



Minutes of the Finance Committee Meeting of 16 March 2011

PRESENT: Pro Vice-Provost/Chief Academic Officer (in the Chair), Chief Operating Officer, Registrar, Bursar, Professor H. Biehler, Mr. Nikolai Trigoub-Rotnem, Ms. Helen Keelan (present via teleconference), Treasurer – Secretary of the Committee

IN ATTENDANCE: Research Accounting Manager

APOLOGIES: Provost, Professor D. Singleton

The Minutes of the Meeting of 23 February 2011 were approved and signed.

Section A

FN/10 – 11/50 PRTL Cycle V - Industry Collaboration Space

The Committee were circulated with two memoranda from the Financial Planning Manager dated 10.03.2011 in relation to PRTL Cycle V industry collaboration space in the Biosciences Building. Having noted and considered the options available to College to address the financial implications of the PRTL Cycle V condition to provide 3,000 sq.m of industry collaboration space, the Committee (noting it had been previously endorsed by Executive Officers) agreed to recommend to Board the revenue generating opportunity and its application as outlined and requested the Treasurer to highlight the relevant risks.

The Treasurer was requested to discuss the financial impact of the PRTL Cycle V condition with the Dean of Research.

Action:

- 50.1** The recommended revenue generating opportunity and its application to be forwarded to Board for approval and the Treasurer to highlight the relevant risks.
- 50.2** The Treasurer to discuss the financial impact of the PRTL Cycle V condition with the Dean of Research.

FN/10 – 11/51 2011 Estimates of Income and Expenditure

The Senior FECR/RPM Accountant attended for this item.

A memorandum from the Treasurer dated 10.03.2011 had been circulated to the Committee with the following accompanying documentation and appendices:

- 2010/11 Financial Year Estimates with highlights and detailed notes
- 2011 Calendar Year Estimates
- 2011/12 to 2015/16 Five Year Forecasts

The Treasurer, having advised the Committee that the Executive Officers had previously considered and approved the Financial Year and Calendar Year Estimates, drew the Committee's attention to the current projected financial deficit of €2.3m and the options available to College to achieve a break-even position at the end of the financial year.

The Treasurer advised the Committee of the one-off items that contributed to the improved position compared with that originally forecasted in November 2010. If Board approves a budget deficit, the Finance Committee noted that the Provost as Accounting Officer will be required to inform the HEA of a material departure from budget in 2011 in accordance with Section 37 of the Universities Act, 1997.

The Committee noted a 14% reduction in the 2011 core recurrent grant allocation received by College over 2010 and also the change in treatment of the additional €500 paid by the student as part of the new student contribution, which has now been built into the core grant allocation for 2011 (as confirmed by the HEA). It was noted that the reduction in grant would have been in the order of 23% if the additional €500 contribution had been treated in a similar manner to prior years.

The Committee considered the HEA's position in relation to "unauthorised payments" and noted that, as no such payments had been made by College in that regard, no provision has been made against grant income. This matter will be raised with the HEA at the annual budget meeting scheduled in May 2011.

The Committee noted the updated 5 year Estimates 2011/12 to 2015/16 and agreed with the recommendation that the Executive Officers (by way of the Planning Group) must focus on delivering the targets set out in the Financial Action Plan approved by Board in March 2011.

The Committee approved and recommended to Board:

- 2010/11 Financial Year Estimates
- 2011 Calendar Year Estimates and the issuing of a Section 37 letter to the HEA informing them that College is currently planning a deficit
- The course of action to eliminate the projected deficit of €2.3m in 2010/11
- No provision to be made against income in the 2010/11 estimates for any "unauthorised payments" and that the matter will be raised with the HEA at the annual budget meeting scheduled in May 2011

The contribution by the Treasurer's Office staff was acknowledged in the preparation of the 2011 Estimates process.

Action:

- 51.1** The Treasurer to forward the 2010/11 Financial Year Estimates and 2011 Calendar Year Estimates to Board.
- 51.2** The Provost as Accounting Officer to issue a Section 37 Letter to the HEA, informing them that College is currently planning a deficit.
- 51.3** Executive Officers (by way of the Planning Group) to focus on delivering the targets set out in the Financial Action Plan approved by Board in March 2011.
- 51.4** The non-provision associated with "unauthorised payments" to be raised with the HEA at the annual budget meeting in May 2011.

FN/10 – 11/52 Annual Budgetary Process

The Senior FECP/RPM Accountant attended for this item.

Having been circulated with the memorandum from the Treasurer dated 10.03.2011 and accompanying appendices, the Treasurer outlined a proposal setting out a new Annual Budgetary Process to commence in Trinity term for application in the financial year 2011/12 and beyond.

Noting the approval of Executive Officers at their meeting of the 15th March 2011, the Finance Committee considered the format of an Annual Budgetary Process which will:

- Fully realise the strategic benefits of a forward facing forecasting model
- Encompass both academic (budget centres) and administrative/support areas (cost centres)
- Enable all Heads of Area to anticipate the preparation of budgets for the forthcoming years (and understand how their budgets will be determined)
- Provide a rolling annual budgetary process based on 5 years of College forecasts/Resource Planning Model (RPM) that takes place in April/May of each year
- Take into account the large amount of fixed costs (in particular, pay costs)

- Manage resource allocations to administrative/support areas with budgets determined by setting targets based on the 5 year forecasts

The Committee noted that School budgets going forward would now be determined and informed by:

- Projected 5 year Board-approved RPM outcomes
- Agreed Key Performance Indicators (KPIs)
- Incentive Schemes e.g. additional non-EU students, philanthropy etc.
- A total budget set for administrative/support Areas under the control of the Chief Operating Officer that would be based upon an agreed percentage of total projected “core” College activity and would decrease by 1% per annum (based on the current level of allocation) over the next five years. A similar procedure is currently being reviewed for “Other Support Non-Chief Operating Officer” areas.

The Committee considered the updated Risk Review and noted the risks outlined. In the context of HEA core grant that has been impacted in recent years by the increase in undergraduate student numbers availing of the “free fee” initiative, the Committee agreed to recommend to Board that the College await the outcome of the HEA’s proposal to incorporate a fee adjustment into the core grant allocation mechanism for universities.

The Committee, in approving the Annual Budgetary Process (informed by RPM and KPIs), noted the following next steps:

- RPM Outcomes will be prepared based on the 5 Year High Level Estimates 2011/12 to 2015/16
- Budgetary Meetings will take place in Trinity Term 2011 with Heads of School/Administrative Areas
- Budgets will be set and agreed for all Schools and Administrative/Support areas for 2011/12

The Committee acknowledged the significant contribution of the Treasurer’s Office in developing the Annual Budgetary Process.

Action:

- 52.1** The Annual Budgetary Process (informed by RPM and KPIs) to be forwarded to Board for approval
- 52.2** The recommendation to await the outcome of the HEA proposal to incorporate a fee adjustment into the core grant allocation mechanism for universities to be forwarded to Board for approval.

FN/10 – 11/53 Treasury Management Policy
(Minute FN/09-10/73 of 25.05.2010 refers)

Having been circulated with a memorandum and appendices from the Financial Planning Manager dated 10.03.2011, the Committee reviewed and approved the proposed amendment to the Treasury Management Policy for onward submission to Board.

Action:

- 53.1** The proposed amendment to the Treasury Management Policy to be approved by Board.

Section B

No items.

Section C

FN/10 – 11/54 Borrowing Framework and Loan Guarantees

In accordance with Section 6 of the Framework for Borrowing and Loan Guarantees, the Committee noted the circulated memorandum from the Financial Planning Manager dated 10.03.2011 and accompanying schedules setting out full details of borrowing, underwriting and guarantee arrangements in the revised format requested by the HEA.

FN/10 – 11/55 Review of Controls

(Minute FN/10-11/07 22.09.2010 refers)

Having been circulated with a memorandum from the Finance Operations Manager dated 07.03.2011 in relation to further work undertaken as a result of a previous Review, the Committee noted the opinion of the College Taxation Officer that good practices and procedures continue to be in place.

FN/10 – 11/56 Accommodation and Catering Annual Report 2010

The Committee noted the comprehensive Accommodation & Catering Services Annual Report 2010, which had previously been approved by the Chief Operating Officer. The Report set out highlights/developments during the year, including financial outcomes in respect of Accommodation, Catering, and Housekeeping. The Report outlined the future objectives for the Area, which had been aligned with the College's Strategic Plan.

FN/10 – 11/57 Minutes of Sub Committees

The Committee noted and approved the minutes of the Investment Committee meeting dated 08.02.2011, as circulated.

The next meeting of the Finance Committee has been arranged for 13 April 2011 at 2.30p.m. in the CRANN Boardroom (entrance via the Science Gallery).

PROVOST.....

DATE.....