



## **Minutes of the Finance Committee Meeting of 19 September 2016**

**PRESENT:** Vice Provost/Chief Academic Officer (Chair), Bursar, Ms. C. Curtis, Dean of Arts, Humanities & Social Sciences, Mr. J. Gorringer, Registrar, Professor R. Gilligan, President of the Students Union, Chief Financial Officer (CFO) – Secretary of the Committee

**IN ATTENDANCE:** Deputy CFO, President of the Graduate Students Union

**APOLOGIES:** Provost, Chief Operating Officer

The Vice-Provost welcomed the Registrar, the President of the Students Union and President of the Graduate Students Union.

The Committee noted and approved the minutes of the Finance Committee meeting of 10 June 2016.

### **Section A**

**FN/16 - 17/1** **Revised Finance Committee Terms of Reference**  
**XX** (Minute FN/10-11/14 of 3.11.2010 refers)

The Committee considered the memorandum from the CFO dated 12.09.2016 and the enclosed Terms of Reference for the Finance Committee as revised to align them with the updates and amendments to the Statutes, as approved by Board in January 2016 (Minute BD/15-16/123 of 20.01.2016 refers). The Committee considered the changes to the Statutes, primarily the change in title of the CFO (from Treasurer) and the refinement of the authority of the Committee (under the principles of agency and delegation), including specific functions of the Committee relating to the determination of fees and charges payable by students along with charges for services provided by or on behalf of the University.

The Committee noted and approved the revised document as circulated and recommended it for consideration and approval by Board.

#### **Action**

**1.1** The revised Finance Committee Terms of Reference were recommended to Board for consideration and approval.

## Section B

### **FN/16 - 17/2 Financial and Performance Highlights – Quarter 2 2015/16** (Minute FN/15-16/150 of 10.06.2016 refers)

As requested at the June meeting, the Bursar advised the Committee that, following discussions with the FSD Project Accounting Manager, a proportion of a specific award was appropriately classified.

### **FN/16 - 17/3 Financial and Performance Highlights – Quarter 3 2015/16**

The Management and Financial Accounting Manager and the Projects Accounting Manager (Capital & Research) attended for this item.

In considering the circulated paper from the Management and Financial Accounting Manager and the Projects Accounting Manager (Capital & Research) dated 12.09.2016, the Committee welcomed the further enhancements to the Executive Summary section and the inclusion of a “Key Issues” panel on each page. The Committee also noted the appropriateness of the information presented for consideration and acknowledged the level of work involved in developing this report.

In considering the financial and performance highlights, including actuals v budget in Q3 and the income and expenditure analysis as set out, the Committee noted the favourable position to the Q3 budgets, including the underspends reported across the three Faculties. The Committee recognised the positive forecasted position in the Commercial Revenue Unit, arising mainly from the revenue associated with a multi-year concession arrangement. The year-on-year increase in student numbers was further noted, however the Committee expressed concern that academic fee levels did not reach the projected income target leading to a shortfall in the financial year 2015/16, with a similar shortfall now forecast for 2016/17.

Furthermore, noting the analysis of aged debt, the Committee welcomed the improvements across each of the debt categories. The overall student and staff metrics and the Faculty and Divisional dashboards were also noted.

The Committee considered the updates set out in respect of research activity and noted in particular the effective indirect cost rate charged to new awards relative to the significantly higher recommended rate and the contribution required from the University’s other resources to support this activity.

Having considered the detail set out in relation to the capital projects approved by CRG, including their total estimated value, the Committee requested that those projects with approval from Finance Committee and Board and in development, be reported separately in future to clearly identify those projects with appropriate approvals and funding in place. In addition, the Committee requested that an update on the prioritisation of capital projects by Executive Officers be brought forward for consideration when finalised.

Thanking the Management and Financial Accounting Manager and the Projects Accounting Manager for their report, the Committee requested that an update on Q4 activity be provided later in Michaelmas Term 2016.

**Action**

- 3.1** An update on the prioritisation of capital projects to be brought forward for consideration when finalised.
- 3.2** Projects with approval from Finance Committee and Board and in development to be reported separately in future to clearly identify those projects with appropriate approvals and funding in place.
- 3.3** An updated report on Q4 activity to be provided later in Michaelmas Term 2016.

**FN/16 - 17/4  
XX**

**Consolidated Financial Estimates 2015/16 Update and Five Year Forecasts 2016/17 to 2020/21**

The Director of Financial Planning & Risk Management and the Financial Planning and Risk Manager attended for this item.

The Committee reviewed the circulated memorandum from the CFO dated 13.09.2016 along with the enclosed documents as follows:

- Correspondence from the HEA dated 20.06.2016
- Correspondence to the HEA dated 15.07.2016 (Section 37 Letter)
- Memorandum of the HEA Budget & Accountability follow-up meeting on 26.08.2016
- Briefing document from the CFO for HEA Budget & Accountability follow-up meeting dated 26.08.2016

The Director of Financial Planning & Risk Management drew the Committee's attention to the key points, including the absence of any material change to the forecasts as presented in May 2016 and the assumptions on which the forecasts were based. The Committee noted the lack of funding available for infrastructure renewal and the impact of depreciation on each of the scenarios set out. The projected negative accumulated reserves were also noted with concern.

The CFO updated the Committee on a meeting held with the HEA in August 2016 following the issuance of a Section 37 letter, notifying the HEA of the forecasted deficit outturn for 2015/16. While the HEA is supportive of the University's efforts to improve its financial position and has endorsed a plan to reverse the negative operational financial position (before infrastructure renewal) within 3 years, the Committee expressed concern that the University is not improving its overall financial position quickly enough and agreed there is a need for a renewed focus on income generation and cost management measures. In this context, the Committee requested that income generation be scheduled on the agenda of the October meeting, with adequate time allocated for a fulsome discussion.

The Committee noted and approved the assumptions on which the forecasts are based and the forecasted deficit position for 2015/16, which were formally notified to the HEA in the Section 37 letter in July 2016. Furthermore, as requested, the Committee fully supported the recommendation that University Officers engage with the HEA in relation to mechanisms to increase recurrent and capital funding along with indirect cost contributions on research activity and reiterated that cost management measures and the implementation of the Cassells Report recommendations should also be pursued with the HEA.

The Committee thanked the Director of Financial Planning & Risk Management and the Financial Planning and Risk Manager for their informative report.

#### **Action**

- 4.1** Income generation to be scheduled on the agenda for the next Committee meeting with adequate time allocated for a fulsome discussion.
- 4.2** University Officers to continue to engage with the HEA in relation to mechanisms to increase recurrent and capital funding along with indirect cost contributions on research activity. Cost management measures and the implementation of the Cassells Report recommendations should also be pursued with the HEA.

**FN/16 - 17/5  
XX**

#### **Global Relations Strategy (GRS) II – Conversion of Non-EU Acceptances to Registrations**

(Minute FN/15-16/148.1 of 10.06.2016 refers)

The Vice-President for Global Relations attended for this item.

The Committee welcomed the VPGR who summarised the key points of the circulated memorandum dated 12.09.2016 in relation to the early and conservative indicators for 2016/17 registrations, highlighting to the Committee that registrations were ongoing. The basis for the estimated conversion rates and average fees as set out in the memorandum were noted, along with the impact of the cessation of the Science Without Borders programme.

The Committee noted that, based on the current ambitious projections and in the context that registrations are ongoing, an overall result of 91% of target is currently estimated. The Committee further noted that, whilst some Schools were performing very well, other Schools have slow turnaround rates, however, process improvements have been put in place in the Academic Registry which are expected to improve for 2016/17 registrations.

Given the level of investment in GRS and the reliance on the Strategy as a fundamental part of the University's plan for financial sustainability, the Committee expressed concern at the projected shortfall in income achieved versus target. The Committee, acknowledging that responsibility for delivering GRS rested with the University as a whole, requested the VPGR to bring forward a report to the next meeting identifying the structural issues impacting conversion rates and delivery of the target.

Noting that a percentage of the target income had already been allocated in advance as part of the ABC process and that corrections to budgets are likely in due course, the Committee advised strongly that future incentivised budget allocations be based on prior year actuals rather than targets.

#### **Action**

- 5.1** The VPGR to bring forward a report to the next meeting identifying the structural issues impacting conversion rates and delivery of the target.
- 5.2** In the context of the impact on the ABC allocations, future incentivised budget allocations to be based on prior year actuals rather than targets.

#### **FN/16 - 17/6 Increase in EU and non-EU Postgraduate fees and other non-EU Undergraduate fees for 2017/18**

(Minute FN/15 – 16/32.7 of 20.10.2015 refers)

The Project Appraisal Manager attended for this item.

The Committee considered the circulated memorandum from the Project Appraisal Manager dated 07.09.2016 setting out a proposal to increase EU and Non-EU PG fee levels and non-EU UG fee levels for the academic year 2017/18 and noted the positive impact the recommended increase would have on the University's financial position if student numbers remain unchanged.

In reviewing the observations of the FSD and Global Relations Office as set out, the Committee noted the benchmarking exercise undertaken and the review of courses currently underway in a specific School to align fees with market rates. In the context that the benchmarked information was from Northern Ireland and UK universities only, the Committee requested the Project Appraisal Manager to provide data from the Irish University sector to the next meeting and also requested an update on the recent exchange rate used given the significant movement in Euro/Sterling exchange rates post-Brexit.

Having noted the evidence-based fees report, in particular that the 2015/16 intake had increased in spite of the fee increases, along with the position of the Dean of Research in relation to any increase in PGR fees, the Committee approved the proposed fee increases for 2017/18 as set out, acknowledging the dissent of the Presidents of the Students Union and Graduate Students Union. The Committee agreed that derogations from the 2017/18 fee increases be granted in exceptional cases only, and with the approval of the Finance Committee, and requested that the level of services and supports for students be reviewed by CSD in the context of the planned fee increases. The Committee also agreed that a Taskforce/Working Group should be convened to review the top 10 fee generating courses across the three Faculties and supported the proposal for student representation on the Working Group.

## **Action**

- 6.1** The Committee requested the Project Appraisal Manager to provide benchmarking data from the Irish University sector to the next meeting along with an updated exchange rate given the significant movement in Euro/Sterling exchange rates post-Brexit.
- 6.2** Derogations from the 2017/18 fee increases to be granted in exceptional cases only, and with the approval of the Finance Committee.
- 6.3** The level of services and supports for students be reviewed by CSD in the context of the planned fee increases for 2017/18.
- 6.4** A Taskforce/Working Group to be convened to review the top 10 fee generating courses across the three Faculties and to include student representation.

**FN/16 - 17/7  
XX**

### **Annual Report of the Audit Committee 2015/16 - Executive Officers' Response to Board**

(Minute FN/15-16/161 of 10.06.2016 refers)

The Committee noted the circulated memorandum from the CFO dated 12.09.2016 and the enclosed Annual Report of the Audit Committee 2015/16, including the responses of the Executive Officers to the issues raised, which was considered and approved by Board in June 2016 (Minute BD/15-16/333 of 22.06.2016 refers). The CFO advised the Committee of progress made in addressing a number of the report's recommendations, including an additional external member for Finance Committee, the recruitment of a Risk Officer and discussions on the future of the Planning Group.

In discussing the report's findings as they relate to the scale of the University's ambition, the Committee noted the required organisational capacity, resources and supports to deliver on it. However, the Committee expressed concern in relation to the effectiveness of decision-making processes within the University and further noted the need for leadership and decision-making that ensures the overall entity direction and best interests of the University are upheld at all times. The Committee was particularly concerned about the assignment of responsibility for financial control in a devolved environment and noted the importance of a clear alignment between responsibility, accountability and authority in order to ensure the University delivers on its ambitions and obligations. Noting the actions arising from the Audit Committee's report, the Committee requested that any future proposal for revised decision-making structures should come to Finance Committee for information once finalised.

The Committee was of the view that the University would benefit from a closer alignment between the Audit and Finance Committees and agreed that the selected representatives of the Finance Committee should meet with members of the Audit Committee in Michaelmas Term 2016 to discuss the report in more detail.

## **Action**

- 7.1** The proposal for revised decision-making structures to come to Finance Committee for consideration once finalised.
- 7.2** Selected representatives of Finance Committee to meet with members of the Audit Committee in Michaelmas Term 2016 to discuss the Annual Report to Board in more detail.

## **FN/16 - 17/8**

### **Trinity Long Room Hub (TLRH) Update**

(Minute FN/15 - 16/62 of 16.12.2015 refers)

The Director and Institute Manager of TLRH attended for this item.

The Committee, having been circulated with a memorandum from the Director of TLRH dated 19.09.2016, noted the updates provided under the following headings:

- Update since the last report
- Financial Summary
- Risk
- Sustainability
- Grant Applications
- Draft Business Plan 2016/17 to 2020/21 (including opportunities and challenges)

In reviewing the financial information provided, the Committee noted that the agreed contributions to support TLRH had not been made by the Schools, which underpinned the reported negative financial outturn for the year 2015/16. The Committee was advised that TLRH's financial success and long term sustainability is dependent on three income strands as follows: research overhead contributions, philanthropic funding and School contributions. In this context, TLRH has developed a fundraising strategy (as tabled) which identified key fundraising targets over three categories.

Having discussed the issue in relation to the requirement to co-fund key research posts in 2016/17, the Committee acknowledged the vital role TLRH plays as a platform for research in FAHSS. The Director of TLRH also indicated that future investment in FAHSS needs to be aligned with its strategic importance in underpinning the University's rankings. In reviewing the best and worst case scenarios as presented in TLRH's draft Business Plan 2016/17 to 2020/21, which ranged from surplus to deficit respectively, the Committee expressed concern at the challenging financial position of TLRH, noting that it is clearly not on a financially sustainable trajectory. The Committee once again requested that the Dean of Research bring forward his overdue report on the long term sustainability of TRIs as a matter of urgency to the October meeting.

Thanking the Director of TLRH for her report, the Committee, in line with College policy, invited her to provide an update in Trinity Term 2017.

## **Action**

- 8.1** The Dean of Research bring forward his overdue report on the long term sustainability of TRIs as a matter of urgency to the October meeting.

- 8.2 In line with College policy, the TLRH Director to provide an updated report in Trinity Term 2017.

### Section C

#### **FN/16 – 17/9 Planning Group Report #15**

The Committee reviewed and noted the circulated memorandum from the VP/CAO dated 09.09.2016 along with the accompanying Planning Group Report #15, which had previously been considered by Board at its meeting of 22.06.2016 (Minute BD/15-16/334 refers).

#### **FN/16 – 17/10 Annual Budgetary Cycle 2016/17** (Minute FN/15-16/8.1 of 25.09.2015 refers)

The Committee noted the circulated memorandum from the Financial Planning and Risk Manager dated 12.09.2016, including the summary allocations for 2016/17 to Faculties and Divisions and the high level risks identified.

#### **FN/16– 17/11 FRS12 – Recognition of Pension Asset in respect of Model Scheme and Pension XX Supplementation** (Minute FN/15-16/29.1 of 20.10.2015 refers)

The Committee noted the update provided in the circulated memorandum from the Deputy CFO dated 12.09.2016 on the status of the pension asset, including the lead position taken by Trinity in the sector, the external legal advice received, the HEA's draft case for new legislation and the ongoing engagement with the HEA.

#### **FN/16– 17/12 Funds held by Trinity Development & Alumni (TDA)** (Minute FN/15-16/127.4 of 04.05.2016 refers)

The Committee noted the circulated memorandum from the TDA Director dated 12.09.2016 under the following headings:

- Background
- Activity since the last meeting
- Work programme after 1/10/2016

The Committee requested a further update confirming the level of funds transferred by the 2015/16 financial year-end, along with details of progress on remaining funds to be transferred, to be brought forward for consideration later in Michaelmas Term 2016.

#### **Action**

- 12.1** A further update confirming the level of funds transferred by the 2015/16 financial year-end, along with details of progress on remaining funds to be transferred, to be brought forward for consideration later in Michaelmas Term 2016.



**FN/16 – 17/13 Analysis of Reserve Balances as at 30 September 2015**

(Minute FN/15 – 16/136 of 04.05.2016 refers)

The Committee noted the circulated memorandum from the CFO dated 12.09.2016, which set out an analysis of reserve balances held by the Faculties and Divisions at 30.09.2015.

**FN/16 – 17/14 Minutes of the Commercial Revenue Unit (CRU)**

The Committee noted the memorandum from the CFO dated 12.09.2016 along with the minutes of the CRU meeting of 23.05.2016, as circulated.

**FN/16 – 17/15 Minutes of the Estates Policy Committee**

The Committee noted the memorandum from the CFO dated 12.09.2016 along with the draft minutes of the Estates Policy Committee meeting of 03.06.2016, as circulated.

**FN/16 – 17/16 Minutes of the FIS Oversight Group**

The Committee noted the memorandum from the CFO dated 12.09.2016 along with the draft minutes of the FIS Oversight Group meeting of 21.06.2016, as circulated.

**FN/16 – 17/17 Related Entity Financial Reporting**

**XX**

The Committee noted the circulated memorandum from the CFO dated 12.09.2016 and recommended the Directors' Report and audited Financial Statements of the following entities to Board for noting:

- Science Gallery International for the year ended 30.09.2015
- HEAnet for the year ended 31.12.2015
- National Digital Research Centre (NDRC) Limited for the year ended 31.12.2015 (Draft)

**Action:**

**17.1** The Directors' Reports and audited Financial Statements of Science Gallery International, HEAnet and the draft financial statements of NDRC to be forwarded to Board for noting.

**FN/16 – 17/18 Essentials of Finance – Training**

The Committee welcomed the circulated memorandum from the CFO dated 12.09.2016 along with the accompanying evaluation report on the training provided to new members of Finance Committee and Board on 07.09.2016, noting the improved attendance and, in the context of the range of financial expertise of participants, the overall success of the training approach as outlined.

The Vice-Provost thanked Professor Gilligan for his contribution to the Committee and noted that, further to Board approval, Professor Brian Lucey would now join the Committee, along with a new external member, Mr. Liam Kavanagh with effect from the next meeting.

The Committee noted the next Finance Committee meeting is scheduled for Wednesday, 26 October 2016 at 2:30pm in the Provost's Library and that an additional unscheduled meeting will take place on 10 October 2016 to consider updates on Oisín House.

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