

Annual Report

2019

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5 new BUFDG institutional members

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 6,000 HE employees in over 180 universities.

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

About this Report

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

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

This year has been one of consolidation in many respects. We sat down in late-Summer to put the finishing touches to the organisational goals as part of our 2018-22 strategic planning process. We have been, and remain, on the right track. A totally new direction wasn't required. Instead we felt we needed to continue to embed the good work we have started across a range of objectives so that we can deliver better value for members, but remain flexible enough to respond to new challenges.

The objectives can be found in the 2018-22 Strategic Plan, in the 'About' section of the BUFDG website (www.bufdg.ac.uk/about)

Finally, we 'theme' each Annual Report so that it captures in some way the current mood of Higher Education, and the annual work of BUFDG. This year's theme addresses the broader 'value' of HE, mirroring the conference theme of value 'Beyond Money'. In the Summer BUFDG produced six short videos that explored the value that universities create for society, and we've used some of the ideas in these videos as background for the report. You can read more about our work on communicating value on page 13.

We hope that this report gives you an insight into how BUFDG thinks and works, as well as the more 'traditional' annual report of what it has achieved over the last year, and its financial situation and projections. This will hopefully show that the organisation delivers value in the short-term, as well as being a sustainable and worthwhile long-term investment by members.

Readers can find the original IR framework and other resources, and more about the work of the International Integrated Reporting Council (IIRC), at www.integratedreporting.org

About PHES

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

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

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

- The existing shared legal framework and terms of reference ensure each member association does not have to go through the expensive process of establishing their own separate, legal entity;
- The shared accounting and governance services are a considerable efficiency saving over each organisation contracting separately with, or employing an accounting function;

- The shared staff resources offer considerable economies to all organisations and to their university members, particularly in collecting subscription fees, as the subscriptions of all four organisations are collected on the same invoice
- The database and Content Management System form the 'engine' that runs behind all four organisational websites. This provides significant savings as each organisation does not have to establish and pay for its own website development, and improvements to one can be shared across all four. Each organisation can also help the others in keeping the institutional and individual data up to date

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


1168 new staff members registered on the website

Chair's Foreword

Sarah Randall-Paley
Director of Finance, Lancaster University



2018 was another exceptional year for media interest in Higher Education, as well as turmoil in the wider political world; dominated by the preparations for Brexit. In the meantime, the wheels of the student recruitment cycle turned again, with institutional winners and losers in an increasingly competitive marketplace. As ever, those students arriving to prepare for their futures depend on the quality of their experience at university to enhance their lives and their prospects, with a choice that will stay on their CV for life. Its enduring currency is as precious as ever.

As finance professionals and senior managers, we know that our institutions are multi-faceted, and our business cycle can be long. To varying degrees, we balance priorities that go far beyond delivery to current students. For example: how to widen participation more effectively; how to attract the best staff from around the globe; how to deliver the highest research quality when full economic cost recovery is increasingly challenging; how to ensure our infrastructure and facilities remain relevant and attractive; how to maximise our potential as civic leaders and local economic drivers. The list goes on. All this whilst maintaining long-term financial sustainability at the forefront of our thinking and planning.

At the time of writing, there are major issues at play for the sector: the recent ONS report on the treatment of student loans in the public sector finances and national accounts; the impact of the upcoming Augar review on Post-18 Education and funding; and the impact of the Joint Expert Panel report on USS alongside wider debates on the impact of TPS and other rising pensions costs. In England, the transition to the new Office for Students is well underway and we are starting to navigate that new world. In Wales, the new Commission for Tertiary Education and Research

(CTER) has been conceived and, subject to legislation, will be established around 2023. In Scotland, institutions await the findings of a review by Audit Scotland of the financial position of the sector and its opportunities and challenges over the next five years. In Northern Ireland, members continue to cope with the uncertainty caused by no national assembly, continued student number caps and reducing real-terms funding.

So, two days at conference is valuable time to think clearly and challenge ourselves. Our theme this year is Value in Universities – Beyond Money. There could be nothing more appropriate considering what we do.

This is my first conference as Chair and I am privileged to hold this role. A key priority is to ensure that we are maximising the power and resources of all sector bodies to influence and inform sensible debate by working together as effectively as possible. We will work increasingly closely with colleagues at UUK and other sector professional bodies to achieve this. We will also continue to advocate for Integrated Reporting and the need to provide cost-effective training and development for our finance and procurement colleagues.

I would like to thank Karel and the team at BUFDG central who do such sterling work on our behalf all year round and, of course, to my colleagues who have served on the Executive or perhaps contribute in other ways. The thoughtful reflections and contributions of experienced colleagues to our debates are always greatly appreciated. Being an active member of BUFDG is hugely rewarding and if you are at all tempted to find out more about how you could get involved, please do ask! I simply say that the more you put in, the more you get out and that is certainly my experience of this fantastic organisation.

Message from the Executive Director

Karel Thomas
Executive Director, BUFDG



The review of post-18 education and funding in England called for evidence in March 2018 and the august panel has spent the last 9 months reading submissions, talking to people and forming its opinions and recommendations. At the time of writing for this annual report, Philip Augar's report has not been published. But publication is only the start of any reform of arrangements – weeks, if not months, of deliberation by government ministers and civil servants could follow, or maybe nothing will change. Scotland's Higher Education sector is being reviewed by Audit Scotland and Wales' reforms prompted by the Diamond and Hazelkorn reviews are gradually being introduced. Northern Ireland's universities are in a unique position in a region with no national assembly in the middle of a political storm. Meanwhile, second-guessing by planners and finance directors in universities across the UK is already happening.

Uncertainty is the only certainty in today's world, and that doesn't look like changing. At BUFDG we are here to help members cope, even if the only thing we can do is listen and put people in touch with each other. We hope we can do more than that, but the power of networks has never been greater. To help keep networks alive and growing, we have welcomed Membership Officers Jemma and Ruth to the team, as well as Caroline Jones, our new Employment Taxes Specialist. We are sad to be losing Emma Keenan in April as she joins LUPC as their Deputy Director but we know that "when you love someone you have to let them go". We do love Emma and wish her well in her new role after five

years of developing HEPA into a well-respected forum for procurement professionals. We are now thinking about how to replace Emma and have seized the opportunity to review what members want from their organisation.

While it isn't glamorous, additional focus on improving the quality of the PHES database is helping the staff team be more efficient and effective, despite the restrictions of GDPR. We have made good progress on using more of the internally-generated data to improve member support. There is still a way to go to help members take control of their data and preferences, but we have seen a recent increase in the level of engagement after a sharp decline following GDPR-day in May.

The working groups make BUFDG what it is, and we thank them throughout this report. But as with all voluntary organisations, to stay relevant we need a steady supply of volunteers – think of volunteers as cash. A university is quickly in trouble if the cash doesn't flow as planned, and it grinds to an abrupt halt if it runs out. We need a flow of BUFDG volunteers for all working groups to keep going so please let us know if you would like to be counted in the reserves.

I say this every year, but it needs saying again – "thank you", BUFDG members, for giving us the opportunity to help you help your institutions face the big challenges of science, the economy and society – it is a privilege and the reason BUFDG exists. We won't forget it.

“ Woo hoo :) I was struggling for budget for staff development and this e-learning will really help. ”



We've posted 439 website news articles

BUFDG

Organisational Structure

This year Caroline Jones replaced Mike Edwards to support the activity of the Payroll and Expenses groups and to develop their activities.

Dominic Fryer (formerly Operations Director) is now the Managing Director of PHES, and Karel has accordingly stepped down from her PHES Director role to focus solely on BUFDG. This ensures independence of the PHES board as it now contains no PHES staff member that is employed by an SIO.

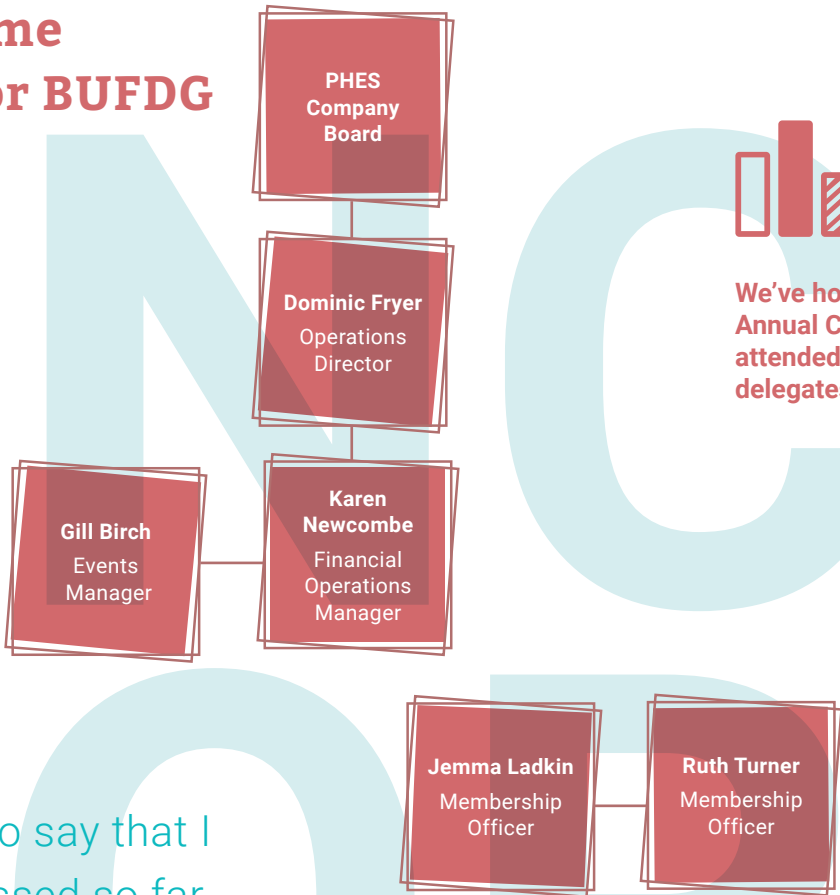
This follows on from last year's reorganisation that created a clearer separation between BUFDG and the PHES support roles.

In addition, PHES recruited Ruth Turner as a membership officer, which means we now have a full complement of two membership officers to support all four SIOs.

BUFDG Staff



PHES staff that work, in some capacity, for BUFDG



We've hosted 6 Annual Conferences, attended by 708 delegates

“ I do have to say that I am impressed so far by the support and guidance available ”

Delivering value through PHES

This year we set ourselves the challenge of working more closely with the other organisations under the PHES umbrella. We continue to make good progress in this area, including:

- Working closely with other PHES organisations on a number of public/external-facing issues, including pensions sustainability, building ratings revaluations, energy efficiency, and senior staff pay;
- We've jointly interviewed and appointed shared staff so that each organisation can benefit from the greater continuity and expertise in a larger workforce, despite being small organisations individually;
- We've jointly planned website and database developments that satisfy the needs of each organisation, and shared ideas on how to get the most from our technology;

- We've worked across the SIOs to promote joint events, or events that would be of interest to more than one organisation, including in financial literacy, HE data, data accuracy, VAT and property, managing international employment, and senior professional development;
- We have incorporated a number of PHES-wide staff initiatives to supplement the PHES team meetings, including a system for centrally sharing news of projects and workloads, and staff personality profiling, that aims to improve communication and productivity within the broader PHES team.

We've also worked together this year on improving the quality of member data on the database, and on database processes. This has helped us communicate more effectively and efficiently with members and be GDPR compliant. We will increase cooperation in this area over the coming year and have several website developments in the pipeline that will help.

After Universities Human Resources (UHR) joined PHES last year, we have had no new SIO additions, although Dominic continues to answer enquiries.

Working Groups Reports

Learning & Development

It has been another interesting and busy year for the Learning and Development Group. We started last year with a new L&D Group Chair (myself) and Deputy Chair (Andy Stephens, Finance Director at Loughborough University). We both feel passionately about the role learning should play within a finance team and are excited to see what we can achieve with our colleagues in the L&D group. We would like to thank Liz Furey and Paul Norris for their previous work as Chair and Deputy Chair and their continued support of the work we do.

We had a number of highlights last year including the first Credit Management Conference and establishing a working group to support further credit management activities. The multi-disciplinary Action Learning Sets, which cross over BUFDG, AUDE, HESPA, UHR, UCISA, SCONUL and ARMA were oversubscribed this year and we created new sets to accommodate more delegates. They are a great example of us working with other groups, and they have brought people together to learn about themselves and gain a breadth of knowledge across Higher Education. These Action Learning Sets formed just one element of the future finance leaders work we published on the BUFDG website last year, which we would encourage members to use. Our two Management Accountants conferences once again received excellent feedback, and it was great to see all delegates

getting involved despite us pushing them out of the comfort zones. We also launched our eLearning platform, giving all members and all staff within our member institutions access to 10 free eLearning resources.

Looking ahead, in 2019 we will launch an eLearning subscription model for members. By further developing a range of eLearning resources on topics such as VAT, business partnering, tax and finance for non-finance managers, we hope to remove cost duplication across the sector and create fit-for-purpose modules at a very cost-effective price. Our eLearning plans will make training more accessible for members, meeting one of the core targets for the L&D Group. In addition to eLearning, look out for new events in 2019 include the Treasury Management Conference and more joint events with close partners such as ARMA and AUDE. And, whilst we will develop new areas we are not complacent and even our more longstanding events, such as Business Partner training, will have a refresh this year.

Simon Newitt

Chair of the Learning and Development Group.
Finance Director at Northumbria University.



We've held 55 networking meetings, for 930 members

Tax

HMRC's Making Tax Digital (MTD) initiative kept Amanda and the Tax Group busy throughout 2018 (and continues to do so!) with various guidance documents issued for members, a project underway with PwC to 'bespoke' their existing Global Indirect Tax Compliance (GITC) software tool for the HE sector (now implemented in 16 universities, with a similar number in discussions to implement soon), and information gathered and provided on other software possibilities, while also keeping up with and reporting on HMRC's changing and evolving requirements and deadlines for the initiative.

The 2018 tax conference was a success with a 98% overall 'would recommend' score and slightly improved feedback scores in almost all areas. The 2018 conference saw more major change than it has done for a few years, with small sponsorship opportunities available and a limited number of places available for professional adviser delegates. These changes seemed to go down with the advisers we work with and did not detract from the conference for our main HE delegates.

As it was three years since the last BUFDG tax and payroll surveys were carried out, there was a new survey in 2018. Results were presented at the tax conference and a report was issued at the end of the year (including benchmarking information on university tax resources). The survey highlighted that the three biggest concerns for universities were: International/overseas issues; Making Tax Digital; and IR35/employment status.

Work on various issues continued with HMRC. After a workshop with HMRC in 2017, the Tax Group made proposed changes to the HE Partial Exemption Framework and sent a draft to HMRC for review. We also finally got a revised Fuel and Power note from HMRC and issued our response to it. HMRC published revised guidance on zero-rated equipment for medical/veterinary use, having taken input from BUFDG and the Charity Tax Group since 2015.

The Tax Group has also been working with the Charity Tax Group (CTG) on the issues of zero-rated relief for web advertising and zero-rating of eBooks.

2018 has included some internal thinking over what eLearning modules we should produce on tax topics over the next three to five years, a project which is now being put into action.

More traditional classroom-based training on tax topics during 2018 included the Introduction to VAT in HE course, and various employment tax sessions on global mobility and the National Minimum Wage (NMW). 2018 also saw 270 university delegates attend 13 regional tax group meetings across six regions.

Amanda Darley
Tax Specialist

" I thought the conference this year was excellent. I could only stay for one day but thoroughly enjoyed and valued the sessions and networking. A very well done to the whole team. **"**

Financial Reporting Group

The big news in Financial Reporting for 2018 was publication of the new SORP. The Financial Reporting Council (FRC) published its **amendments to FRS102** in December 2017 following the triennial review process. These were only minor incremental updates and intended to clarify rather than change the accounting treatment. Larger changes, such as the new IFRS on leases and tackling the disjoint between government and non-government capital grants, will be included within SORP2022.

The effective date for SORP2019 is accounting periods beginning on or after 1 January 2019, so unless an institution decides to adopt early, the new SORP will be reflected in their financial statements for the year ending 31 July 2020.

BUFDG appointed EY as the development partner to work with FRG to develop both SORP2019 and SORP2022. FRG agreed the formation of a working group to support SORP development and to follow a 'consequential amendment' approach to SORP2019, eliminating the need for formal consultation.

SORP2019 was approved at various committees of FRC with final approval at the FRC's Codes and Standards Committee on 20 June 2018. **SORP2019 accounting for further and higher education** was published by UUK in October 2018.

The group is now working with EY to update the current guidance and model financial statements for SORP2019, and these should be finalised by the time this document goes to print. Eight SORP Workshops have been planned to disseminate this information in March 2019.

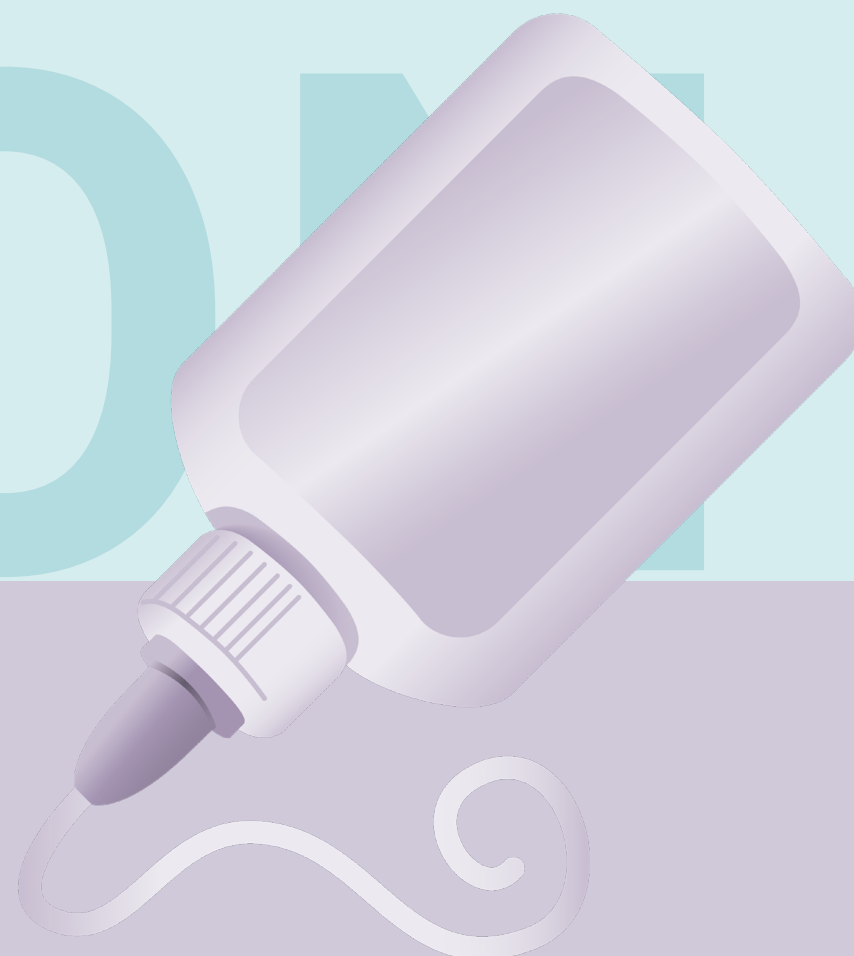
The group of enthusiastic colleagues is supported by representatives of the audit firms, whose attendance is rotated. We are always looking for keen volunteers and hope we can introduce new ways of harnessing this enthusiasm without adding to the burden of colleagues' days jobs. Financial reporting is never dull, no matter what others might say!

Robert Fraser

Chair of the Financial Reporting Group,
University of Glasgow



We've listed 796 job vacancies for our member HEIs, viewed 16 times each on average



Procurement

HEPA provides support for anyone involved or interested in procurement in higher education; it does this by working collaboratively with Heads of Procurement, Heads of Consortia, PHES colleagues and a wide range of external stakeholders.

The group's varied challenges come from an array of sources. As in many roles, procurement teams face financial constraints, legislative changes and staffing issues. Having a central place to share concerns or seek solutions to problems is an efficient use of time and money and enables us all to capitalise on the incredible amount of expertise we have available to us in the sector.

During 2018, HEPA ran its third biennial conference, this time in Loughborough. Bringing together around 120 Heads of Procurement to focus on strategic issues, hear from exceptional speakers and have the opportunity for effective networking was a valuable experience and one which we know was received very well by our membership. We will continue to run our conference, alternating with the consortia-run COUP. Our next event will be in September 2020.

The Responsible Procurement Group continued with gusto for another successful year. Recognising the increased awareness around sustainable and ethical procurement practices as well as noting the negative publicity generated where these issues are ignored by large firms. The group is keen, engaged and is using its enormous purchasing power for good, pushing for change socially, environmentally and economically.

Another success is the introduction of the Procurement Value Survey which replaced the Efficiency Measurement Model. The Office for Students have said that they do not wish to see

formal reports of procurement related efficiencies this year, however the information gathered is incredibly useful for internal value for money reporting and collectively for benchmarking purposes. 89 institutions from throughout England completed the survey, which provided us with a wealth of data. This included how institutions are engaging with SMEs, the average cost of the procurement function, and £316million of reported efficiencies which have been achieved through the skills and expertise of procurement teams. All the figures are available in the full report, which you can download from the HEPA and BUFDG websites.

We thank all those who contribute to HEPA, especially Emma Keenan and our hard-working management board who liaise regularly with others in their region to ensure HEPA is always well-educated when it comes to HE procurement-related matters.

2019 brings with it some new and unusual challenges, especially in managing and supporting our supply chains in a post-Brexit world. Whilst there may be some changes in staffing at HEPA, we will continue to focus on the needs of our membership and to offer best value for your subscriptions.

Martyn Riddleston

Director of Finance,
University of Leicester and Chair,
HEPA Management Board

PS. From Team BUFDG – we are delighted that Emma has been appointed as Deputy Director at LUPC, and by the time you read this, she will have left us. This is a promotion that recognises her dedication to procurement and higher education. We will miss her positive attitude and cheery nature but are glad that she is not going far – thank you, Emma, for all you have done for us and BUFDG/HEPA.



We've run 40 training events, for 792 delegates

“ I am really grateful to you for taking the time to point me to the range of different presentations. This is just what I was looking for. ”

Counter-Fraud

Universities continue to face the risk of both internal and external fraud. The Counter-Fraud Working Group seeks to bring together those responsible for, interested in or with experience of counter fraud, and develop knowledge, resources and expertise to support the HE sector in preventing fraud, as well as reducing risk in areas such as financial sanctions and money laundering.

The group last met in December 2018 where they heard from the leader of the NHS counter fraud authority, just prior to their important work being explored in a TV documentary. Higher education shares many similarities with the NHS; both have a huge range of stakeholders, both manage on limited, decreasing budgets and both operate nationally. It was interesting to hear how the NHS has, over the last 30 years, developed ways to prevent or highlight instances of fraud and how they train their staff to reduce risk. The number one message was communication. Sharing knowledge, not being afraid to ask questions and knowing who to talk to about anything which appears suspicious vastly reduces the opportunities criminals have to defraud an organisation.

The CFWG agreed that we would work towards following this presentation that we would work towards providing a list of examples of recent fraud attempts experienced by the sector on the BUFDG website and some information on how the examples were dealt with and learned from.

Emma has written a blog which details her journey in learning about counter fraud, highlighting the free resources available through BUFDG and elsewhere, and providing links and advice on ways anyone can make a difference for their institution.

The group welcomes new members, which currently includes risk managers, compliance and governance representatives, procurement managers and finance directors. The broad experience of the group means there is no shortage of interesting and important conversations as well as excellent learning opportunities.

Sarah Randall-Paley
Director of Finance, Lancaster University and Chair, Counter-Fraud Working Group




Payroll and Expenses

72 university delegates attended 13 regional PEG meetings across six regions last year. BUFDG also waved goodbye to our interim (and first ever) Employment Tax Specialist, Mike Edwards, and welcomed our new (and permanent) Employment Tax Specialist, Caroline Jones.

Mike's work during the first half of 2018 (as well as the second half of 2017) showed the need for the post. He arranged various workshops for members, including five regional KPMG 'Going Global' workshops on international mobility, as well as arranging and hosting the PEG meetings, producing the first iteration of the HE Common Roles document on employment status, and undertaking a 'How was it for you?' IR35 survey.

A termination payments flowchart was also procured for members during 2018, and Caroline has been busy during her first few months working with UCEA, UHR and the Low Pay Commission on universities' National Minimum Wage issues, following up on the original HE Common Roles document, and hosting seven PEG meetings in November. She is also forging stronger links with UCEA and UHR, including organising a joint international mobility event, to the benefit of all payroll departments, whether they sit within Finance or HR, as well as exploring links with other external organisations.

Caroline Jones
Employment Taxes Specialist


Our document resources have been downloaded 52,210 times

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 – and often for the benefit of the wider sector. Here are updates on two long-term projects:

On Integrated Reporting, BUFDG undertook a project in 2016 to review seven HEIs' annual reports and accounts against the IIRC reporting framework. We built on this in 2017, with more in-depth assessments of the Integrated Reports of four HEIs (Newcastle, Edinburgh, Bangor and Winchester) in conjunction with the IIRC. We then published a report and guidance to help HEIs apply IR principles to their 2016/17 annual reports.

Last year HEFCE also showed its support for the initiative, and provided funding for the Leadership Foundation (LFHE) to undertake a project to engage and educate university leaders and their teams in Integrated Thinking and Reporting. BUFDG was pleased to support LFHE on the project, and we look forward to seeing it develop further throughout 2019.

Our work on Integrated Reporting took on a broader focus this year. We helped our members showcase the value of Higher Education by producing six short videos, that each looked at a different aspect of value. They asked questions such as "What are universities?", "What challenges do they face?", and "Why do universities invest?".

Excerpt of the script from video 1: "What are Universities?"

"Universities are fascinating and diverse organisations. They teach students of all ages, in almost every subject you can think of. They teach on green campuses, in bustling cities, and at a distance, to learners in their own homes.

But teaching students is just one of the things that universities do. They expand human knowledge by undertaking research in a mind-boggling range of areas. They are at the forefront of countless discoveries. They are key parts of their local communities, and regional hubs of economic activity. They are major employers, magnets for national and international collaboration, and an important pillar of civil society.

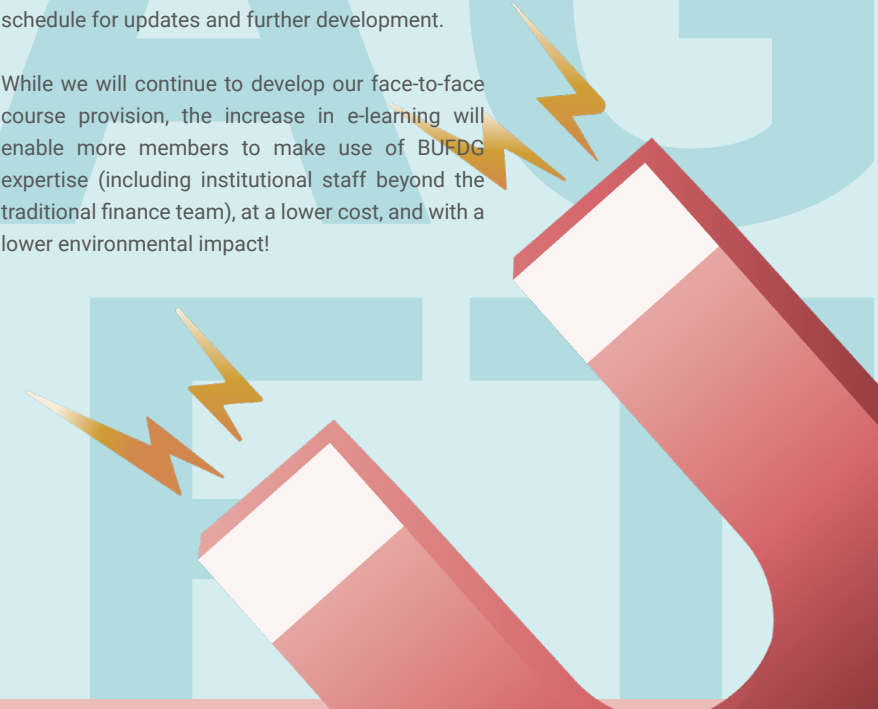
Despite this, universities often struggle to communicating their value. The rise in tuition fees five years ago put more pressure on universities to show the value that they deliver for students. As the political debate around fees continues, it risks detracting from the discussion of the wider contribution that universities make to society.

Universities are looking to address this and are working hard to find ways to get these important messages across. They can't assume that, amidst a busy news cycle, the public and governments will automatically hear about all the good things that they do. Universities must work together, and work harder, to communicate the invaluable ways they contribute to society"

We are pleased to support Universities UK's campaign MadeatUni, that tells specific stories to raise public awareness of the brilliant work that universities do. We've continued this advocacy by coordinating a showcasing visit of universities by staff from the Department for Education (DfE), so that the department can gain a better understanding of what happens in universities, the impact they can have, the challenges they face.

On e-learning, we launched the new system at the beginning of the year, and members have been making use of the 12 free modules. E-learning plays a much larger role in our new organisational strategy, and so we have a three-year plan for continuing to improve the e-learning offering. This year will see another 10-12 modules added to the system every year for the next three years, with a schedule for updates and further development.

While we will continue to develop our face-to-face course provision, the increase in e-learning will enable more members to make use of BUFDG expertise (including institutional staff beyond the traditional finance team), at a lower cost, and with a lower environmental impact!



“The support from HEPA has been very useful. The documents and resources are also extremely valuable. Emma goes above and beyond.”



Our Environmental Impact

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

We are now committed to one team meeting a year where the environmental and ethical impact of the organisation is discussed and ideas are generated. Over the last year we have:

- Committed to more online learning where appropriate, to minimise unnecessary travel, including the development of BUF DG's e-learning modules
- Minimised the production of merchandise and unnecessary exhibition marketing, and the use of alternative 'non-waste' marketing. This has seen us switch to recyclable PET lanyards for the Annual Conference, a pen for the delegate packs made of recyclable materials, and notebooks made from vegetable fibres.

- The team forewent present-giving at Christmas, and instead donated the equivalent money to two charities. The gifts were both matched through TheBigGive.org.uk, doubling their impact.

At the beginning of the year we added a question to the booking form of each BUF DG event, asking delegates to tell us how they intend to travel to the event; either by plane, train, car, cycle, or walking (at least 5 minutes). The intention was to gather data to give us a picture of how convenient it is for our delegates to use public transport to travel to the various venues we use. The picture emerging from the first year of data has been enlightening and will cause us to reconsider at least some of the venues we regularly use where car use by delegates is particularly high – especially compared to some venues where car use is almost zero.

The next challenge will be to use the question for event bookings across PHES. This will give us more data and a much clearer picture of what venues we continue to use, or where we seek out alternatives.

Jemma

I joined BUF DG in February 2018 as Membership Officer. My experience of working in the HE sector was very minimal, having previously come from an events and hospitality background at Loughborough University.

Although the work I do at BUF DG isn't a million miles away from what I did in my previous role, it was still a scary move to make, but definitely the right move.

I have been made to feel extremely welcome since I started, and the team are always more than happy to help, support, share new ideas with you and always welcome your input.

My workload is varied, which I thoroughly enjoy, and no two days are the same. Its great engaging with new and existing members, helping and supporting them along the way.



Our Finances

The year ended 31st July 2018 was our first with PHES as a fully taxable and VATable company. The transition from the cost-sharing group was smooth and unproblematic thanks to our in-house financial management by Karen Newcombe.

The statement of BUF DG accounts for the year ended 31st July 2018 has been presented to the BUF DG executive committee meeting. It shows a surplus of £51,366 against the budgeted £13,093. This is due to slightly higher income and lower spend on the website (thanks to sharing costs with other SIOs) and lower spend on marketing and communication, and staff training and development. We are mindful that the staff development budget should be used to better effect to develop and retain the talent we have in the team.

We envisage further demand from the sector to fund consultancy and studies that would have previously been funded by a funding council special grant, or which institutions might fund individually. BUF DG's capacity to meet this demand is limited but with careful planning and early identification of need, there is scope for strategic investment in such work. At a time when institutions' costs are under pressure, projects such as the SORP development and collective procurement of legal, accounting and actuarial advice deliver value for money for the sector and for individual organisations.

The budget modelling includes plans for development of BUF DG e-learning and makes some prudent assumptions about the pricing, take-up (and therefore the income), and costs of producing e-learning. Good e-learning is not cheap to produce, but it can deliver great value training and development to members. Unit costs are low, environmental impact is low and the number of colleagues that can be reached is high. BUF DG will continue to invest in some free modules, available to all members, but to fund development of more advanced and technical topics, a supplementary subscription is advocated. We recognise that not all members will wish to take advantage of these modules and therefore it would be unfair to expect them to pay for them. However, those who do, and use the facility to best effect will find the cost per trainee across the programme is extremely good value.

The main source of BUF DG income will be subscriptions which the BUF DG Executive Committee and the Learning and Development Group have discussed and proposed to the membership. The proposed model will give institutions a choice to renew with the e-learning subscription (BUF DG+) or to deduct the e-learning subscription for membership only. Members will be able to upgrade but the subscription will be the same throughout the year.

Rachel will be on hand at the conference to demonstrate the e-learning and explain the benefits, so please visit her stand.

BUFDG Accounts

	Year to 31 July 2018	Year to 31 July 2017
Income		
BUFDG membership subscriptions	422,917	412,982
BUFDG conferences and L & D Events ^{Note 1}	666,943	297,172
Grants – SORP2019	42,785	0
Total	1,132,645	710,154
Expenditure		
BUFDG salaries ^{Note 2}	470,011	404,225
Staff T&D	1,819	4,482
Travel and subsistence	31,867	31,205
Website	6,233	7,178
Conferences and L&D Events ^{Note 3}	435,443	273,507
General office costs	5,760	8,275
Marketing and Communications	2,430	9,616
Overheads	32,049	41,914
Room hire for working groups	22,359	32,119
Subscriptions to other organisations	8,726	5,604
Special projects ^{Note 4}	64,755	108,274
Total	1,081,452	926,398
Surplus/deficit before interest	51,193	-216,244
Interest	173	1,213
Surplus/deficit for the year	51,366	-215,031
Fund balance brought forward	53,333	268,364
Accumulated funds carried forward	104,699	53,333
Represented by PHES Balance Sheet		
Debtors	96,052	62,224
VAT repayment	94,324	0
Cash at bank	1,089,088	570,069
Trade creditors	-64,563	-74,134
Other creditors	-136,846	-62,080
	1,078,055	496,079
BUFDG reserves	104,699	53,333
PHES Other reserves	973,356	442,746
	1,078,055	496,079

Note ¹ Conferences from 17/18 onwards are now run through PHES managed by Assured Events rather than the host institution as previously. Instead of a donation from the conference both income and expenditure are shown.

Note ² Employment costs – these have risen by £66k over the year largely due to the new shared membership officers resource, the in-house financial resource previously charged within both overheads and special projects and all L&D employment costs now being shown in this line.

Note ³ L&D – costs appear to have reduced significantly but up to 16/17 staff costs for L&D were offset against this budget head rather than employment costs as they are now (see note 2).

“ Thank you to all at BUFDG for all the useful information and guidance. As an FD for a small specialist institution, the support network from BUFDG is excellent and has helped me a lot. ”

Risks

BUFDG maintains a risk register, which is reviewed and refreshed regularly. Through this process, we assess the probability and severity of a range of Governance, Strategic, Operational, Professional, Physical, Reputational, Legal, and Financial risks, and how the organisation might respond to mitigate these.

In previous reports we have discussed three major risks in more detail – the risk of direct competition for subscriptions from membership organisations elsewhere in the sector; the risk that expected competition between universities will undermine the collegiality that makes BUFDG work so well; and the risk that the loss of key staff could undermine the effectiveness with which it supports its members.

The first risk remains but we believe is mitigated by an organisational focus, confirmed in the new strategy, on where BUFDG can add unique value, and as such the risk can be downgraded.

The second risk remains, but it is now perceived to be much less of a risk to BUFDG than the combined effect of external risk factors such as Brexit and policy uncertainty. The concern is that these could have such a financial impact on our member institutions that they feel under pressure to discontinue their subscription. Our membership is currently growing rather than shrinking, but we must be alert to the risk. We need to ensure that, while financial sustainability of the sector is out of our control, we add enough value to our members that our subscription would be the last one to be cut! At the same time, we must ensure that BUFDG continues to operate efficiently and effectively.

The third risk remains, but we have taken additional steps to mitigate it this year. Much of the work of the Head of Membership and the Membership Officers has been documented in a membership handbook, which will make it easier and quicker to bring new membership staff up to speed and ensure that more staff within the organisation can cover the various membership processes.

With Karel now no-longer a director of PHES, there is less of a PHES-wide impact should she leave, although BUFDG remains reliant on her expertise, networks, and member knowledge. We will continue to discuss how the we can mitigate this risk, which is a challenge with such a small staff team, as well as step-up efforts to share knowledge and expertise internally.

As a final aside, a risk that popped up at the beginning of last year was that of conforming to the EU’s General Data Protection Regulations – the infamous GDPR. We’re pleased that BUFDG took this seriously, and not just to ensure compliance. It became apparent that it was an opportunity to review and regularly question how and why we store members data, how we manipulate and use that data, and how and when we use it to communicate to members. Particularly thanks to the PHES-wide work by the Managing Director (then Operations Director), Dominic, PHES data is now more complete, more secure, and used more effectively than in the past. All PHES staff have undertaken and passed the mandatory PHES GDPR e-learning, and this is refreshed annually.

Note ⁴	Financial Reporting (including grant-funded SORP development)	46,635
	HEPA	6,000
	Counter-Fraud	1,229
	Tax	4,849
	Miscellaneous	6,042
	Total	64,755

“ Thank you for your welcome. I had a good look around the website last week. There is some really good information on there and the discussion boards are very good. ”

The Year Ahead

Looking back to last year's report, BUFDG has made satisfying progress in most of the areas identified for development. The strategic review was undertaken and confirmed that BUFDG was on the right track, and that any progress would be evolutionary, rather than revolutionary.

We have automated a number of internal processes, especially those relating to membership services, with more planned for the next year. Similarly, our use of data to shape services has increased this year, and we expect to use at least limited data analysis to inform many of the services we provide in the next 12-18 months.

As mentioned above, we now have a three-year plan for developing our e-learning, and incremental website developments continue. The future for e-learning provision is particularly exciting, and we look forward to sharing these developments with members in the summer.

Collaboration with other PHES organisations continues to develop, although at an uneven pace given issues currently of interest to each of them. We've had success at co-hosting events, and the shared website infrastructure is a triumph that works so well it often goes unnoticed. We have also made good progress this year in converging on membership processes, and the membership team has been more efficient and effective as a result. There is still a sense that more could be done to share, and collaborate on, our various projects that may affect the members of multiple SIOs. We hope that continued staff proximity will help but have no concrete strategy for improving this in the coming 12 months.

This year has been a milestone of sorts, in that it is the first that we have been able to say that we offer at least a baseline level of support for all of the BUFDG 'interest areas'. Support for Tax, Procurement, Financial Reporting, and Counter-Fraud has been long-established, while close-cooperation with partners such as UUK and UCEA has helped us ensure that members receive appropriate support on Pensions issues. The creation two years ago of a Payroll taxes specialist role has filled in the Payroll and Expenses gap. While we don't have a dedicated specialist for Management Accounting or Treasury, we've been gradually developing services over the last two years and are pleased to offer both a dedicated Management Accounting conference and Treasury conference to members in 2019. This is in addition to our ongoing support for the sector's TRAC development group and associated conference.

Finally, we don't claim any special foresight for our correct prediction in last year's report that 2018/19 would be a challenging year for the HE sector. It is apparent that, with Brexit still undecided (at the time of writing), the Augar Review still to be published, rising staff costs for all providers, and no end in sight to the government's negative stance on immigration, the challenges remain. The trendy corporate term for these might be 'headwinds', but it is clear we are talking climate, rather than weather. BUFDG will continue to be flexible and responsive to the needs of members throughout 2019, both those we can predict, and the ones that emerge throughout the year.



There have been 4,184 posts on the discussion boards, viewed 282,524 times



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