



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

**PRESENT:** Provost (Chair), Bursar, Vice Provost/Chief Academic Officer, Chief Operating Officer, Ms. C. Curtis, Dean of Arts, Humanities & Social Sciences, Mr. J. Gorringer, Mr. L. Kavanagh (for Minutes 51-57), Professor B. Lucey, President of the Students Union, Chief Financial Officer (CFO) – Secretary of the Committee

### **IN**

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

**APOLOGIES:** Registrar

**STATEMENT OF INTEREST** The CFO declared a potential conflict of interest in relation to Agenda Item C11 “Funds in Bank Accounts held by Trinity Development & Alumni (TDA)” as he is a Trustee of the Foundation. The Committee agreed that the CFO should take a full part in the discussion on this item.

The Committee noted and approved the minutes of the Finance Committee meeting of 22 November 2016.

### **Section A**

#### **FN/16-17/51 Policy and Procedure on Externally Contracted Services**

**XX** The College Secretary attended for this item.

The Committee welcomed the College Secretary who presented a summary of his circulated memorandum dated 5.12.2016 and the accompanying draft Policy and Procedure on Externally Contracted Services, which had been prepared in response to recommendations from an Internal Audit Report in March 2016. This report highlighted issues in relation to internal control and procurement processes in engaging labour-based external contractors.

The Committee noted that the draft policy had been prepared following a consultation process with various internal stakeholders and had previously been considered by Executive Officers in November 2016. As outlined by the College Secretary, the Committee noted that the policy aimed to set out clear guidelines for the appropriate engagement of externally contracted service providers, which includes third party contractors who are paid a daily, weekly or monthly rate for their work and whose work consists in providing “labour only” services.

In considering the 2-stage process for the engagement of externally contracted services and noting the draft form of approval that must be authorised by one of six key University Officers, the Committee requested the College Secretary to include some additional clarity around the practical aspects of the procedure to ensure it includes the flexibility necessary to support its effective operation.

Having considered the draft policy and procedure in detail, the Committee recommended it for onward consideration and approval by Board, subject to the inclusion of the proposed changes. The Committee also recommended that the policy be reviewed by the College Secretary after one year in operation to ensure any issues arising post-implementation would be addressed.

**Action**

**51.1** The Policy and Procedure on Externally Contracted Services was recommended for onward consideration and approval by Board, subject to the inclusion of the proposed changes.

**51.2** The policy to be reviewed by the College Secretary after one year in operation to ensure any issues arising post-implementation would be addressed.

**Section B**

**FN/16-17/52 Science Gallery**  
(Minutes FN/15-16/42 of 22.11.2016 refers)

Further to an update provided by the VP-CAO, the Committee noted that the Science Gallery has committed to bringing the agreed annual loan repayments up to date in Q2 2016-17 and agreed the loan repayment schedule should be restructured and mapped to the Science Gallery's forecasted income profile within the agreed loan repayment period.

**Action**

**52.1** The loan repayment schedule is to be restructured and mapped to the Science Gallery's forecasted income profile within the agreed loan repayment period.

**FN/16-17/53 Industry Strategy Update**  
(Minutes FN/15-16/38.2 of 22.11.2016 refers)

The CFO reported that in the context of the issues arising from the low levels of recovery of indirect costs from industry sources, the HEA supported the introduction of a common, sectoral rate of contribution and agreed to raise the matter with SFI. The CFO agreed to update the Committee on the outcome of these discussions in due course.

## **Action**

**53.1** The CFO to update the Committee in due course on the outcome of the HEA's interaction with SFI in relation to introducing a common, sectoral rate of contribution to indirect costs from industry sources.

### **FN/16-17/54 Financial & Performance Highlights – FY 2015/16**

XX The Management & Financial Accounting Manager and Director of Financial Services attended for this item.

In considering the circulated paper from the Management and Financial Accounting Manager and the Director of Financial Services dated 13.12.2016, the Committee, in welcoming the further developments to the Report since Q3, noted the relevance and usefulness of the detail provided in the summary information and acknowledged the work involved by all in FSD along with the Finance Partners, in bringing such a comprehensive report forward for the financial year end.

In considering the financial and performance highlights, including actuals versus budget in 2015/16 and the income and expenditure analysis as set out, the Committee noted by way of presentation the draft projected outcome for the year, subject to audit, along with the year on year comparison of the University's financial performance. The Committee welcomed and noted the detailed "walk through" provided by the Management and Financial Accounting Manager, which clearly illustrated the impact of FRS102 adjustments (and the significant changes to income recognition) on the forecast versus actual outcome in the current year.

The Committee, in noting that FSD had discussed the reported figures with each of the Faculty Deans and Divisional Heads in advance of the meeting, considered the favourable and adverse variance to budget in the Faculties and Divisions respectively, along with the overall level of reductions to budget allocations made to the Faculties and Divisions in the period between 2013/14 and 2015/16. Noting the significant levels of unspent amounts held by the Faculties at year end, and income additions in the financial year versus prior year levels, the Committee expressed the view that greater visibility of plans to utilise these reserves would be required and that such use should be expressly aligned to supporting the University's Strategic Plan/capital requirements. In this context, the Committee requested each of the Faculty Deans to bring forward a detailed paper on the planned use of Faculty unspent sums for discussion later in Hilary Term 2017. Furthermore, noting the potential impact that use of the reserves might have on the University's cash flow and financial performance, the Committee noted that FSD intended to supplement the management pack with cash flow forecasts in due course.

Noting the research figures as reported, and whilst acknowledging the increased level of activity, the Committee expressed concern at the decreasing levels of contributions to indirect costs, in particular, the significant funding foregone due to the differential between the agreed, national funding agency rate and the

actual rate recovered. The Committee, noting that the current effective level of the contribution to indirect costs from research activity is not sustainable, requested the Dean of Research, with the support of FSD, to bring forward a discussion paper on approaches to increase future indirect cost recovery for further discussion in Hilary Term 2017.

Having considered the detail set out in relation to approved capital projects, including their total estimated value, the Committee acknowledged the additional detail provided on projects in development, as requested at the September meeting.

Lastly, the Committee noted the aged debt report along with the overall student and staff metrics and the Faculty and Divisional dashboards.

Thanking the Management and Financial Accounting Manager and the Director of Financial Services for their presentation and all involved for their work on the Report, the Committee requested that an update on Q1 2016/17 activity be provided in Hilary Term 2017.

#### **Action**

- 54.1 The Faculty Deans to each bring forward a detailed paper on planned use of Faculty Reserves for consideration in Hilary Term 2017.
- 54.2 The Dean of Research, with the support of FSD, to bring forward a discussion paper on approaches to maximise future indirect cost recovery in Hilary Term 2017.
- 54.3 FSD to supplement the management pack with cash flow forecasts in due course.
- 54.4 An updated report on Q1 2016/17 activity to be provided in Hilary Term 2017.

#### **FN/16-17/55 XX Campus Medium Voltage (MV) Upgrade** (Minute FN/15 – 16/15 of 25.09.2015 refers)

The Head of Capital Projects and Planning attended for this item.

In considering the circulated memorandum from the Bursar dated 12.12.2016 and accompanying Business Case in respect of the proposed Campus Medium Voltage Upgrade, the Committee noted the proposal had previously been considered and approved in principle by Board at its meeting of 13.12.2016, subject to the Finance Committee's approval of the financial elements of the project.

In this context, and as outlined in the presentation from the Head of the Capital Projects and Planning, the Committee noted the background to the project as a necessity to facilitate new capital development projects on the main campus, distributing new electrical capacity, whilst also upgrading and improving the resilience of existing infrastructure. The Committee further noted that a procurement process for the main contractor had recently been completed and, that subject to Finance Committee's approval, these essential infrastructure works would begin in early Hilary Term 2017 for a period of twelve months. The comprehensive communications plan notifying the College community of the works was also noted.

Having considered and noted the risk schedule and financial analysis provided (including the sources of funding), along with the project governance and monitoring structures as outlined, the Committee approved the project budget as requested.

**FN/16-17/56 Commercial Revenue Unit (CRU) – 2016 Performance, 2017 Budget and Five-Year Plan**

(Minute FN/15 – 16/147 of 10.06.2016 refers)

The Commercial Director attended for this item.

The Committee considered the circulated memorandum from the Commercial Director dated 8.12.2016, under the following headings:

- update on CRU activity since the last report
- financial summary
- financial position and projection for project lifecycle
- risk register 2017 budget

The Committee welcomed the positive revision to the 2016 budget forecast and noted the basis for the reduction to the 2017 budget contribution baseline, along with the associated risk register as outlined. The Committee further noted plans to create internal Service Level Agreements (SLA's) for the three main providers of services within the University - Estates and Facilities, Information Technology Services and Human Resources, that will include service catalogues at corporate and customer level.

Having noted the additional financial information provided by way of a presentation from the Commercial Director, including the prudent versus optimistic forecasts in the 5-year plan, the Committee thanked the Commercial Director for his report and invited him to provide an update in Trinity Term 2017, in line with University policy.

**Action**

- 56.1** An updated report from CRU to be brought forward for consideration in Trinity Term 2017.

**FN/16-17/57 INNATE: Inflammation and Immunology Research Centre Application**

The Dean of Research, the INNATE Director, Deputy Director, and the Senior Business Development Manager attended for this item.

The Committee considered the circulated memorandum from the INNATE Director, Deputy Director, and Senior Business Development Manager dated 11.12.2016, setting out details of a bid for SFI funding to establish the INNATE Inflammation and Immunology Research Centre along with an associated refurbishment plan for space in TBSI designated to house the Centre, which was an essential element of the bid. In considering the background information provided, the Committee noted the rationale underpinning the INNATE proposal and the financial and strategic benefits it is expected to generate for the University. Having reviewed the detailed financial information, the Committee noted the request that rental costs for additional space will be met by INNATE's share of the indirect costs recovered, whilst the estimated refurbishment costs and contingency are to be met from the University's share. The Committee expressed concern at the consequential impact of these redirected resources on the services areas, particularly as the split of the indirect costs recovered did not align with that approved by Executive Officers in March 2016 as part of the initial outline proposal.

In noting that the Faculty was providing support for INNATE in terms of resources for a number of senior personnel, the Committee was of the view that given the level of overall reserves held by the Faculty, a contribution to the refurbishment costs would have been forthcoming. As the approval for the bid remains outstanding at this juncture, the Committee requested that should it be successful, INNATE would re-engage with Faculty to secure further financial support. Furthermore, if the bid is unsuccessful, the Committee agreed that no refurbishment will be undertaken.

Having considered the costs of the proposed refurbishment, and in the context of the concerns expressed and caveats agreed, the Committee approved the proposal as presented. The Committee also agreed that a precedent could not be set for future proposals whereby, if the project was to proceed, the shortfall in funding was to be met by reducing the service areas' allocation of the indirect costs recovered.

**Action**

- 57.1** INNATE to engage with the Faculty to reconsider its contribution to the refurbishment costs if the SFI funding bid is successful.

**FN/15–16/58 Global Relations Strategy (GRS) II Update**  
(Minute FN/15 – 16/148 of 10.06.2016 refers)

The VPGR attended for this item.

The Committee reviewed the memorandum from the Vice President for Global Relations (VPGR) dated 7.12.2016, as circulated under the following headings:

- Update - Michaelmas Term 2016
- Non-EU student fee income summary (Nov 2016)
- Non-EU student registrations (Nov 2016)
- GRO expenditure summary (Nov 2016)
- GRSII Expenditure – Quarter 2 2015/16
- Risk Register

The Committee, in considering the detailed expenditure for GRSII, noted that non EU student Fee Income reported for 2016/17 was estimated at 91% of target set within the GRS Business Plan and, according to recently harvested data and additional registrations in the intervening period, that the actual income figure is expected to achieve greater than 94% of target.

The Committee further noted that overall income does not include non-EU fees in TBS or additional income generated and supported by internationalisation and recognised the role of GRS in activities such as Thapar, Brown Summer School, IFP and SIT, which are separate to GRSII targets.

In considering the challenging targets set and agreed by Board for 2017/18 and 2018/19, the Committee noted the initiatives underway to drive growth in the absence of Science Without Borders. Noting the request for the partial restoration of previously approved resources, the Committee was supportive of the case made to restore the GRS budget to the requested level, however, requested Chief Officers to review the funding request in more detail given the University's current financial position and GRS's role as a growth strategy. The Committee further requested that a set of measurable outputs, aligned to GRSII's original, Board-approved targets be included in future reports to illustrate the effective utilisation of the resources allocated.

The Committee expressed concern at both the lack of availability of PGT programmes in a specific Faculty and School engagement overall. In this context, the Committee requested the VP-CAO to follow up with Schools on the commitments made to develop new courses on foot of the recruitment of Ussher posts and update the Committee in Hilary Term 2017. Furthermore, the VPGR was requested to explore how the level of activity in a specific Faculty might be addressed and also how better engagement across the University overall might be secured and to bring forward recommendations in early 2017.

Noting that, as discussed at a previous meeting, an update on the structural issues impacting conversion rates and delivery of GRS targets will be included in the next report, the Committee thanked the VPGR and requested her to provide an update in Trinity Term 2017 in line with University policy.

#### **Action**

- 58.1** Chief Officers to review the request for additional resources in the context of the University's current financial position and GRS's role as a growth strategy.
- 58.2** If additional resources are allocated to GRS, a set of measurable outputs, aligned to GRSI's original, Board-approved targets to be included in future reports to illustrate the effective utilisation of the additional resources allocated.
- 58.3** The VP-CAO to follow up with Schools on the commitments made to develop new courses on foot of the recruitment of Ussher posts and report in Hilary Term 2017.
- 58.4** The VPGR to explore how the level of activity in a specific Faculty might be addressed and how better engagement across the University overall might be secured and to bring forward recommendations in early 2017.
- 58.5** The VPGR to provide an update in Trinity Term 2017.

### **Section C**

#### **FN/16-17/59 Analysis of Income & Expenditure of Research Accounts for 2015/16**

The Committee noted the circulated memorandum from the Director of Financial Services dated 12.12.2016, incorporating an extract of the Annual Analysis of Recurrent Expenditure and Research Accounts (Green Book) for the year ended 30.09.2016, including information on income and expenditure for all individual research accounts by Faculty/School/Discipline and the number of active research accounts along with research income by source.

#### **FN/16 - 17/60 Control Exception Report**

The Committee noted the bi-annual Control Exception Report for the period to November 2016 from the Financial Operations Manager as circulated, including the minimal level of repeat and new exceptions occurring in the reporting period along with updates on the external audit recommendations. In accordance with normal practice, the Control Exception Report will be circulated to the Faculty Deans for Heads of School and also to the Chief Operating Officer and Vice Provost/Chief Academic Officer for circulation within CSD and ASD respectively.



**Action**

- 60.1** The Control Exception Report to be circulated to the Faculty Deans and also to the Chief Operating Officer and Vice Provost/Chief Academic Officer for circulation within CSD and ASD respectively.

**FN/16 - 17/61 Financial Services Division Annual Report 2015/16**

**XX**

The Committee noted the Annual Report of the FSD for 2015/16 as circulated, which set out goals and targets achieved in the year, key performance statistics along with the priorities and planned objectives for 2016/17. It was also noted that the Report will be forwarded to Board in electronic format for noting in January 2017.

**Action:**

- 61.1** The FSD Annual Report 2015/16 to be forwarded to Board (in electronic format) for noting in January 2017.

**FN/16 - 17/62 Capitation Committee Annual Report**

The Committee noted the Capitation Committee's Annual Financial Report 2015/16, circulated for oversight purposes at the request of Board.

**FN/16 - 17/63 Funds in Bank Accounts held by Trinity Development & Alumni (TDA)**  
(Minute FN/16-17/12.1 of 19.09.2016 refers)

Having noted the details set out in the circulated memorandum from the Director of TDA dated 12.12.2016, including the update provided on the distribution of the funds to the University during 2015/16 and an analysis of the residual sums, the Committee requested the Deputy CFO to engage with the Director of TDA to establish the timelines/dependencies impacting the transfer of the remaining funds on hand to the University.

**Action:**

- 63.1** The Deputy CFO to engage with the Director of TDA establish the timelines/dependencies impacting the transfer of the remaining funds on hand to the University.

**FN/16 - 17/64 Fee Increases 2017/18**  
(Minute FN/16-17/31 of 23.10.2016)

The Committee noted the circulated memorandum from the Head of a specific School setting out proposed fee levels for Masters courses in 2017/18. The Committee expressed strong concern at the unacceptably low fee increases proposed in the context of the current financial climate and the role this School is to play in the University's future growth and capital development programme. The Committee also noted that the proposed fees were still below local comparators when fully phased in. On this basis, the Committee requested the CFO to present a revised fee proposal to the School and onward for noting by Finance Committee in Hilary Term 2017.

**Action:**

**64.1** The CFO to present a revised plan to the School and onward for noting by Finance Committee in Hilary Term 2017.

**FN/16 - 17/65 Fee Derogations – request to change the fee structure for the Masters in Medicine**  
(Minute FN/16-17/6 of 19.09.2016)

The Committee considered the circulated memorandum from Head of the School of Medicine dated 12.12.2016 which, with the approval of the School's Executive Committee and the Dean of Health Science, sought derogation from the 2017/18 approved academic fee levels for the Masters in Medicine. Expressing concern at the very low intake and participation levels, the Committee requested the Head of School to reconsider the rationale for continuing the programme and the appropriateness of the derogation sought in the context of the course's overall financial viability and bring forward a revised paper in Hilary Term 2017.

**Action:**

**65.1** The Head of School to reconsider rationale for continuing the programme and the appropriateness of the derogation sought in the context of the course's overall financial viability and bring forward a revised paper in Hilary Term 2017.

**FN/16 - 17/66 Online Education Strategy II Update**  
(Minute FN/15-16/152 of 10.06.2016 refers)

The Committee, noting the circulated memorandum from Associate Director of Online Education dated 12.12.2016 setting out a financial and activity update in the 6-month period since the last report, expressed concern at the future financial viability of this initiative as currently structured, e.g. spend versus income generated, student numbers versus target etc.

In this context, and noting that a refresh of the Online Strategy is underway, the Committee recommended that activity should be scaled back until a viable business case for the future of the strategy is approved and requested the VPCAO to engage with the Bursar and Associate Dean of Online Education to bring forward a revised business case for consideration in Hilary Term 2017.

**Action:**

- 66.1** Online Education activity to be scaled back until a viable business case for the future of the strategy is approved.
- 66.2** The VPCAO to engage with the Bursar and Associate Dean of Online Education to bring forward a revised business case for consideration in Hilary Term 2017.

**FN/16 - 17/67 SFI & EI OIP Allocations 2016/17**

The Committee noted the 2016/17 SFI and EI OIP Allocations (previously approved by the Indirect Cost Planning Group and noted by the Planning Group), as set out in the schedules appended to the circulated memorandum from the Director of Financial Services dated 12.12.2016.

**FN/16 - 17/68 Total Indirect Costs Earned 2015/16**

The Committee noted the circulated memorandum from the Director of Financial Services dated 12.12.2016, setting out the levels of research indirect costs earned by the University in 2015/16 by source and their allocation between Central Services, Academic Areas and Schools. The decrease in indirect costs earned, driven by the cessation of the PRTL I Programme and its replacement with funding with lower indirect cost recovery rates, was further noted along with the disparity between the recovery rates from Exchequer and Non-Exchequer sources.

**FN/16 - 17/69 Minutes of Sub Committees**

The Committee noted the memorandum from the CFO dated 12.12.2016 along with the draft minutes of the Investment Committee meeting of 15.11.2016, as circulated.

**FN/16- 17/70 Minutes of the Audit Committee**

The circulated memorandum from the CFO dated 12.12.2016 along with the enclosed draft minutes of the Audit Committee meeting of 1.12.2016, were noted.

**FN/16 - 17/71 Minutes of Meeting Between Representatives of the Audit & Finance Committees**

The Committee noted the memorandum from the CFO dated 12.12.2016 which enclosed draft minutes of a joint meeting between representatives of the Audit and Finance Committees on 22.11.2016. The members of the Committee who attended the meeting were requested to forward any amendments to the Internal Auditor for inclusion in the minutes.

**Action:**

- 71.1** Members of the Committee who attended the joint meeting to forward any proposed amendments to the Internal Auditor for inclusion in the minutes.

**FN/16 - 17/72 Minutes of the Estates Policy Committee**

The Committee noted the memorandum from the CFO dated 12.12.2016 along with the draft minutes of the Estates Policy Committee meeting of 18.11.2016, as circulated.

**FN/16 - 17/73 Minutes of the FIS Oversight Group**

The Committee noted the memorandum from the CFO dated 12.12.2016 along with the draft minutes of the FIS Oversight Group meeting of 28.11.2016, as circulated.

The Committee noted the next Finance Committee meeting is scheduled for Monday, 6 February 2017 at 2:30pm in the Provost's Library.

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