



Annual Report

2021

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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, like BUFDG, 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 five sector organisations under the PHES 'umbrella'; BUFDG, AUDE, HESPA, UHR, and CHEIA.

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

- The shared staff resources offer considerable savings to all organisations and to their university members, particularly around the collection of subscription fees, where the subscriptions of all five organisations are collected on the same invoice
- The database and Content Management System form the 'engine' that runs behind all five 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 five. Each organisation can also help the others in keeping the institutional and individual data up to date, and members only require one login to access all five websites.

Perhaps the biggest benefit however is the collaboration between staff from different SIOs. 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.

2,520
new members

1,379
full accounts and

1,141
new e-learning accounts

“
I continue to be very grateful to BUFDG which as a new FD at a time like this is a bit of a lifeline!
”



About BUFDG

The British Universities Finance Directors Group (BUFDG) is the **representative body** for higher education finance staff in the United Kingdom.

Our members are the Directors of Finance and Chief Financial Officers of UK

higher education institutions, and their staff. Our work in the Higher Education sector supports over 8,000 HE employees, in over 180 HE organisations. We are entirely owned by our member HE institutions and are not-for-profit.

About this report

We have delayed the publication of this report until June this year, due to the changing timings of both the Annual Conference and the AGM, and to better fit with the financial year. It means that this report covers a longer period (14 months) than prior reports. We will be reviewing publication timescales in future years.

This annual report seeks to adopt some 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.

An Integrated Report is a journey, as well as a snapshot in time. It 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.

The report also shows how the organisation has sought to meet its objectives over the last year.

This past year has been extremely challenging for BUFDG, as it has been for most organisations. While our core objectives have not changed over the year, we have had to be adaptable, and many of our plans have been altered or re-prioritised at various points throughout the year. This does not mean that we can't evaluate our performance, but rather that the evaluation is focused on whether our members feel we have supported them and met their needs throughout the year, rather than on specific outputs.

Like many organisations, we felt that it was necessary to update our strategic plan earlier than expected. The current plan was originally intended to run until 2022. We will be sharing these updates with members, and the implications for activity, later in 2021.

This report aims to provide an insight into how BUFDG thinks and works, as well as the more 'traditional' annual report of what the organisation has achieved over the last year, and its financial situation and projections. This will hopefully show that BUFDG not only delivers value in the short-term but is also a sustainable and worthwhile partner in the long-term.

115
training events
run for ...
4,950
delegates

Our Objectives

BUFDG's core objectives are:

I. To inform, guide and support

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

- being the leading source of information, comment, and support on finance matters in the HE sector, including procurement and tax;
- promoting high standards and best practice in HE finance departments, to help them deliver value to all stakeholders; and
- working with members to provide solutions to common HE finance issues and challenges.

4

new BUFDG institutional members

685

We've posted 685 website news articles



2. To facilitate networking and development

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 through:

- providing forums for networking, discussion, consultation and exchange; and
- providing and signposting appropriate opportunities for learning and development.

3. To partner, coordinate, advocate and influence

BUFDG will lead and catalyse partnership working among the wide range of professional associations, think-tanks, mission groups, and membership organisations, in the best interest of all its members. Before launching any project or service, BUFDG will ask, “who can we work with?”

We will:

- work in partnership with related organisations, regionally and nationally;
- work collaboratively with supporters of and suppliers to the HE sector in the best interests of our members;
- advocate and influence on behalf of all our members to government, policy makers, and external stakeholders; and
- work with integrity.

53

networking meetings held for...

1,180

members



Chair's foreword

Sarah Randall-Paley
Director of Finance, Lancaster University



In the introduction to last year's report I wrote: *"Navigating 2019 involved much interpretation and, dare I say it, guess work, and I foresee that 2020 will be no different. The real job of the finance director is therefore to guide others through the maze of evidence and noise to make considered, reasonable decisions that not only stand challenge by governors, but the much stiffer test of time"*. While no-one could have predicted what was to come, I think our network, and the broader sector, can be proud of how it has responded.

Yet, in the middle of this once-in-a-generation challenge, students must still be taught, research must be done, returns submitted, grass mown (where applicable!), and bills paid. Maybe it is this 'normal' life of universities that poses the biggest challenge for the coming year. We know we will not be returning to exactly how things were, and there is no precedent for where we go from here, or how the terrain might change. The sector will collaborate and share ideas as it has always done, but each institution is looking ahead and planning its own path – from either a high mountain or a deep valley it does not matter, as each has only a blank map on a foggy day.

It is the job of BUFDG, and organisations like it across the sector, to support their member institutions to find their way. The account of the support provided over the last year outlined in this report, as well as the plans for the year to come, fills me with confidence that the BUFDG team will continue to be a valuable asset to sector finance leaders and their teams. On behalf of all of us, I thank them for their hard work, imagination, and willingness to adapt to meet the needs of members. Some of the many innovations will no doubt endure.

Equally valuable though is the continued willingness of CFOs (and all with related job titles) to remain positive, collegial, supportive of each other, and to contribute to collective initiatives. While 'change is the only constant', I do hope this is something which stays the same! Thank you for your continued support and involvement in the network.

Message from the Executive Director



Karel Thomas
Executive Director, BUFDG

After the initial shock and disruption of last year's lockdown I'm pleased that - as Sarah mentions - the BUFDG team adapted well to their new working patterns and locations. While more than half of the team already worked from home, there was still much to adjust to - particularly sharing office space with other family members! For the first time in a long time it was very helpful that there were no staffing changes planned, as there was more than enough to focus on.

Indeed, from our perspective the list of challenges facing the sector in the next year is as long and concerning as we can remember. The continuing fallout of the pandemic and Brexit are just two, along with pensions, audit and governance, and countless employment issues, not to mention the potential overhaul of the student funding system are all lining up to keep us busy. These and more are outlined on page 24.

Operationally, we have ambitious new digital plans (featuring an all-new website next Summer), an overhaul of our L&D

provision to fit with the new world of hybrid learning, and proposals for more permanent changes to the pattern and style of annual conferences. We're also planning to review the entire e-learning suite and add to it.

Our work will always be led by the fact that we are owned by, guided by and here to support our members. We are also mindful that our members are members of other HE sector associations who we work and cooperate with, for the benefit of the sector. PHES is a prominent example of this, but we have produced great results over the last 12 months through collaboration with other sector organisations, and we hope that this will continue.

Members posting to and reading the discussion boards, attending regional meetings and conferences, taking part in working groups, or doing e-learning modules are the proof we need that we are doing something right. Thank you for your support, without which we couldn't support you.

Here's to a bright future!

“

Many thanks to everyone at BUFDG for helping keep us up to speed in this fast moving environment

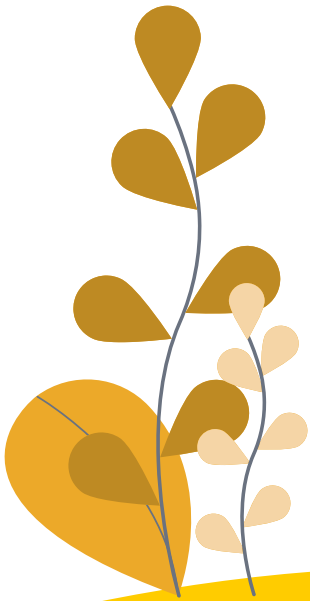
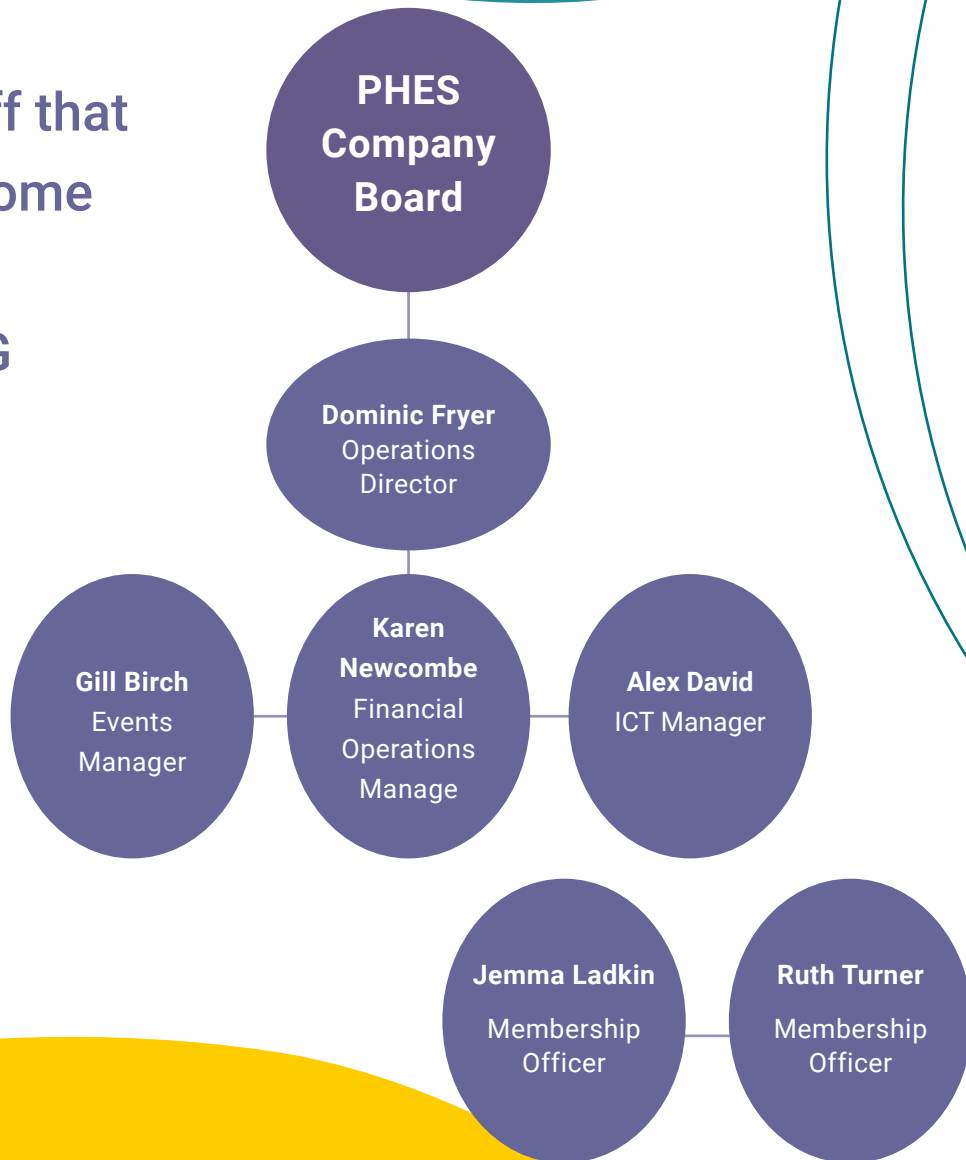
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Organisational Structure

While BUFDG has never had what could be described as ‘high staff turnover’, we have grown continually. This is therefore the first year for many that there have been no staff additions or changes – not just across BUFDG but the wider PHES company.

It has proved to be a good year for ‘consolidation’ – in that we have been able to focus on adapting and delivering value for members rather than bringing new members of the team up to speed. In the past we worked hard to include home-workers in BUFDG team activities – we have all been home-workers since March 2020 and will consider carefully how we use the Loughborough office in future to make sure we retain the new sense of “team BUFDG”.

PHES staff that work, in some capacity, for BUFDG



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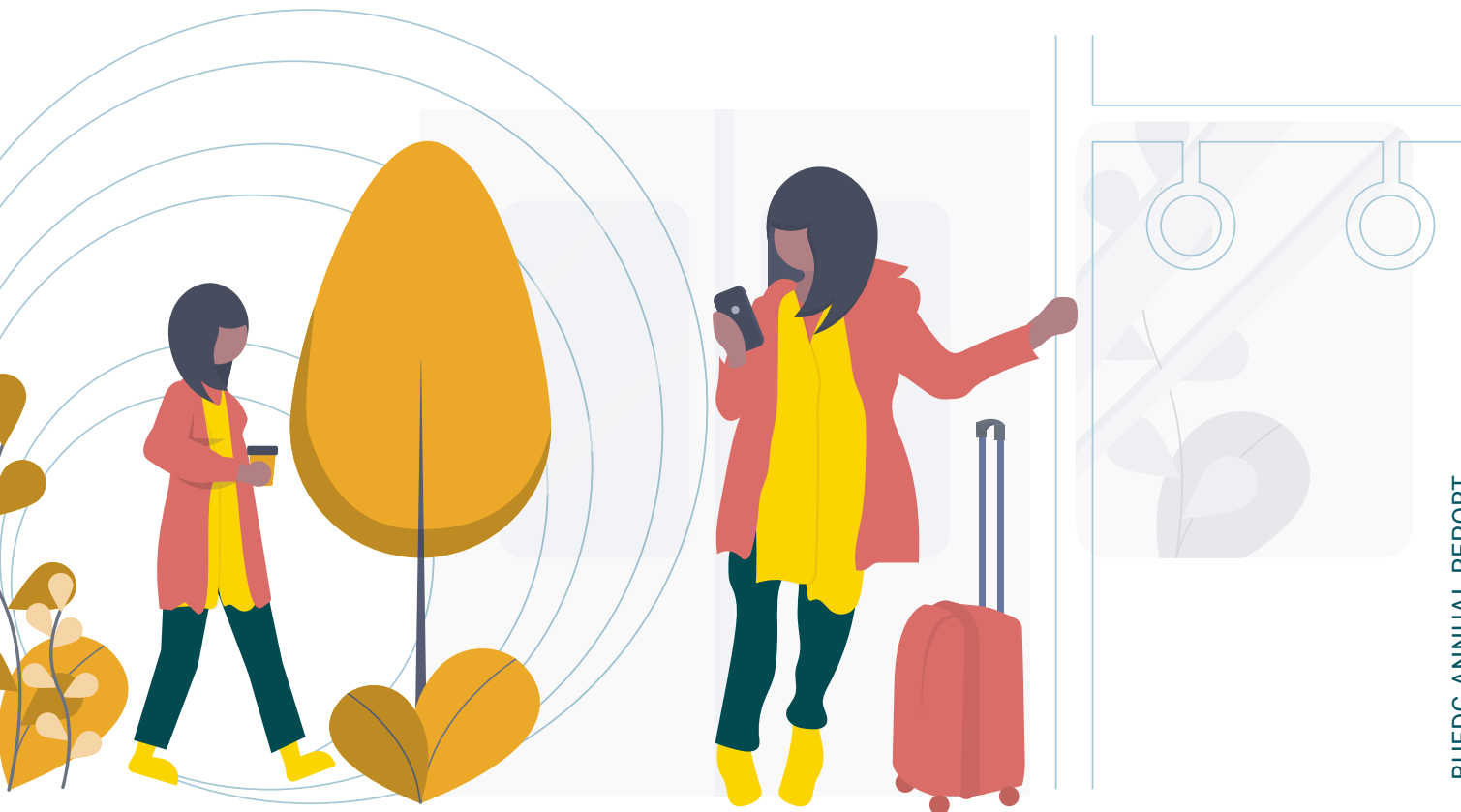
Thank you for all of the excellent work you are doing - I know how much it is hugely appreciated across the sector in Wales, as I'm sure it is in the other countries of the UK

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BUFDG staff during 2020/21



“
Thanks for BUFDG for excellent support during these times
”



Working group activity

We think of the Working Groups as the ‘motors’ of BUFDG, undertaking essential programmes of work in areas important to university finance teams. They are led by the participating members and supported by a member of the BUFDG staff team. Each of the working groups contributes in many different ways to BUFDG’s overall objectives (see www.bufdg.ac.uk/about/about-bufdg/).

The permanent BUFDG working groups are:

Group	Chair	BUFDG Support
Tax	Alison Davies Director of Finance, Aston University	Andrea Marshall andrea@bufdg.ac.uk
Payroll and Expenses	Currently Vacant – would you like to volunteer?	Julia Ascott julia@bufdg.ac.uk
Financial Reporting	Erica Conway Director of Finance, University of Birmingham	Karen Newcombe karen@phes.ac.uk
Procurement (HEPA)	Martyn Riddleston Chief Operating Officer, University of Leicester	Ashley Shelbrooke ashley@hepa.ac.uk
Learning and Development	Simon Newitt Director of Finance, Northumbria University	Rachel McLone rachel@bufdg.ac.uk
Counter-Fraud	Andy McGoff, Finance and Operations Director, Edinburgh Napier University	Ashley Shelbrooke ashley@hepa.ac.uk

The activities of the working groups are integrated throughout the rest of the report. However, if you would like to find out more about a group, or perhaps join one, then do contact the respective BUFDG staff support.

“

Thank you for all your advice and guidance over the 20 years that I have been in HE, although I may not have left HE quite yet!

”

Objective 1 – To inform, guide, and support

As lockdown struck early last year, BUFDG's objective to inform, guide, and support members became our primary focus. However, it took a different tack to what we might have expected in the past. In last year's Annual Report we talked about the intention to make use of webinars and MS Teams more in informing and guiding members – little did we know this would be forced on us to the extent that it was.

We quickly adapted to the technology, and over the course of the year hosted more than 50 webinars (our 'Time to Talk' sessions) on a whole range of issues across tax, procurement, counter-fraud, financial reporting, systems development, and beyond - as a quick way of disseminating information to members and facilitating discussions.

Our regular surveys and reports continued despite the pandemic, although the timings of some were shuffled around to ease workloads on members. We intend to use the information we get through our regular surveys to assist members with benchmarking and to support our conversations with other sector bodies, but we are perhaps more mindful than ever of the value of members' time, and that there are sometimes easier and more efficient ways for members to share the information with us. We have already opted for much shorter versions of some surveys and have trialled other approaches such as single-question queries in direct emails.

While we had expected heavy resource commitment into e-learning, much of this was overtaken by the virtual meetings, events and conferences. E-learning work though has continued behind the scenes, which is important though not necessarily highly visible to members. We've been reviewing the accessibility of our existing courses which, we're sad to say, were not up to scratch. But due to some recent updates from the software provider and a plan of attack to update all existing courses, they soon will be. We've also started content updates of the e-learning, starting with incorporating a number of recent changes into the tax courses, and we're looking at all other courses, starting with our oldest procurement ones. >



Our most frequent point of contact with members is still our regular newsletters, with the 'Monthly' Digest becoming fortnightly at the start of the pandemic, to keep up to date with the much faster pace of news. This was also matched by the fortnightly TaxHE update newsletter, which is sent out in alternate weeks to the Digest. The HEPA Digest was also moved to fortnightly, so that all newsletters are now on the optimum schedule. The publication schedule is supplemented by our Chair's Quarterly, which has continued to develop this year.

Finally, we introduced a new 'blog' area for mid-sized articles and opinion, and this has given us the opportunity to feature comment from conference supporters, for which there was no previous 'home' on the website. Pensions have proved to be a popular topic so far! ▶

“

For my part I think you are fulfilling a most valuable role so thank you to you and your colleagues and keep at it

”

The Tax 'Double-Whammy' – Brexit and the pandemic

There are two issues that have created a lot of discussion this year from an indirect taxes perspective: the first is (of course) Brexit. Universities are experiencing more administrative problems as goods get stuck at the point of entry into the UK, plus incorrectly completed import entries are leading to overpayment of import VAT and duty. The individual values per entry may be low but when consolidated, significant amounts are incurred. Andrea has been liaising with HMRC to try and find a pragmatic solution to this issue.

The second issue is payment of overseas indirect taxes. The pandemic has led to many international students accessing their learning in their country of residence. This may lead to the need to pay overseas sales taxes. As a result, with help from the National Tax group, Andrea published the "Making Education Digital" spreadsheet which members have commended as a very useful resource to prioritise the countries of most risk.

In the world of employment taxes, again there were two major concerns within the sector. The Off-Payroll Working rules were updated in April 2021 (delayed from April 2020), which resulted in a number of system and procedural changes for HEIs. To assist HEIs with the updates and address confusion around the understanding of basic principles, Julia presented the "Off Payroll Working Rules for Universities", attended by over 150 members.

Finally, global mobility was a national issue for many employers in the UK and universities were no exception. The pandemic highlighted employees who were working overseas, potentially, without the knowledge of the university. This created a tax risk of course, but the fact that employees may not have access to emergency healthcare should they need it was a top priority. Time to Talk sessions around remote working, stranded employees, etc. were held and with the help of the International Tax Committee, BUFDG published a European signposting document as a first port of call for universities tackling compliance overseas.

With the current reactive environment, we have diverted resources away from more substantial publications. However, Julia and Andrea have pulled together some key reference documents on JRS, Brexit, Accommodation, the Reduced VAT rate and e-publications. The difference being these are 'responsive' rather than static documents and are updated regularly. We did prioritise the much-needed pensions explainer though - our *Guide to Accounting for Pensions in Higher Education* was published in September (more in the box below).

Pensions continue to cover much of the work of Financial Reporting Group, with the USS 2020 valuation and implications in the event of non-agreement exercising the sector's finest minds.

We intend to publish a *Guide to Tax in Higher Education* during 2021/22, as well as an update to the *Understanding University Finance* explainer, which will be due out in the Autumn.

2,112
posts on the
discussion boards with
146,627
views

Who knew 'Pensions' were so popular?

Our much-anticipated BUFDG *Guide to Accounting for Pensions in Higher Education* was published in September 2020 and helps explain what to many is a mystery. It was written for university governors, non-accounting staff, students, staff representatives and student representatives as well as for Finance Directors and colleagues in finance teams tasked with producing financial statements and accompanying notes.

The Guide isn't a quick-read – it was designed to help readers who start with different levels of understanding to navigate the numbers and extensive notes to the accounts to appreciate why pension schemes can cause significant impacts on universities' reported results and reserves. The technical content of the chapters increases further into the guide – not all will read to the very last chapter. It was designed so that each chapter could be the end, depending on the reader's appetite and requirement for knowledge. To the enthusiastic and determined reader, however, perseverance to the end, several times, has hopefully been rewarded by a new level of understanding.

The Guide is not a commentary on the rights or wrongs of pension schemes' funding strategies or their valuation methods, but was written with the aim of improving understanding of financial statements and universities' financial positions. We hope that it will continue to equip readers with enough knowledge to ask more questions. In the seven months since publication the guide has been downloaded over 1,700 times.

Objective 2 – To facilitate networking and development

The focus for L&D over the last 12 months has been to adapt to the ‘new normal’ and, generally, we feel we have succeeded! Our key regional meetings have coped admirably with the switch to online support and colleagues have been at least as engaged and communicative as with face-to-face events.

The BUFDG tax network has been a priority over the last year, so during lockdown Julia and Andrea have hosted over 20 Time to Tax sessions on a variety of tax related issues from Global Mobility to JRS to Brexit to Making Tax Digital. PEG, International and Regional Tax Group meetings have also been held and it is encouraging to see an increase in member engagement. Some more structured courses have also been held on on/off payroll issues, customs issues and corporation tax.

For Financial Reporting colleagues, unfortunately only one of the eight planned workshops was able to take place in Spring of 2020 following lockdown measures. In their place a webinar took place in May 2020 with approximately 140 participants.

It was presented by the Chair of FRG together with representatives from two audit firms. There were 2 more workshops in the Spring of 2021 to cover new updates, as well as the FRG review of 19/20 financial statements, with a report due in the Autumn.

We will continue to review our L&D programme as we build our experience of alternative methods of delivery, and as the next stages of the pandemic unfold. Our numbers at online events have been generally significantly higher than face to face. We’ve reached new members through our online events and we need to continue this momentum. Many of our current face to face training courses have been, or are being revamped to be delivered online, which brings an enhanced experience in many ways as delegates have time to reflect and review. ▶

“

I thought you’d like to know that our Court members love the guide! One non-financial lay member has just told me how helpful it was. She found the guide very readable and easy to follow

”

Yet there is still a balance to strike. While we have tried different methods for informal networking, we have not yet hit the sweet spot. It remains a challenge and is a key factor in our considerations of what continues to be delivered online and what may return to face-to-face. We also can't ignore that the pandemic has changed the preferences of many of our members, and these need to be taken into account. Our conclusion thus far is a balanced approach that seeks to develop on-line offerings, while reserving face-to-face for selected activities.

Our regional director group meetings are one of the areas where a balanced approach seems the most likely way forward, with a proposal for alternating online and in-person gatherings. We are still working on a solution for the annual conference, HEPA conference, and our other major conferences, which have all been held online over the last 12 months. The online Annual Conference was generally a big success (see pop-out box below), but there are definitely pros and cons and, as always, it is impossible to please everyone. ➤

66
sessions and
workshops with...

117
speakers
and chairs

930
delegates from...

226
sector
organisations

Adapting the Conference

The BUFDG Annual Conference has been a significant focus (and source) of BUFDG resources over the last two decades. However, feedback scores for the Annual Conference had declined over the last few years and, while they still fared well against comparable conferences, delegate numbers at the 2019 conference were lower than expected. As a result, we had made some substantial changes for the 2020 conference, which was due to take place at the University of Salford at the beginning of April last year. The rest, as they say, is history, as the conference was cancelled by the pandemic with just a few weeks' notice.

In the Summer of 2020 we made the decision that the 2021 event should be entirely online, and of a very different size and scope than we would have imagined just a year prior. In the end, over 900 delegates, supporters, and speakers attended on the Hopin platform over the course of the week. The event was generally a huge success – many hundreds more university staff were able to benefit than would ever have been possible at a traditional face-to-face format. Delegates engaged and interacted well with sessions – both in discussions with each other (which couldn't have happened in sessions at a live event) and with questions for the presenters. And it was clear that attendees benefited greatly from the comments, resources and experiences shared by fellow delegates.

Despite our best efforts, other aspects of the conference – notably the networking with sponsors and supporters – worked less well. However, the general success of the event itself, and the extensive feedback from both members and supporters has given us much to consider, as we finalise our ideas for future events and for the 2021/22 L&D and Networking programme. The lesson we and our members learned is that we are all more flexible and adaptable than we previously realised.

It is likely that Conferences will continue online for the remainder of 2021, with the 2022 Annual Conference expected to develop into an all-member BUFDG online ‘festival’ at no cost (or very minimal cost) to members. However, we will aim to restore some face-to-face networking and development opportunities for supporters and finance directors to supplement this (Covid permitting - including having enough certainty to allow planning time required). The addition of a new Supporter Directory in the Autumn of 2020 certainly helped with communication between universities and sector suppliers, but it isn’t, and can’t be, a replacement for more ‘traditional’ networking.

For 2022 we’ll review our suite of regular training and development courses with our newly acquired knowledge and experience of running courses in more varied ways. This will mean redeveloping some courses

from scratch in new formats where appropriate, considering in particular the effectiveness of delivery, different learning styles, member budgets and time, sustainability, and networking opportunities. We’ll also be overhauling our general mentoring programme to make best use of digital resources and allow more members to get involved.

“

I am sure I am not the first person to say this and I will not be the last but the BUFDG team make it much easier for finance professionals to provide the ‘right’ level of support for their institutions

”



Objective 3 – To partner, coordinate, advocate, and influence

It is difficult to judge ‘from the inside’, but BUFDG has perhaps been more visible on the sector stage over the last year than any year prior. The unique challenges of the pandemic have meant that coordinated working with partners has been crucial to meet the needs of our university members.

Over the course of 2020 we undertook three surveys in conjunction with UUK on the financial implications of the pandemic - the results of which were useful in sector discussions with government and regulators. We have also responded to a significant number of government consultations – on tax in particular, but also procurement (the Green Paper on transforming public procurement), as well as other areas. It is often the case that there are only a few visible outputs from countless conversations ‘behind the scenes’.

For the Financial Reporting Group, work on the SORP and sector compliance has been a collective effort. The review of the 19/20 financial statements – the first under new FEHE SORP 2019 - covered 40 sets of Financial Statements for compliance and this fed into discussion workshops. We are already starting to think about the next SORP however, which could be effective in time for the 2024/25 Financial Statements. The Financial Reporting Council issued a consultation earlier this year to inform the periodic review of FRS 102. This includes considering if and how

UK GAAP (including FRS 102) should be updated for consistency with IFRS 9, 15 and 16, and will conclude in the Autumn. There is also the challenging issue of the government’s widespread Reform of Audit and Corporate Governance, which has the potential to impact the sector quite considerably. The FRG has started to look at the implications (see pop-out box below), and universities were encouraged to submit responses.

Another significant area of collaboration has been around developments to sector pension schemes (and USS in particular), where BUFDG has been a facilitator. Challenges remain to finding a solution to the 2020 valuation, and UUK’s pragmatic illustrative proposals with employers, USS and staff require all having to give something up to balance the books. While we hope BUFDG’s pensions guide has helped with the overall levels of pensions literacy across the sector, there clearly remains more work to be done on pensions ‘myth busting’, and understanding financial risk and sustainability. BUFDG will continue to work with the prominent sector associations in the discussions - UUK, UCEA, USS, CUC – as well as its own members – to help find the path ahead. ▶

We have hosted

4

annual conferences. attended by...

1,530

delegates

“

I think BUFDG is a great example of a sector body that is positive, active and responsive and long may it thrive

”

Corporate governance under review

We were delighted to welcome over 200 colleagues to our FRG workshop in April, that came hard on the heels of the most recent FRG meeting that discussed the BEIS Consultation on Restoring trust in audit and corporate governance. The group had been tracking the progress of this consultation for some time. One of the key proposals relates to the definition of a Public Interest Entity (PIE) included under the 'Regulatory Framework' theme. At present only those universities with listed debt (fewer than 10) meet the definition of a PIE.

The proposals offer options that could see the definition of a PIE broadened to organisations with more than 500 employees, or a turnover of more than £200m, with other considerations included. Should these options be chosen, it would draw into scope a large proportion of universities, which would then cause many of the other proposals in the consultation to apply. These include increased accountability/extended requirements of directors (exec and non-exec) – along the lines of Sarbanes-Oxley. The aims of the consultation, to restore trust in companies and their auditors is well founded and to expand the audit choice is something we all seek. Yet if this is implemented as set out, it will change the governance, audit and reporting of a very large number of universities.

Good governance and integrity are vital but it is clear from conversations with members that there are concerns from across the sector. These include the reporting requirements of multiple existing funders and regulators and how even more reporting would sit alongside them; the availability of sufficient audit firms qualified and authorised to undertake audits of PIES and on audit fees; the risk of the unintended consequences of being a 'supplementary' addition to regulation which is primarily targeted at a very different sector (in terms of profit-motive and risk profile, in particular); as well as further complications from different existing arrangements across the four nations of the UK. BUFDG has been, and is working with UUK, the OfS, and others to ensure that the sector's voice is heard.

It has also been a year where BUFDG's relationship with its umbrella organisation, PHES, and its fellow PHES associations, has been extremely valuable - from the early days of the pandemic, when it became clear that the company's shared finances would leave the group in good health, to the sharing of pandemic-specific resources across all PHES websites, to the sharing of networking and conferencing software licenses and expertise.

The last 18 months have proved that there is definitely strength in numbers, and the reciprocal and mutually-supportive relationships have enabled all PHES associations to survive and even flourish through what has been an immensely challenging period.

Staff Profile - Julia

My first few weeks working for BUFDG back in November 2019 were spent travelling around the country with colleague Amanda Darley, meeting members at the Payroll & Expenses Groups and the newly established International Forums. Every day was spent in a new area, with new members to meet and issues to discuss. Back to 2021, I reminisce fondly about hectic travel itineraries and being able to meet members face to face, rather than waving to them over a laptop screen.

The job of Employment Taxes specialist is now far more sedentary, but it has certainly not changed in intensity. The 20/21 year has been a whirlwind, concentrating on new legislation for the Coronavirus Job Retention Scheme (CJRS) as well as building more resources on the BUFDG

website for key areas of employment taxes, including employment status and the off-payroll working rules (IR35) and global mobility following the displacement of employees across the world.

My next areas of focus will be on 'hybrid working arrangements', whether that is a more flexible working pattern where employees mix their working time between campus and home; or working from a home that happens to be outside of the UK. There are major, and often costly, implications for getting the tax wrong, particularly for overseas aspects, which is why BUFDG is aiming to produce guidance and signposts to support universities.

562

job vacancies listed and viewed

10

times each on average

“

I thought the session was so informative and interesting. The L&D and information materials are of an exceptional quality and they've really helped me in my new role

”

Finances

As is the case for many organisations, 2019/20 was a hugely challenging year from a financial perspective. For the year ended 31 July 2020, BUFDG reported a loss before Corporation Tax of £93k against a budget of £118k. This was mainly due to the loss on the 2020 conference due to the first lockdown, as well as much lower contributions from other L&D activities.

When it became obvious in March 2020 that the conference could not take place, any refunds were claimed and credit notes obtained for the conference and other face-to-face events. Economies were introduced as website development was delayed, no further consultancy was commissioned, and e-learning development was not possible. In addition, the travel budget was not required. Despite this tightening, we relied on (and are extremely grateful to) the significant numbers of conference sponsors and delegates who agreed to carry forward their 2020 fees paid to 2021. This gave a significant cash advantage which allowed the organisation to operate with more certainty through the year.

Given the impact from Coronavirus and uncertainty about the future, a prudent budget was set in June 2020 for 2020/21. It assumed, with a conference income budget of £200k, that attendance at the annual conference would be much reduced. Subscriptions were increased to close the gap between fixed income and fixed expenditure. This budget allowed for a gradual recovery in reserves over a number of years to the level required by PHES Ltd. However, our successful 2021 online conference, plus the increase in income from both regular subscriptions (470k to £657k) and BUFDG Pro subscriptions, meant that we were able to return to the required level of reserves, and a healthy financial position, in a single year.

This justifies the decision last year to return to the principle of core expenditure matched by core subscription income. This also means that for 2021/22, we are able to propose a budget that includes only a modest contribution from conference and L&D events. Discussions at regional meetings and conversations with members have explored alternative ways of engaging with sponsors and supporters in a less financially onerous way. Future events will be priced to deliver a modest contribution to special projects budgets. We are also able to freeze subscription income for next year. The proposed rates, exclusive of VAT, are:

Band	BUFDG Subscription rates	Standard (£ excl. VAT)	BUFDG Pro (£ excl. VAT)
6	Turnover > £400 million	3,106	4,356
5	Turnover > £200 million	2,902	3,827
4	Turnover > £100 million	2,703	3,578
3	Turnover > £20 million	2,382	3,157
2	Turnover > £5 million	1,561	2,056
1	Turnover < £5 million	1,050	1,500

Despite the tribulations of the last 12 months, we are grateful to the membership for their support in continuing to pay subscriptions. We hope that this was a demonstration of the regard and value that members hold of BUFDG as an advisory and policy body, rather than simply a provider of a series of discretionary activities.

Indicative budgets for 2022/23 and 2023/24 show modest increases in subscriptions. However, savings that could be made to shrink the budget without impairing service will always be considered.

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Many thanks for the information in your detailed email and the welcome to BUFDG - most useful and very much appreciated!

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BUFDG Accounts

BUFDG Statement of Accounts for the year ending 31 July 2020

	Year to 31 July 2020	Year to 31 July 2019
Income		
BUFDG membership subscriptions	618,034	454,660
BUFDG conferences and L & D Events	121,981	766,179
Grant income	0	2,500
Total	740,015	1,223,339
Expenditure		
BUFDG Salaries	540,385	486,615
Staff T & D	216	1,795
Travel and subsistence	29,001	32,628
Website	5,835	9,652
Conferences and L & D Events	139,192	487,737
General Office Costs	12,797	8,420
Marketing and Communications	4,199	4,013
Overheads	23,505	28,874
Room hire for working groups	7,551	20,023
Subscriptions to other organisations	964	6,850
Special projects	10,070	34,524
Total	835,602	1,121,132
Loss before interest	(95,587)	102,207
Interest	2,162	437
Loss for the year before corporation tax	(93,425)	102,644
Corporation tax refund	13,518	13,518
Loss for the year	(79,907)	
Fund balance brought forward	193,826	104,699
Accumulated funds carried forward	113,919	193,825

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The BUFDG guide will be a very useful grounding for new staff here to understand the pensions landscape in universities and the related accounting challenges

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BUFDG Statement of Accounts for the year ending 31 July 2020

	Year to 31 July 2020	Year to 31 July 2019
Income represented by		
PHES Balance Sheet		
Debtors	156,477	150,289
Cash at bank	1,864,839	1,397,143
Trade creditors	-6,870	-57,003
Other creditors	-979,742	-126,830
	1,034,704	1,363,599
BUFDG reserves	113,919	198,325
PHES Other reserves	920,785	1,165,274
	1,034,704	1,363,599

Analysis of Special projects

FRG	2,750
BUFDG guidance	6,250
Miscellaneous	1,070
Total	10,070

“

I just wanted to say thanks for pulling together all of the current waterfall of changes being published at the moment. There's no way, given the number of items, I could possibly collate them myself

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Risks and challenges

The risks foreseen in our previous annual reports pale in comparison to the actual challenge of the last 12 months – and we've all had time to reflect that 'no-one had a global pandemic on their risk register'. It's not entirely true – the timing of our prior report in March last year meant that we were at least able to name-check it, but with no real understanding of its impact.

It was included in a paragraph that considered how COVID, along with Brexit, could challenge the financial sustainability of some members, to the extent that they may choose not to renew their subscription. Thankfully, BUFDG membership has not shrunk since, and neither has apparent enthusiasm for what it provides. The team has been buoyed that members have expressed how membership is more valuable than ever in the current climate.

We can't rest on our laurels, however, and have taken the opportunity to review our organisational strategy a year earlier than planned. Like many in the sector, we have abandoned expectations of a 'return to normal'. We are looking to embed and improve on all the changes made over the last year – and seeking to be proactive rather than reactive.

There are risks first mentioned in previous years that we continue to monitor. Firstly, in a small organisation, the threat from a loss of key (or any!) staff, is always on our minds. Since last year's report we have shared out more of the responsibilities of the Executive Director – particularly with the Digital Content Manager, to reduce exposure. We are also currently reviewing all roles and responsibilities within the organisation, and will have these finalised by the Summer.

This should further reduce reliance on key individuals and improve resilience should any staff leave.

In last year's report we also mentioned concern over our reliance on conference, e-learning, and L&D income to meet main costs. The existing model was already being reviewed at the time of publication, and following changes, the organisation is on a more secure financial footing, with increased subscriptions now covering core expenditure. In addition, the success of the 2021 online conference has boosted reserves, such that we now meet the minimum level specified in the conditions of PHES affiliation.

We continue to monitor and consider where other – particularly commercial – organisations offer finance support and training in the sector, and whether this poses a risk to BUFDG. It is a difficult line to tread – BUFDG is a small organisation and can never hope to meet all members' needs on its own. In addition, it has always had a role to play in helping other organisations provide relevant and valuable support for BUFDG members. Rather than seeing this as a threat, the challenge remains for BUFDG to be a good coordinator, facilitator, and partner in the sector, and to focus itself on 'high-value' support – providing services to members that it is in a unique position to deliver. The existing governance structures within BUFDG help to keep these services in focus and allocate resources accordingly.

While we would not wish to experience the last year again, the organisation has learnt a lot about itself, and is arguably in a stronger position for it. The challenge now is to embed the new strategic plan, and continue to adapt to support members as the sector, and country, adjusts to whatever the 'new normal' turns out to be.

Our document resources have been downloaded by members **28,900** times

The year ahead

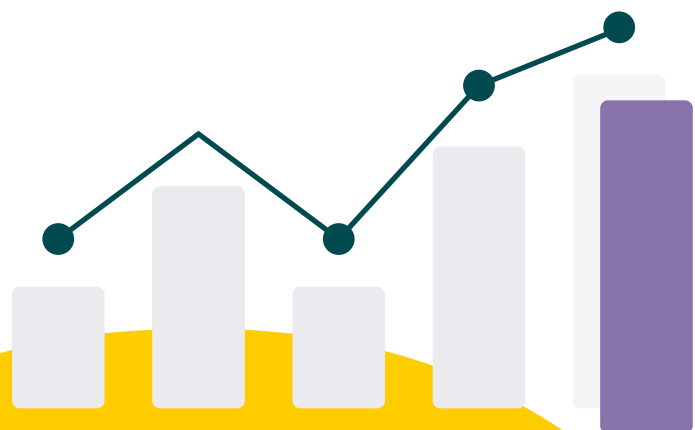
The year gone has been one of adaptation and change, and the year ahead may yet prove to be more of the same, albeit hopefully in different ways. We do not yet know what the ‘new normal’ will look like, but we do understand that there won’t be a return to the old one. For BUFDG, we have a new strategic plan and a list of aims to be excited about. We also need to remain flexible enough to meet any additional needs of members as they emerge.

Firstly, we will continue to develop our e-learning suite, as well as reviewing and updating all existing courses. This will be matched by an overhaul of our L&D offering, so that they continue to meet the needs of finance teams. We will continue to be collaborative with other associations both within and beyond PHES, working on cross-SIO events, and giving wider access to resources for our members. Some courses were missed last year as we focused resources elsewhere, but we will look to bring these back where there is demand. The Introduction to HE, Director Development Days and Action Learning Sets still proved popular in on-line formats.

We have a schedule of conferences planned - an online 2022 annual conference/festival and the various specialist conferences including Tax, MA, and Treasury that need to be delivered to the high standard now expected. We will continue to support a full range of regional meetings and working groups. In addition, webinars and ‘Time to Talks’ have become a simple and effective way to facilitate learning, and these will continue through 2021/22.

BUFDG digital started to take off in 2020/21 but, as with much of our work this year, not entirely in the direction we had expected. Our website and other digital networking and support will be a focus of the next year, and we intend to deliver an entirely new BUFDG website by Summer 2022. This will be enhanced by internal work to use engagement, communications, and e-learning data to improve services and the ‘member journey’. We’ve also just started trialling a light-touch presence on LinkedIn and will test additional social media activity to see if it can add value to members.

Over the course of the next year BUFDG will need to monitor a wide range of issues on behalf of members. Of the ‘big picture’ issues, at the forefront of the sector’s mind is how it transitions from the majority of COVID restrictions and impacts, and how it adapts to the ones that remain. Brexit is still a ‘live’ issue, with implications/ consequences of existing arrangements still being worked out. Universities are also more mindful of their responsibility to lead on environmental sustainability and action, and this will be an increasing focus over time. COP26 is due to take place in the UK this year, and there are more technical responses such as expected action from the procurement Green Paper.



At a sector level, the big issue of pensions continues to test patience and goodwill. It comes at a time when there are also broader changes in working patterns and preferences due to the pandemic and demographics – how employees work, where they work, for how long, and with what benefits – with all the tax, estates, HR, and pension implications that may arise. The size, shape, and location of university finance teams may change quite drastically as a result. Concern about the current state of audit has been bubbling away, with a growing shortage of willing audit firms to provide comprehensive audit services to all HEIs. At the same time, potentially significant changes could be required following the government’s extensive consultation on audit and corporate governance.

The latter point may well turn out to be a longer-term issue to monitor, along with the government’s various initiatives and slogans around investment and R&D. There is a distant goal to invest 2.4% of UK GDP in Research and Development by 2027, which encompasses reductions in overseas aid, negotiated access (or not) to European research programmes and funding, a new ‘blue-skies’ research funding body, the ‘Levelling-up’ agenda, and more.

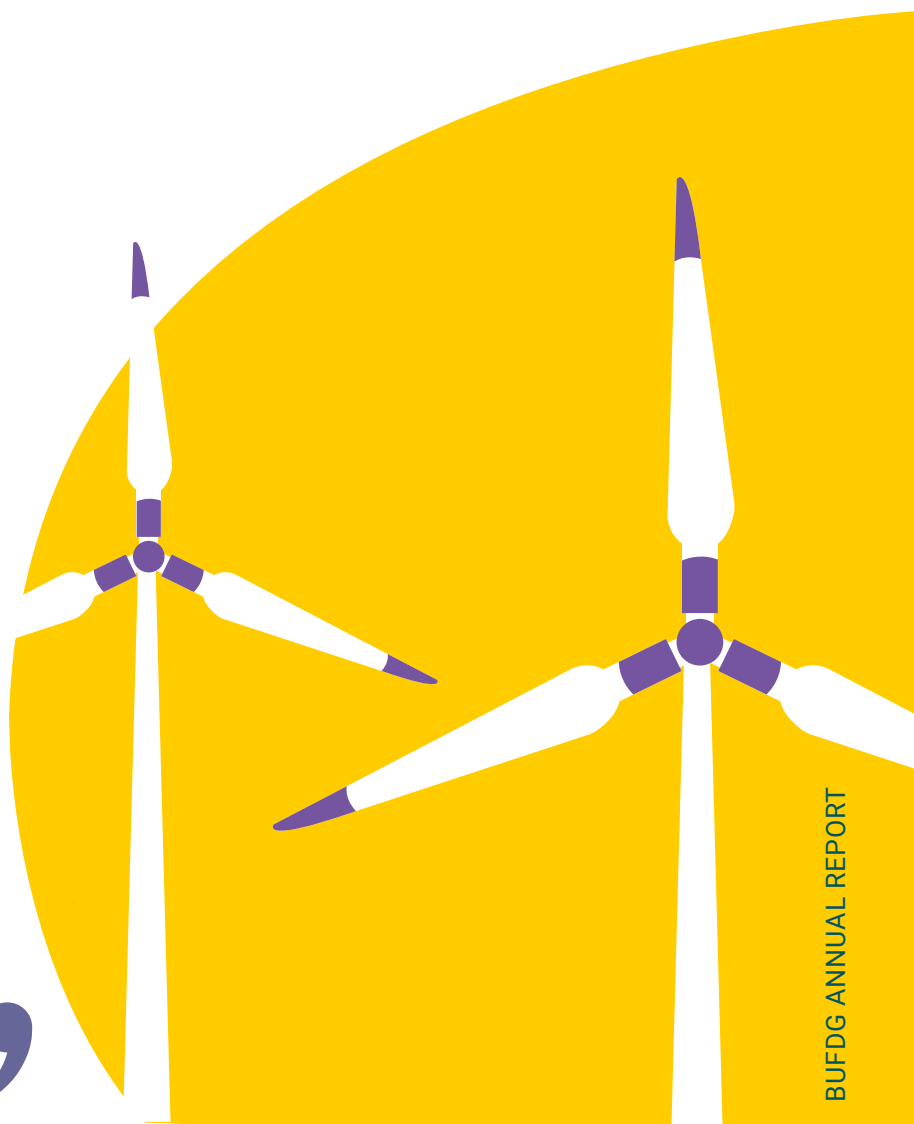
Finally, the threat of changes to – or even a brand new – student loans system is never far from the headlines. Could this be the year? Universities will be hoping not, especially with everything else on their plate, but few would argue that the current system is the best one. Then there is the small matter of another potential Scottish Independence Referendum...

So, we all have a lot on our plate. We hope that BUFDG continues to be a flexible and responsive support organisation to our members and plays its part in helping the sector navigate this sea of challenges over the next twelve months.

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The quality of the briefings & sessions that you have provided have been first rate & they have made a big difference to supporting us during lockdown. Thank you

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