair, and Emma Keenan, Procurement Specialist



## PAYROLL & EXPENSES

Due to the big changes coming to payroll departments in April 2017 in the form of the Apprenticeship Levy and the new rules for accounting for PAYE and NIC for Off Payroll workers, there has been a lot of crossover between the work of the PEG and the work of the Tax Group during 2016. Much of the summer and the latter half of the year focussed on these issues.

Regional meetings were hosted by KPMG in the spring and Grant Thornton in the autumn and were well attended, and covered a number of useful issues. We are grateful to the firms who support these meetings, both with venues and the provision of technical advice and staff, which provide a fantastic resource for members in payroll and tax departments.

Members of the national PEG continue to be involved in USS consultations to make sure that the voice of university payroll departments is considered while the changes are made.

Amanda and Karel supported the PEG chair, Jenny Febry, and the national and regional groups throughout 2016, and we are hoping to improve and

expand BUFDG resources supporting payroll teams in universities during 2017.

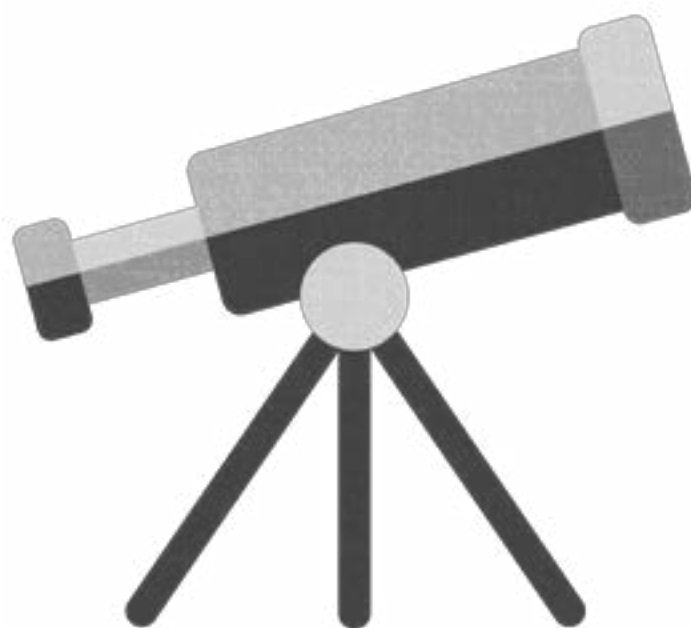
The group contributed to the BUFDG responses to HMRC's consultations on **Salary Sacrifice** and **Termination Payments**, as well as the various consultations on the Apprenticeship Levy and **Off Payroll Working**.

Useful guidance for BUFDG members working in payroll was produced during 2016, in conjunction with Cobia, including a guide to the **Short Term Business Visitor rules** and some **benchmarking on subsistence rates** paid by universities. These guidance documents were based on scenarios and information provided by various universities so reflect the current practices within UK higher education. We were pleased to work with Grant Thornton to offer seminars on the Apprenticeship Levy in England. Using BUFDG reserves, these were offered free of charge to over 100 BUFDG and UHR members.

**Amanda Darley**  
Tax Specialist, BUFDG

*Thank you for supporting me in my role as Treasurer and FD. The training and Weekly Digest are invaluable to the finance community within the HE sector."*

”



## MULTI-YEAR PROJECTS

On top of the activities of the Working Groups, BUFDG undertakes many single and multi-year projects to further the interests of its members - often for the benefit of the wider sector. While

there are too many projects to detail in full, here's a snapshot of just three of them. They show the breadth of BUFDG activity and how the organisation creates value.

## INTEGRATED REPORTING

The IIRC's website says, "Organizations are using <IR> to communicate a clear, concise, integrated story that explains how all of their resources are creating value. <IR> is helping businesses to think holistically about their strategy and plans, make informed decisions and manage key risks to build investor and stakeholder confidence and improve future performance."

At a time when higher education institutions need to be understood by a huge range of stakeholders, BUFDG undertook a project in 2016 to review seven HEIs' annual reports and accounts against the IIRC reporting framework. We will build on this in 2017, with further, and more in-depth assessments of the Integrated Reports of four HEIs (Newcastle, Edinburgh, Bangor and Winchester) in

conjunction with the IIRC. We will engage with other senior managers' associations, including AHUA, AUDE, UHR, EAUC, CUC, UUK. HEFCE has already voiced its support for the initiative.

Richard Dale (Newcastle), Lee Hammill (Edinburgh) and Karel Thomas are also working with CIPFA on a project to develop <IR> application notes for the public sector and have accepted an invitation to be on an international working group with representatives from different jurisdictions who have experience in <IR> and or the public sector.

Following this work, we aim to publish a report and guidance to help HEIs apply <IR> principles to their 2016/17 annual reports. This is a very visible project to show FDs' leadership of this important aspect of reporting and accountability.

## SORP DEVELOPMENT

Over the last two years, BUFDG has led the development of the FE and HE Statement of Recommended Practice (or SORP) – the HE specific rules for interpreting the new UK-wide accounting standard which was introduced last year.

This year, BUFDG will undertake a review of compliance with the new accounting standards, covering the 2015/16 financial year, to identify instances of good practice, as well as to identify areas of non- or partial compliance. Three firms of professional advisers will review Financial Statements from sixty universities, which have been carefully chosen to ensure a representative sample of HEIs. No adviser will review one of their own clients.

The outputs of the review will inform the Financial Reporting Group's future sector guidance

and training proposals as well as the development of the next version of the SORP. It will also provide compliance evidence to the SORP Board to assist it in submitting its Annual Review to the Financial Reporting Council.

BUFDG members will be the prime beneficiaries of this work, helping to inform FRG's agenda, identifying areas where guidance and training is needed. BUFDG will organise regional roadshows targeting deputy FDs, accounting practitioners, and sector auditors, using the outcome of the reviews to share good practice and to establish a consensus.

## E-LEARNING SYSTEM

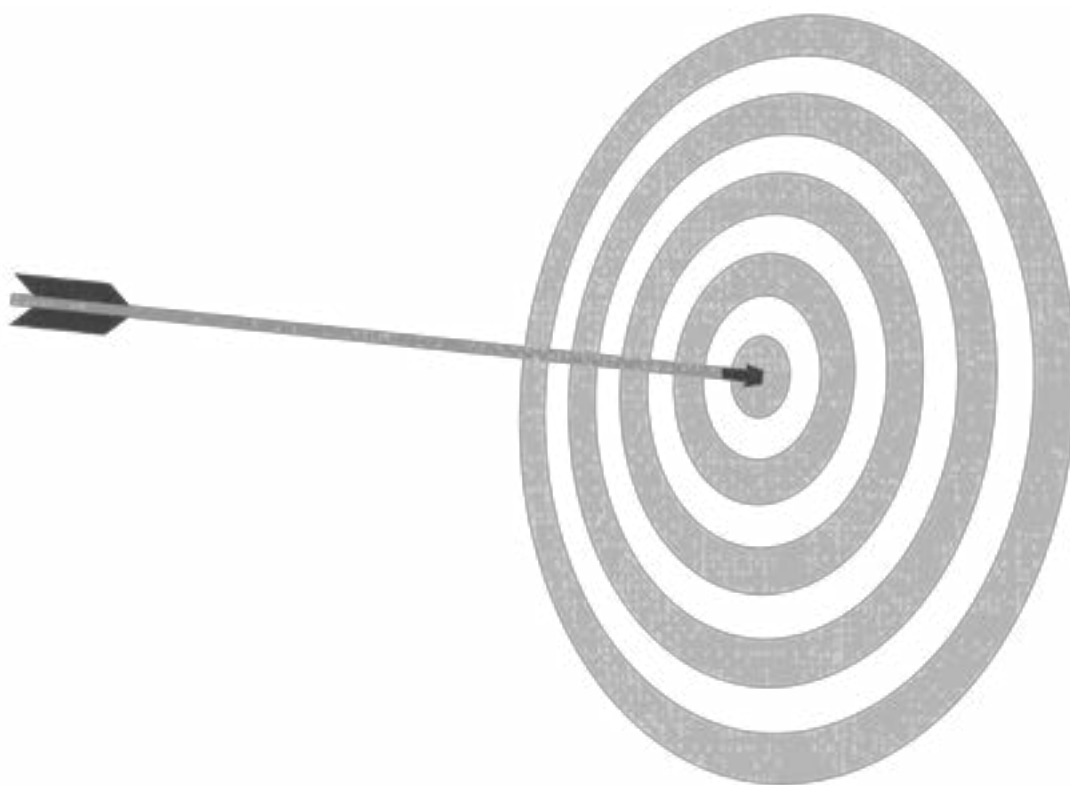
BUFDG has developed a range of e-learning modules that provide free or affordable remote learning for university finance teams. Over the last few years the number of these modules has increased but, due to the lack of functionality of the BUFDG website, they are provided on different platforms, and each has its own benefits and limitations. One of the biggest limitations of each however is the difficulty in integrating the data on usage and completion into the rest of the BUFDG data collection process. The separate platforms also make it hard to provide the Learning and Development contacts at each university with regular member assessment reports.

In 2017 we will be updating the BUFDG website with a single, functional e-learning platform.

All new e-learning modules will run on the platform, and over the course of the year we will also migrate all existing modules on to the central location. This will enable the automatic, central collection of data, which means that usage reports can be quickly provided to member institutions. It will also ensure that the BUFDG staff team can make regular updates to the e-learning content more easily, and fix error reports more quickly, without having to rely on external providers.

Some e-learning modules will be freely available to all members, whilst others will attract a modest charge to provide a maintenance and development fund.





# OUR FINANCES

BUFDG pays for the services of an external accountant to run the organisation's accounts and payroll. The Operations Manager and Executive Director manage this interface. The accounts are overseen by the Treasurer and then audited before being presented to the full membership for approval at the AGM.

The statements below, for the year ending 31st July 2016 have been reviewed by Deborah Goodwin of Pearson Chartered Accountants who provided a Report of Factual Findings on the unaudited accounts of the organisation. The Report concluded that the financial statements present a true and fair view.

The statement of accounts has been presented to the BUFDG executive committee. It shows that an overall deficit of £135,268 arose, against the budgeted deficit of £185,448. This is due to:

- a higher than anticipated conference donation
- a higher than budgeted subscription income as several new HEIs joined, and others moved into higher-paying bands

The deficit was planned to use accumulated reserves for the benefit of members.



# BUFDG STATEMENT OF ACCOUNTS FOR THE YEAR ENDING 31 JULY 2016

	Year to 31 July 2016	Year to 31 July 2015
<b>Income</b>		
BUFDG membership subscriptions	409,497	372,817
BUFDG Conference host donation	64,124	92,000
TDG course fees	215,444	228,039
Grants	<u>0</u>	<u>37,215</u>
<b>Total</b>	<b><u>689,065</u></b>	<b><u>730,071</u></b>
<b>Expenditure</b>		
BUFDG Salaries	268,637	222,846
Staff T & D	3,398	1,520
Travel and subsistence	29,387	25,107
Website	31,371	17,431
T&D Events	297,920	294,366
General Office Costs	5,587	15,219
Marketing and Communications	7,617	3,506
Overheads	45,045	53,880
Room hire for working groups	24,351	18,446
Subscriptions to other organisations	6,927	2,722
Special projects *	105,547	85,097
<b>Total</b>	<b><u>825,787</u></b>	<b><u>740,140</u></b>
Surplus/deficit before interest	-136,722	-10,069
Interest	1,454	455
<b>Surplus/deficit for the year</b>	<b><u>-135,268</u></b>	<b><u>-9,614</u></b>
Fund balance brought forward	400,633	410,247
<b>Accumulated funds carried forward</b>	<b><u>265,365</u></b>	<b><u>400,633</u></b>

\*Special Projects includes the following:

- Legal and consultancy
- SORP Development / FRG/ Integrated Reporting
- Higher Education Procurement Association
- Counter-Fraud Network
- Ratings Revaluation project
- Tax group consultancy

# BUFDG BUDGET FOR 2017/18

The proposed budget for BUFDG for 2017/18 will be presented to the 2017 AGM. It suggests a break-even budget (modest surplus of £923). This includes a 5%

increase in projected subscription income (subject to approval at the AGM).

Subscription rates (turnover)	2015/16	2016/17	2017/18
	£	£	£
>£400 millions	2,949	2,979	3,478
>£200 millions	2,737	2,764	3,252
>£100 millions	2,525	2,550	3,028
>£20 millions	2,186	2,208	2,668
<£20 millions	1,317	1,330	1,747

The proposed increase for 2017/18 will allow PHES to continue to support its BUFDG members both individually and on the national stage to the current high standard. This annual report evidences the good value the organisation provides.

The budget proposed is based on a prudent estimate of the income from Training and Development events and relies on the generation of a limited amount of commercial income from conferences and sponsorship.

BUFDG executive committee members have agreed that the business plan is sound and that the risk to the association and the company is not high. The Executive committee agrees that at a time when institutions' costs are under pressure, the outputs of BUFDG are worth funding. Projects such as the collective procurement of legal, accounting and actuarial advice deliver clear value for money for the sector and for individual organisations.

# OUR RISKS AND OPPORTUNITIES

The combination of national, regional, and topic-based meetings, and the broad range of projects the organisation undertakes means that there is often a close working relationship between the Executive Director, Directors of Finance and their staff, and the Executive Director's staff team. These relationships provide countless opportunities throughout the year for informal discussion, guidance, and self-reflection, which provide organisational assurance on top of the more formal processes.

In addition, as part of its quarterly meetings the BUFDG staff team regularly considers the risks that the organisation faces. It maintains a risk register that assesses the probability and severity of a range of Governance, Strategic, Operational, Professional, Physical, Reputational, Legal, and Financial risks, and how the organisation might respond. While most of these areas are considered to be low risk, there are three that are considered to be of higher risk, and thus warrant particular attention.

## ORGANISATIONAL COMPETITION

By name, BUFDG is a niche organisation. It supports HE finance directors and their staff. There are no direct competitors that seek to replicate or replace the BUFDG mission. However there are a large number of organisations that could compete in supplying comparable activities in part. For this it is worth asking what would happen if BUFDG didn't exist.

There is now a wide selection of sector news organisations, some of which are brilliant. Finance staff can and do self-organise around other groupings, such as the Russell Group FDs meetings, for example. Universities UK and other sector representative groups have an interest in financial issues and publish information about sector finances, and could provide an element of the advocacy and partnership function that BUFDG currently performs. Private, for-profit event and conference organisers would soon jump in to provide more finance-specific CPD and networking than they do already. Commercial financial advisers and consultants could provide much of the service that BUFDG currently does, albeit ultimately at an increased commercial rather than shared-service cost.

The challenge to BUFDG is to know how to respond. Ten years ago, when BUFDG first produced

its Weekly Digest, there were very few similar aggregated news sources available. Now there are many relevant, high-quality bulletins that, while not quite as focused as the Weekly Digest, have the advantage of superior resources – often being produced by dedicated news teams. While this could be a threat, it is also an opportunity. We're not planning on ceasing production of the Digest, but it does mean that if we don't expand it further, our members are unlikely to be short of news. Instead it allows us to refocus our time and resources on other areas where BUFDG is uniquely placed to add value to our members.

As a not-for-profit organisation, BUFDG does not measure its success by organisational growth – we're not about empire building. If we can partner with others, or if a different organisation is better placed to do something, then we should be comfortable with the idea of them doing it, and even give them a helping hand if we can. As Harry S. Truman once said, "It is amazing what you can accomplish if you do not care who gets the credit." That said, we won't give away our lunch money or go hungry!

## SECTOR COMPETITION

The HE sector has historically been characterised by collegiality, and this has provided fertile ground for the large number of sector-owned representative and support organisations, such as BUFDG. It also means that BUFDG has thrived, as each university has got behind the collective mission of the whole sector, understood the advantages of collaboration and sharing, and individual Finance Directors and their staff have been willing to contribute to the work of the group for the good of the whole.

However, in recent years there have been changes to legislation and the sector funding model, increased international competition, and a government intent on creating a competitive domestic HE 'marketplace'. These each bring considerable risk that sector collegiality could be weakened. This may lead to universities choosing to unsubscribe from the organisation or, more worryingly, an increased reluctance of individual members to engage with, and volunteer their time to contribute to, the work of the group. As the work of willing members is so

crucial to many aspects of the organisation, this is a serious concern.

There is little BUFDG can do about any of the above trends. What it can do is continue to work hard to demonstrate the benefits of collaboration and partnership-working, to save the sector money, and to communicate loudly and clearly about it. It also needs to continue to think hard about how to engage a broader range of members (*see the 'Data' project on page 17*), and ensuring that there are personal as well as sector-level benefits to involvement in the network. This is currently high on the list of priorities for the L&D working group.

On the flip side, it is possible that the legislative changes could drive growth in the sector, and so increase BUFDG subscription income. The continuing uncertainty could increase the extent to which universities lean on organisations such as BUFDG for professional support.

## KEY STAFF

As with any small organisation, key staff are disproportionately important to BUFDG. While BUFDG is in a better position than it was six years ago, when it employed fewer than three FTEs, there is still concern that the organisation could struggle to sufficiently replace either its Executive Director or Operations Director, due to their broad levels of knowledge and expertise. The organisation is unlikely to grow substantially over the next few years, and so will continue to rely heavily on the experience of its existing staff. However, over the last year and a half the organisation has worked to reduce the risk associated with a key member of staff leaving their post. This includes:

- Enhancing the database and intranet so that important information is accessible to all staff
- Regularising the work calendar as much as possible, so that work can be picked up more easily by new staff should existing staff leave
- Delegating and partnering internally on projects to share knowledge and expertise
- Establishing more comprehensive internal processes and documentation, to facilitate an easier transition

There is more to be done, and this is a topic of discussion for future team meetings.



## THE YEAR AHEAD

Like any organisation, one of the main risks to BUFDG is stagnation and complacency, and as such it seeks to improve year on year. However, as a not-for-profit organisation, BUFDG cannot measure its success against financial growth. In addition, as per the 'data' discussion on [page 17](#) above, even setting targets against metrics such as member engagement is fraught with complexity.

However, BUFDG must seek to be a better, more effective, and more streamlined organisation at the end of the 2017 than at the start of it. It will continue to pursue its strategic objectives as per the 2015-18 plan. In pursuing this however, it needs a range of measures by which to judge its success. Some are harder to assess than others. The areas of potential improvement are:

### IMPROVED STAFF PERFORMANCE

Has each member of staff improved their knowledge and ability over the year? Have they improved their work planning and processes? Does each member of

staff have in place a set of challenging but achievable objectives, and a programme of professional development?

### IMPROVED APPLICATION OF NEW AND EXISTING TECHNOLOGIES

Is there a programme of development for the website and other technology used within the company? Is there consideration of how

developments in technology (e.g., E-learning, VR) could be incorporated to improve the effectiveness and efficiency of BUFDG?

### IMPROVEMENTS IN PARTNERSHIP WORKING TO MAXIMISE VALUE

Has BUFDG increased its range of partners, and worked more effectively with them? Has it shared resources with other organisations that share

a common goal, for the benefit of their mutual members?

### IMPROVED ORGANISATIONAL STRATEGY, PLANNING, AND COMMUNICATION

Is there a continued organisational strategy and implementation plan? Is this aligned with the organisation's mission? Is there a strategy for

improving the quality and effectiveness of the organisation's communication with its members?

### IMPROVED MEMBER ENGAGEMENT

Is there a set of metrics to quantify the improvement, rather than just increase in member engagement? Are these effectively tracked over the year? Are

there processes in place to analyse the data, and respond accordingly?

As most of these questions require simple Yes or No answers, they may not lead to the most enlightening measures of organisational progress, compared to a more nuanced approach. However, it also holds that if BUFDG could answer 'Yes' to most of the above by the end of the year, it would certainly have improved its effectiveness, and be a 'better' organisation at the end of it.

The area where a Yes or No answer does not apply, is in measuring improvements in partnership working, where anything more robust than anecdotal evidence of success is very hard to acquire. On this, and indeed all the above areas, BUFDG needs to continue to improve how it measures its annual performance, and how it uses this evidence to inform its longer-term strategy.

Finally, there has been no mention yet throughout this report of the organisation's environmental impact. This is partly because it is a small organisation that does not own its own

buildings, and only consumes a limited number of goods. That is not to say that it has received no consideration at all - it has featured in discussions to develop more webinars (in preference to face-to-face meetings), reducing unnecessary travel, travelling by public transport where possible, and working to reduce catering waste at events.

In addition, the organisation does work to alert its members to the benefits of energy efficiency, through news articles, the promotion of energy efficiency grant funding, and through educational efforts such as the sustainable procurement e-learning.

The staff team will schedule a discussion during a team meeting over the next year to understand how the organisation can reduce its environmental impact, and better encourage an environmental awareness across its membership, working with other organisations such as EAUC and AUDE.

# ANNEX 1

## BUFDG STRATEGIC OBJECTIVES 15-18

### OBJECTIVE 1 – TO INFORM, ADVISE AND SUPPORT

Higher Education finance in the UK is complex; a situation not aided by the four systems of university funding in the UK, for England, Scotland, Wales, and Northern Ireland. In addition the varied mission of universities, which encompasses education, research, and economic growth, and the pressure to diversify income streams whilst delivering public benefit and value to stakeholders, provides HE managers with unique challenges and responsibilities. Whilst some strategies for sound

financial management never change, the shifting economic and political landscape constantly creates new opportunities and threats for university finance teams to navigate. Finance professionals must be both knowledgeable and adaptable.

BUFDG aims to support university finance managers and their teams by providing them with up-to-date information, analysis, advice, and comment on financial news, strategy and management in HE.

#### Member comms and engagement

<b>Communication at the heart of our work</b>	Make use of emails, newsletters, regional and technical group meetings, training events, and media releases to disseminate information to both members and the wider sector. All projects will have integral communications plans.
<b>Strive for greater member engagement</b>	Pursue greater membership engagement, both in terms of numbers of universities and members linked to the group, and in the depth of their involvement. We will use business intelligence to make plans and decisions.

#### What's happening in the sector

<b>Encourage sector best practice</b>	Identify trends, strengths, weaknesses, opportunities, and threats in financial management and technical practice across the higher education sector. We will then determine if and how to further high standards and best practice, and encourage their adoption.
<b>Scan appropriate media sources</b>	Make use of aggregated news websites, automatic email alerts, dedicated HE press, and news updates from partnership and other sector organisations.

#### Digital

<b>Integrated website, IT and data systems</b>	Provide a website that meets members' expectations, using current levels of architecture and technology. It will support customer service through the integration of membership databases and central office IT solutions. Use data and business intelligence to influence decision making and improve services.
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#### Organisation Management

<b>An efficient and happy team</b>	Maintain and operate an efficient organisation, responding to queries in a timely and friendly manner. We will deliver high levels of membership service in all communications and operations.
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## OBJECTIVE 2 – TO FACILITATE NETWORKING AND DEVELOPMENT

For finance professionals to stay knowledgeable and adaptable in the shifting HE landscape, they need to constantly develop their professional skills and abilities. This can happen in a variety of ways, ranging from formal qualifications and professional training and development, through to informal

networking groups and fleeting conversations ‘by the water-cooler’. Despite the increasing emphasis on competition between universities, the collegial culture of UK Higher Education can be harnessed for the advantage of the whole sector without contravening competition law.

### Benefits of a learning culture

<b>Communicate the benefits of L&amp;D</b>	Lead and communicate the benefits of training and development of Finance skills within the sector
<b>Foster a learning culture</b>	Foster a learning culture through a variety of mediums (not just traditional face to face training) as a result of increased engagement with BUFDG resources

### Training and Networking

<b>Knowledge sharing and networking</b>	Facilitate knowledge sharing and networking opportunities
<b>Training programme</b>	Monitor and develop a cost effective training programme, which delivers good value for money and responds to the needs of the sector (as our unique selling point).

### Collaboration

<b>Collaborate and partner</b>	To monitor, review and enhance collaborations and partnership opportunities with other organisations (including Professional Bodies and other sector associations) as well as our own members
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## OBJECTIVE 3 – TO PARTNER, COORDINATE AND ADVOCATE

The work of universities and their staff is supported by a wide range of professional associations, think-tanks, mission groups, and membership organisations. These organisations are an asset to the sector and, whilst there is a culture of collaboration, there is always scope for greater

cooperation. In the current economic and political environment, working in partnership is an essential part of securing the best possible outcome for the whole sector.

BUFDG will lead and catalyse partnership working in the sector in the best interest of all its members.

### Partnerships

<b>Cultivate relationships</b>	Initiate and cultivate relationships with other groups and organisations within, and engaged with the HE sector. Support these groups on matters of finance and funding, and look for opportunities to work in partnership to deliver value, including partners where appropriate on BUFDG-led projects.
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### Advocacy

<b>Represent the best interests of university finance</b>	Represent the best interests of university finance to other sector groups and external stakeholders, using the most appropriate channel. Advocate on behalf of the whole sector to government and policy makers, taking care to balance the needs and desires of all of our members. Facilitate collective responses to consultations and requests for information.
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