



Welcome readers!

Welcome to the fourth edition of our Quarterly bulletin, for those working in or with the Higher Education Sector. This is our 'back to school' edition, and it will be a return like no other in our memory.

In my article, I describe the current experience of a university finance director in terms of heat and storms. It was topical when it was penned two weeks ago and unfortunately still accurate even though the weather has now turned! Our articles this time around include a pensions guide, planning challenges, and digital services – small contributions to mitigating the worst of the weather, but important, nonetheless.

Thanks for reading. If you have any feedback or comments on this issue, or you'd like to write something for the next quarter, please don't hesitate to get in touch with Karel and the BUFDG team.

Kind regards,

Sarah Randall-Paley

Director of Finance, Lancaster University and Chair, BUFDG.

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The heat is on

At the turn of the year it would have been hard to imagine that I would be writing this foreword in the very surprising temperature of 30 degrees for a corner of rural North Lancashire, some 20 miles north of my University which I have visited only once in the last 5 months.

Two nights ago we had the most terrifying thunderstorm here – the worst that I have ever experienced in the UK. It went on for hours from about midnight, with the flickering lightning like something out of a budget horror movie and rain at what sounded like monsoon strength. Unable to sleep, time was spent tracking the weather radar (wunderground.com – well worth a look) and you could see the storm over the whole north-west region – belt after belt came through. I was looking forward to reading the digital headlines the next morning about the storm that had devastated northern England. But there was nothing – we were not important enough to make the news and bigger more important stories covered the front and middle pages.

“The heat is on and we are in the midst of a storm of uncertainty, but who is paying sufficient attention?”

Then it occurred to me that this is exactly how it feels at the moment in the hotseat of a Finance Director in the UK. The heat is most definitely on and we are in the midst of a storm of uncertainty but who is paying sufficient attention in the current context? By the time you read this, the dust of clearing and adjustment might have settled and immediate student concerns about the Covid year exam results might have receded but we will still be left with significant uncertainties

over local lockdowns, quarantine periods, international travel restrictions and all manner of consequences of further waves of the dreaded virus here and overseas.

The reality is that no-one knows exactly what will happen but we do know that other sectors have been faring worse and more dramatically so are ahead of us in the queue for interest and practical support. A recent Bank of England webinar was both informative and salutary – with the Governor confirming that their latest forecast range of economic outcomes is now so great that they will not base policy decisions upon it. Instead they will wait for the real evidence in the form of economic data and react accordingly. That is high risk and therein lies the true heat for every FD or CFO – hoping for the best but being fully prepared for the worst. Let’s hope for some cooler days ahead.

Sarah Randall-Paley

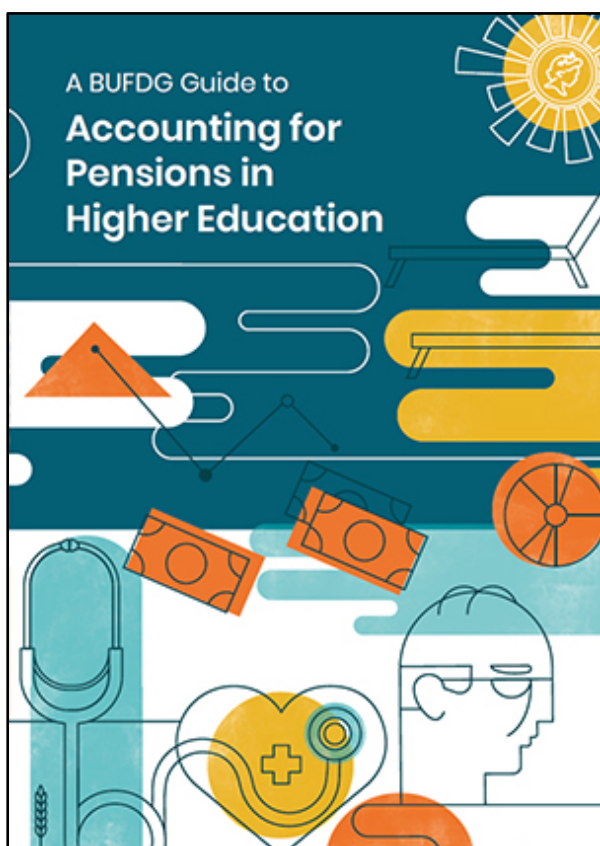
Director of Finance, Lancaster University and Chair, BUFDG.

New BUFDG guide to university pensions

In 2019 BUFDG launched an accessible guide, called *Understanding University Finance*, to be a companion for the broad church of university stakeholders and brave Annual Report explorers. The guide has since been downloaded over 5,000 times. While we’re working on an update to *Understanding University Finance*, we’re pleased to report that its sister guide, *Accounting for Pensions in Higher Education*, will be released by the end of September.

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A BUFDG Guide to Accounting for Pensions in Higher Education, to give it its full title, explains how sector pension schemes affect the financial reporting of universities, so that readers can better understand their financial performance. Pensions schemes in the sector are large, and the different schemes are often accounted for in their own complex ways. Without a full understanding, they can have what may appear to be a distortive impact on a university's finances.



The guide hopes to demystify some of this complexity, and as such can be used by a wide range of stakeholders. Not all of the guide will be relevant or useful to everyone, but various sections will be helpful for; senior staff who may be tasked with understanding financial information and making decisions based on their understanding; staff who are required to understand and explain financial information to others; staff who are interested in their

employer's financial performance, including trade unions and other staff representatives; and students and their representatives who are interested in financial information about their university.

The guide will launch on the BUFDG website and will be distributed to all those who receive the Chair's Quarterly, in the first instance. Unlike for the *Understanding University Finance* guide, we are not planning to produce any hard copies. We hope that you find the guide useful, and feel free to distribute it to colleagues as appropriate. If you have any questions about the guide in the meantime, please contact Matt on the details above.

Karel Thomas, Executive Director

Planning in the new economic landscape

Anyone involved in strategy and decision making at universities will likely find planning and forecasting very challenging in the current circumstances. The effect of Covid-19 and other risks means it's not just a question of new operational plans, but very likely strategic change, and probably re-structuring that is needed to align financial resilience with today's very different economic environment. Achieving this fit will mean a greater focus on cost control; making the right strategic choices, re-directing resources to priority areas; increasing effectiveness & efficiency; making good financing decisions; and delivering continuous improvement.

'Building the plan' takes a long time and a lot of staff effort. The problem is that the Executive Group now needs many more

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scenarios, risk assessments and re-forecasts to make the right decisions. External bodies are also demanding more data to show financial sustainability. So, how can you do this, quickly and reliably, and ensure plans capture input from, and generate ownership of, Schools and Departments?

“While no model is perfect, there may be steps you can take to integrate your systems more effectively”

You'll need to have a good, detailed robust and integrated financial planning model (I&E, B/S, C/F and financing). But how do you know if your existing model is 'good enough'? While no model is perfect, there may be steps you can take to integrate your systems more effectively, with minimal disruption, that can be enacted in weeks rather than months. In doing so, you can free up time and resources and equip the Executive Group with better information to manage financial resilience.

Here are nine questions you can use to benchmark your current model:

1. When one figure changes do all the financial statements update immediately, or are there a series of links to run?
2. Is data import from the finance and other systems easy and error free?
3. Are the relationships between the I&E, BS and CF clearly defined and easy to change?
4. Is the model sufficiently granular, and does it consolidate automatically?
5. Does it perform both in-year monthly forecasting and multi-year, 10 or even 20-year, forecasting?
6. Can you produce and compare, in-parallel, multiple scenarios all in the one model?
7. Is it easy to change structure, add new accounts, and update/write new reports?
8. If required, can schools directly input their own forecasts whilst maintaining centrally secure version control?
9. Can the reports and analysis be accessed 'live' via the web by senior managers as an 'assured single version of the truth'?

To discuss anything in this article, please contact Austin.

Austin Jackson, Account-Ability

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What lockdown has taught us

If lockdown has taught us anything positive, it's that we can share a lot of information with a lot of people in an efficient way, if we utilise digital resources.

BUFDG has taken this to heart, and will continue to utilise and improve our digital resources and services for members, and provide greater connection between our members and the HE sector's supporters via our digital services and platforms. We are making plans to provide more services to members in digital formats - we've made small changes during the lockdown period but we're also starting some bigger projects and our digital transformation will develop over the next 12-24 months. We're excited to share our developments with you as we move through the project.

One thing that circumstances forced was moving to online events. But there was a silver

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lining - during the three months from April-June we were able to support more delegates (1,280) through virtual events than in the eight months that made up the 'normal' part of the year prior to that. It's great to see that our members have used our virtual events to keep up to speed with technical issues as well as connecting with each other during what could have been a very isolating period.

As budgets for training and travel shrink across the HE sector, we'll be diving into the world of virtual conferences. We're holding our TRAC, Tax, and Management Accounting conferences online in September and October. We've got some great content lined up and we'll be using a full conferencing platform to deliver it.

While our TRAC conference is very much a members-only affair, tickets for our Tax conference can be purchased by advisers etc. – it takes place on 6-8 October and we have [a booking page for non-members which has all the details](#). The Management Accountants conference will take place on 14-15 October – producing this is a collective effort, so if you can offer value to members by contributing, then we'd love to hear from you. Please get in touch with Rachel (details above).

And of course we'd love to hear from anyone who would like to link up with us as part of our digital transformation. Our plans are at an early stage and we're happy to consider all sorts of ideas. Amanda is heading up this project in her new role as Digital Content Manager, working closely with the rest of the BUFDG team and our IT experts in PHES, so please get in touch if you'd like to discuss anything. We'll be sharing more with you about our digital transformation over the coming months.

Amanda Darley, Digital Content Manager

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