



Minutes of the Finance Committee Meeting of 1 October 2018

Present: Provost (Chair), Vice-Provost, Bursar, Dean of Engineering, Maths and Science (FEMS) for Minutes FN/18-19/1- 3, Registrar, Ms. C. Curtis, Mr. L. Kavanagh, Professor S. Alyn Stacey, President of the Students Union, Chief Operating Officer, Chief Financial Officer (CFO) – Secretary to the Committee

In Attendance: GSU President, Deputy CFO, Director of Financial Planning & Risk Management

Apologies: None received

Statement of Interest: None declared

The Committee noted and approved the minutes of the Finance Committee meeting of 06.07.2018. The updates provided under Matters Arising were also noted, Minute FN/18-19/1 below refers.

On behalf of the Committee, the Provost welcomed the Dean of FEMS, Prof. Alyn-Stacey and the SU President as new members and the GSU President who was in attendance.

The Provost also advised the Committee of the imminent departure of the CFO to take up a new role in Abu Dhabi and took the opportunity to wish him well in this new venture. He also congratulated FSD on their success in the “Finance Team of the Year” category at the recent British Accountancy Awards.

Section A

No Items

Section B

FN/18-19/1 Planning Group Report #18
(Minute FN/17-18/106.1 of 6.07.2018 refers)

The Committee noted that, subsequent to the discussions at the Finance Committee meeting of 06.07.2018, the Provost attended Planning Group in September 2018 and impressed upon the Group the need to consider each



component of Goal 9 when assessing the overall status of the Strategic Plan Goal in future, in addition to the focus on financial metrics.

FN/18-19/2

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EIB Loan Financing

The Project Appraisal Manager attended for this item.

The Committee welcomed the circulated memorandum dated 25.09.2018 from the Project Appraisal Manager who, by way of presentation, outlined the background to and purpose of the proposed loan and other key details including:

- the projects being funded
- the financing mix (commercial loan, State, donor etc.)
- the main contract terms (period of loan, interest only for first 5 years, appraisal fee, non-utilisation fee)
- indicative interest and repayment costs
- loan covenants (debt serving percentage, minimum monthly average cash, minimum net assets, total debt as a percentage of net assets)

In considering the purpose of the loan, the Committee noted the 5 strategic capital projects which it will support and that the EIB has agreed to lend a maximum of 50% of the total cost of each project. The Committee further noted the proposed sources of the balance of funding required for these projects, and that a proposal regarding the commercial loans will come forward for approval in due course, subject to approval of the EIB loan.

Having reviewed the main contract terms, including the repayment terms and indicative interest rates, the Committee agreed that in advance of drawdown, FSD will seek external advice in relation to securing the most preferable interest rates available at that time, and will report back to the Committee in due course.

In considering the risks as identified arising from the proposed loan and noting in particular the impact on the University's capacity to borrow for other/future projects, the Committee recognised that in securing this loan, the University was prioritising these 5 projects over other projects. Further noting that the repayment of both the EIB loan and the commercial loans yet to be secured is contingent on the success of the business cases of the



5 projects, the Committee noted the risk that these projects must deliver on their strategic plans/growth targets to generate the revenue required to meet the loan repayments and provide other strategic benefits to the University.

The Committee was advised that whilst its approval is not required as long as the University operates within the Borrowing Framework, the HEA had been consulted on the Engineering, Environment and Emerging Technologies Learning Foundry, and had deemed it to be outside the Framework and approved as self-financing.

Noting the loan terms, covenants, security and other supporting information provided, the Committee recommended that the proposal for a loan of €100m from EIB be forwarded to Board for approval. The Committee also agreed that the Provost and CFO should sign the contract with EIB as soon as possible after Board approval is secured.

Action:

- 2.1** In advance of the loan drawdown, FSD will seek external advice in relation to securing the most preferable interest rate at that time, and will report back to the Committee in due course.
- 2.2** The EIB loan proposal was recommended to Board for approval.
- 2.3** The Provost and CFO to sign the contract with EIB as soon as Board approval is secured.

**FN/18-19/3
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E3 Learning Foundry

(Minute FN/17-18/81 of 23.04.2018 refers)

The Dean of FEMS, the Project Appraisal Manager and the Programme Manager attended for this item.

The Committee welcomed the circulated memorandum from the Bursar, Director of Strategic Innovation and the Dean of FEMS dated 01.10.2018, setting out an update on Phase 1 of the E3 Learning Foundry Project along



with a proposal to progress to Phase 2, including a request for a release of funds to support the next stage of this Project.

By way of presentation, the Dean of FEMS summarised the key deliverables of the Project, in particular the 40% expansion of the three Schools involved, noting that the Learning Foundry will underpin new approaches to teaching and learning, with increased interdisciplinary and industry collaboration and a research agenda aligned to the six focus areas of the E3 Strategy as a whole. The Committee noted the recruitment targets for each School as outlined, the associated increased income, the ramp-up plans over the first 5-7 year, in addition to the projected increase in academic and support staff. The Committee was advised that good progress has been made to date against these targets.

In his part of the presentation, the Project Appraisal Manager updated the Committee on the funding structure of the Project, noting that following the Finance Committee's recommendation, the EIB loan would be presented to Board for approval later in the week, with contracts to be signed at an early date thereafter. In considering the update provided on the status of negotiations for the commercial loan, the Committee noted that a number of banks are currently engaging in the process and that the proposal has been well received.

The Bursar & Director for Strategic Innovation provided an update on the capital elements of the Project, by way of presentation, outlining in some detail Stages 1 to 4 of the preferred design and location option, which will include design development and finalisation, demolition and new-build planning applications, followed by enabling and early construction works. The Programme Manager outlined the costs associated with this work, which underpin the requested draw down of funds. Having noted the detailed costs, the Committee queried the adequacy of the construction contingency at 15%, and in considering the risks as outlined, requested that the risk register be refined, to include costed risks and the introduction of a cost 'ceiling' before construction costs reach red status, and brought forward as part of the next report.



Having reviewed the detail provided in the memorandum including the phasing of the key deliverables and noting the risks, assumptions, issues and dependencies as outlined, the Committee noted and approved the requests as follows:

- Closure of Stage 1 Detailed Planning and High level Design on 1.10.2018
- Commencement of Stage 2 Detailed Design (Option 9) including detailed design planning to the end of Stage 4 and associated demolitions and enabling works
- Funds for Design Team and Trinity resources to complete these works between September 2018 and March 2020.
- Any surplus to be reallocated to the contingency.

The Committee also recommended the funding draw-down request of c.€13.4m (in addition to the current budget of €2.35m) to complete these Stages, for onward consideration and approval by Board.

Thanking the Bursar, Dean of FEMS, Project Appraisal Manager and Programme Manager for their report, the Committee requested an update on the full Business Case (building and student numbers) be brought forward for consideration in Trinity Term 2019.

Action:

- 3.1** The funding request for c. €13.4m, in addition to the current budget of €2.35m, was recommended for onward consideration and approval by Board.
- 3.2** The risk register to be refined, to include costed risks and the introduction of a cost 'ceiling' before construction costs reach red status, and brought forward as part of the next report.
- 3.3** An update on the full Business Case (building and student numbers) to be brought forward for consideration in Trinity Term 2019.



**FN/18-19/4
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Dartry Accommodation Project

(Minute FN/17-18/103.1 of 06.07.2018 refers)

The Dean of Students and Project Appraisal Manager attended for this item.

The Committee welcomed the circulated memorandum from the Dean of Students dated 01.10.2018 and the accompanying schedules setting out the business case for the development of student accommodation at University-owned property in Dartry, which had been revised at the Committee's request following its meeting of 06.07.2018.

By way of presentation, the Dean of Students set out a summary of the revised proposal, addressing the Committee's concerns across the following headings:

- Comparison of cost/bed with other PBSA
- Removal of period houses and contingency reduction
- Breakdown of cost changes
- Financial performance and GAAP analysis

The Committee welcomed the additional information provided on the cost comparison with other city-centre based accommodation providers and the breakdown of cost changes, noting in particular the removal of the period house costs and the reduced contingency as requested, along with the increased legal fee provision for specialist planning advice.

The Committee reviewed the financial performance and GAAP analysis as set out and noted the positive impact of the revised model on financial projections. In discussing the proposed rental costs for the rooms, the Committee requested that, whilst build quality must be maintained, a more diverse range of accommodation offerings could be considered. In this context, the Committee requested a further report to be brought forward for consideration at in Hilary Term 2019, setting out a mix of accommodation offerings to include the impact (if any) on revenue.

Having considered the revised business case in detail, the Committee approved the budget as set out.



Action:

- 4.1** A further report to be brought forward for consideration in Hilary Term 2019, setting out a mix of accommodation offerings to include the impact (if any) on revenue projections.

FN/18-19/5

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Tangent (Innovation and Entrepreneurship Hub) Business Plan

(Minute FN/16-17/116 of 03.05.2017 refers)

The Head of Entrepreneurship at Tangent attended for this item.

The Committee considered the circulated memorandum from the Chief Innovation & Enterprise Officer dated 25.09.2018 enclosing a detailed business case for Tangent (formerly the Innovation & Entrepreneurship Hub), which had previously been considered and approved by EOG at its meeting 04/09/2018 (Minute EO/18-19/029 refers).

In his presentation and by way of context, the Head of Entrepreneurship at Tangent outlined global innovation drivers and the responses of other Universities internationally, noting that the main focus of Tangent's business case is to provide the scale, focus and physical presence to enable Trinity to deliver an impactful innovation and entrepreneurship agenda.

The Committee noted the financial projections, which included modest surpluses in the first three years after the agreed capital contribution to TBS, and plans for Tangent to be a self-financing unit generating income from a wide range of activities. In considering the sources of income, the Committee noted the primary source of sponsorship and the risks associated with the reliance on European Institute of Innovation and Technology (EIT) funding. In the context of the sharp increase in projected income targets, the Committee acknowledged the challenges in hiring appropriately experienced staff to service the full range of courses and thus generate the necessary revenues. The Committee welcomed the status update on 2017/18 performance against target in terms of income realised, which indicated that demand exists, and advised that ongoing monitoring will be required to ensure targets are met.



Having considered the business case in detail and noting the risks as outlined, the Committee approved the financial elements of the plan and requested that Tangent report bi-annually, with the first update to come forward in Hilary Term 2019. The Committee also requested that future reports would provide updates on the income generated against each income category target.

Action:

- 5.1** An updated report on Tangent to be brought forward in Hilary Term 2019, including income generated against each category target.

FN/18-19/6

Financial & Performance Highlights – Q3 2017/18

The Management & Financial Accounting Manager and the Projects Accounting Manager attended for this item.

In considering the Q3 executive summaries and detailed reports from the Management & Financial Accounting Manager and the Project Accounting Manager dated 24.09.2018 as circulated, the Committee welcomed the updated information, including the key messages as set out and once again acknowledged the quality and comprehensiveness of the report. The Committee noted (by way of presentation) the key highlights set out across the following headings for the period Q3 17/18:

- Financial summary dashboard
- Budget to Q3 forecast
- Adjusted budget to forecast variances by Faculty/Division
- Variance by School
- Executive summary: research
- Executive summary: capital
- Preliminary cash flow forecast
- Trinity Endowment Fund
- TCD Gearing and Loans/Debt Profile
- Student numbers trend FY2015-18
- Key messages



The Committee noted the financial summary and the budget to latest forecast for year ended 2017/18 and the improvement on the position forecasted in Q2, which can be almost wholly attributed to underspends to budget across Faculties and Divisions and CRU surpluses over budget. The Committee further noted the increase in pay costs arising from pay restoration and the reduction in depreciation following a revision of the useful lives of buildings in 2016/17.

Based on the improved Q3 forecast and the significantly strengthened EBITDA position, a deficit outturn of €3.3m (after depreciation of €15.9m and before unrealised gains and losses not yet quantified) is forecasted to 30.09.2018. On this basis the University is likely to record an overall surplus at year-end, however the Committee noted that caution is required due to the potential impact of forecasted 2017/18 underspends on future year financial results when eventually spent. Cumulative underspends (reserves) held in Faculties, currently reported as c.€47m, if spent in the short to medium term will have a significant adverse impact both on the cash flow and reported financial results of the University need to be managed carefully.

In the context of the above, the Committee agreed that Schools should be encouraged to spend strategically on capital projects and/or to develop programmes with an emphasis on enhanced quality and revenue. The Committee agreed that the Provost would engage with the Vice-Provost/CAO and COO, to support a re-work of Planning Group activities including a full analysis (similar to prior year) of funds available to Faculties, Schools and Divisions and to align School/Division strategic planning with the spending of reserves.

In reviewing the updated research activity, the Committee noted the University's continued successful performance, with Q3 17/18 expenditure ahead of the same period in the prior year by 3.6%. However, whilst research income is forecasted to exceed €100m by year-end, the Committee noted that the current value of proposals submitted is lower than prior-year due to timing differences in funding agency calls, and in particular due to the postponement or cancelling of a number of SFI calls including SFI Investigator Awards, and the wider implications of this issue for the University. The Committee also noted that whilst a higher rate of



overhead was recovered on a number of new awards in the quarter, indirect cost recovery rates overall continue to be a cause for concern.

The updated information on capital project activity was noted, including the top 5 approved projects by value and the overall capital portfolio value. In reviewing the year-on-year comparative data, the Committee noted that capital expenditure had increased by 132% on the same period in the prior year due to the TBS and Printing House Square projects. The status of each of the 5 high value projects was noted, including the “red” status of TBS by the PMO due to the low level of contingency remaining.

The Committee once again welcomed the preliminary cash-flow forecast (operational and capital) as set out, including the key assumptions underpinning the projections, noting that current projections continue to indicate a fall below the recommended 45 days cash level in Q3 FY18/19 if no action is taken. In noting the plans in train to address this, the Committee also noted the impact on Trinity’s future borrowing capacity following the restructuring of the TBSI commercial space financing.

The Committee noted the updated information on gearing and the University’s loan/debt profile.

The updated information on the Endowment Fund, including the current market value and strong market rally in Q3 17/18, along with the status of the portfolio review and restructure was also noted.

In noting the ongoing work to bring heritage assets on to the balance sheet (to increase the value of net assets) and the revised timeline for completion of this work along with the concerns expressed by internal stakeholders, the Committee requested FSD to prepare a proposal for the Provost, to include benchmarking the treatment of heritage assets by other Universities.

In considering the 3-year student numbers trend by Faculty, the Committee noted that there has been no change since the Q2 report and the concerns previously expressed around low levels of overall growth over the last number of years still refer.

Thanking the Management and Financial Accounting Manager and the Project Accounting Manager for their presentations and the key messages



as outlined, the Committee requested that an update on Q4 17/18 activity be provided in Michaelmas Term 2018.

Action:

- 6.1** The Provost to engage with the Vice-Provost/CAO and COO, to support a re-work of Planning Group activities and to align School strategic planning with the spending of reserves.
- 6.2** FSD to prepare and send a proposal to the Provost, to include benchmarking the treatment of heritage assets by other Universities.
- 6.3** An update on Q4 17/18 activity to be provided in Michaelmas Term 2018.

FN/18-19/7

Trinity Development and Alumni (TDA) Campaign Update

(Minute FN/17-18/86 of 23.04.2018 refers)

The Director of TDA and the TDA Director of Operations attended for this item.

The Committee welcomed the circulated memorandum from the Director of TDA dated 20.09.2018 which set out an update on performance against the approved Business Plan targets for philanthropic pledges as part of the Board-approved TDA campaign, across the following headings:

- Update since last report (April 2018)
- YTD funds raised and income
- Review of outstanding pledges
- Ageing of pledges
- Forecasted cash flow
- Operating costs: YTD to June 2018

By way of presentation, the Director of TDA highlighted the key points of the memorandum, including total funds raised, cash received and funds transferred to the University along with progress made against the overall



Campaign Target. The Director of TDA also provided an update on the status of outstanding pledges and the associated cash-flow forecast.

Welcoming the strong performance since the last report, the Committee noted that 97% of the annual fundraising pledge target had been achieved in the year to date and that income received in the year is 13.1% ahead of the prior year. The Committee further noted that c.€16m has been transferred to the University, significantly exceeding the prior year amount.

The Committee noted the TDA Campaign is on track overall with 67% of the overall 'Funds Raised' Target (pledges) now met and, whilst delivering the remaining balance will be a significant challenge, the Director of TDA advised that the situation continues to be kept under close review.

The Committee welcomed the updated analysis of outstanding pledges noting the relatively low value of pledges written off in the period, new pledges recorded, income received since the last report, the balance and age profile of outstanding amounts. Having reviewed the cash flow forecast, along with payment plans for outstanding pledges, the Committee noted that 5 pledges accounted for 96% of the amounts due directly to the University, with 9 pledges accounting for 76% of the amount owing to TDA. Responding to a query, the Director of Operations advised that aged debt had been reviewed to assess recoverability and is kept under regular review.

In considering the operating costs of the Campaign, which are significantly less than budgeted in the business plan, the Committee agreed that following year-end, the budget should be reviewed and any underspend arising be returned to the University.

Noting the performance to 30.06.2018 along with the budget update provided, the Committee thanked the Director of TDA and the TDA Director of Operations for their report and requested a further update in Trinity Term 2019.

Action:

- 7.1** Following year-end, the TDA budget is to be reviewed and any positive variance arising to be returned to the University.



- 7.2** An update to come forward for consideration in Trinity Term 2019.

Section C

FN/18-19/8 Finance Committee Self-Evaluation Process 2017/18 – Outcomes
(Minute FN/17-18/110.2 of 06.07.2018 refers)

The Committee noted the circulated memorandum from the CFO, dated 24.09.2018, which set out formal responses to the issues raised by individual Committee members via their comments in the Self-Evaluation questionnaire. Noting the positive overall performance rating, the Committee welcomed the planned actions to further enhance its time management and effectiveness, along with its composition as requested.

FN/18-19/9 GAAP Consolidated Surplus/(Deficit) FY2003-FY2017
(Minute FN/17-18/107.1 of 06.07.2018 refers)

The Committee noted the circulated memorandum from the Management & Financial Accounting Manager dated 24.09.2018 setting out the University's consolidated financial outturn (surplus/(deficit) for the financial years 2003 to 2017, inclusively. The Committee noted that the consolidated surplus/(deficit) for each year as set out was drawn from the University's Consolidated Financial Statements, prepared in accordance with Generally Accepted Accounting Principles (GAAP) and the Further Education Statement of Recommended Practice (FE/SORP) issued in the UK, and approved by Board.

FN/18-19/10 Treasury Management Update

In accordance with the Treasury Management Policy, the Committee noted the circulated memorandum and accompanying appendices from the Project Appraisal Manager dated 21.09.2018, setting out an update for the third quarter of the financial year from 01.04.2018 to 30.06.2018 and the comparative data for the same period in the previous financial year across the following headings:



- Current deposits, credit ratings and credit limits
- Average deposit rates and monthly cash balances
- Negative interest charges on current accounts
- EIB loans and financial covenants
- Gearing
- Overdraft

The Committee also noted the information provided in relation to the HEA Borrowing Framework calculation, which was noted by Board in April 2018 and subsequently submitted to the HEA. An update on the final quarter of the financial year will come forward in Michaelmas Term 2018.

Action:

- 10.1** An update on the final quarter of the financial year to come forward in Michaelmas Term 2018.

FN/18-19/11 Minutes of Sub-Committees

The Committee noted the circulated memorandum from the CFO dated 24.09.2018 along with draft minutes of the Investment Committee meeting of 11.09.2018, which included the following items:

- Endowment Fund 30.06.2018
- Update on portfolio review and restructure
- Review of investment management fees and charges
- Review of minimum threshold for new benefactions
- Investment Committee Self-Evaluation 2017/18

FN/18-19/12 Minutes of the Audit Committee

The Committee noted the circulated memorandum from the CFO dated 24.09.2018 along with draft minutes of the Audit Committee meeting dated 12.06.2018, which included the following items:

- Annual Report to Board 2017/18
- Review of Items Removed from the Log
- Academic Registry



- Audit Committee Schedule 2018/19
- Audit Function Risk Register

FN/18-19/13 Minutes of the Estates Policy Committee

The Committee noted the circulated memorandum from the CFO dated 24.09.2018 along with the draft minutes of the Estates Policy Committee meeting of 22.06.2018, which included the following items:

- Estates Strategy
- Demolition of the Biochemistry Building and adjoining Roberts laboratory

**FN/18-19/14 Related Entity Financial Reporting
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The Committee noted the circulated memorandum from the CFO dated 24.09.2018 and recommended the Directors' Report and audited Financial Statements of the following entities to Board for noting:

- Molecular Medicine Ireland (MMI) for the year ended 30.09.2016
- Science Gallery International for the year ended 30.09.2017
- National Digital Research Centre (NDRC) for the year ended 31.12.2017
- HEAnet for the year ended 31.12.2017

Action

14.1 The Directors' Report and audited Financial Statements of MMI for FY2016 and Science Gallery International, NDRC and HEAnet for FY2017 to be forwarded to Board for noting.

The Committee noted the next Finance Committee meeting is scheduled for 23 November 2018 at **2.30pm** in the Provost's Library.

PROVOST..... DATE.....