



## **Minutes of the Finance Committee Meeting of 3 March 2020**

**Present:** Provost (Chair), COO, Registrar (Minutes 58 – 61), Dean of Health Sciences, Ms. C. Bryce, Mr. L. Kavanagh, Ms. N. Holland, President of the Students Union, Professor S. Alyn Stacey, Chief Financial Officer (CFO) – Secretary to the Committee

**In Attendance:** GSU President, Deputy CFO

**Apologies:** Vice-Provost, Bursar

**Statement of Interest:** None declared

The Committee noted and approved the minutes of the Finance Committee meeting of 04.02.2020.

### **Section A**

No items

### **Section B**

**FN/19-20/58** **Consolidated Financial Statements for the year ended 30.09.2019**  
**XX** The Group Financial Manager attended for this item.

The Committee welcomed the circulated memorandum from the CFO and Deputy CFO dated 26.02.2020, and the accompanying Draft Consolidated Financial Statements for the year ended 30 September 2019 (including the CFO Report).

As outlined by the CFO, the Committee noted the audit status, including the audit of the University's subsidiaries, and the draft qualified audit opinion on the Consolidated accounts from KPMG which is in line with prior years and in line with treatment of other Irish Universities. The Committee noted that this is a technical qualification arising from the inclusion of a retirement benefits asset in the Statement of Financial Position. The C&AG do not qualify the accounts on this basis.

By way of presentation, the CFO and Deputy CFO outlined the key details of the Consolidated Financial Statements 2018/19, across the following headings:



- Consolidated Profit & Loss
- Consolidated Income & Expenditure
- Capital Expenditure & Cashflow
- Research Activity & Awards Signed FY2014 - 2019
- Balance Sheet/Net Assets summary
- Balance Sheet – Key Movements/ Matters to Note
- Pensions
- Recap – Approvals & Next Steps

The Committee welcomed the positive surplus reported in the year and noted the year-on-year improvements in EBITDA achieved over the past 5 years.

The Deputy CFO drew the Committee's attention to the University's performance across a number of headings including increases in income generated, reflecting Trinity's continued success in attracting new students and diversifying its income base. The growth in academic fees and commercial income over prior year was also highlighted along with the continued success in growing research income.

In reviewing the movement in expenditure on prior year, the Committee noted the key drivers including the increase in staff costs and other operating expenses associated with the support of strategic activities across the University. The Committee noted the value of capital expenditure in the year, which included Trinity Business School and Printing House Square spend, along with ongoing investment in existing University facilities. Cash balances and borrowings were also outlined, with the Committee noting the University's increased gearing at year-end due to additional borrowings for specific development projects, aligning with the forecasted gearing position in the University's 5-year plan.

The Committee welcomed another very strong performance of research activity in the year, with income once again exceeding €100m, and noted the significant increase in the value in new awards signed during the year.

The CFO provided a summary of the University's net assets, highlighting the key matters for noting in respect of the Balance Sheet, including a significant increase in the pension liability, driven by changes in the underlying actuarial financial assumptions used. Having received a detailed summary on the external auditors qualified audit opinion in relation to the pension asset and



the University's legal advice regarding the State's de facto guarantee of the relevant pension schemes, the Committee agreed that engagement with other public sector bodies facing these issues would be beneficial and requested FSD to engage with organisations in other sectors.

Welcoming the University's improved financial position for the year, and the significant progress made over the past 5 years, the Committee acknowledged the ongoing need to generate significant cash balances from operations in order to support Trinity's ambitious strategic priorities and, in particular, delivery of a high-quality student experience.

Thanking the CFO and his team for their work in producing the Draft Consolidated Financial Statements and welcoming the clarity of the narrative provided, the Committee agreed that the draft Consolidated Financial Statements and letters of Representation should be forwarded to Audit Committee for consideration and onward recommendation to Board for approval.

**Action:**

**58.1** FSD to engage with organisations in other sectors facing the same pension issues as the University.

**58.2** The draft Consolidated Financial Statements and letters of Representation to be forwarded to Audit Committee for consideration and onward recommendation to Board for approval.

**FN/19-20/59  
XX**

**Trinity Endowment Fund Financial Statements for the year ended 30.09.2019**

The Group Financial Manager attended for this item.

The Committee had been circulated with a memorandum from the CFO and Deputy CFO dated 26.02.2020, and the accompanying Draft Trinity Endowment Fund Financial Statements for the year ended 30 September 2019.

By way of a brief presentation from the Deputy CFO, the Committee noted the audit status of the Endowment Fund along with the main highlights of the



Fund's performance in the financial year, including relevant historical trends, across the following headings:

- Investment performance FY 2014-2019
- Investment Objectives & Asset Allocations FY18/19
- Additions to capital by fund in FY18/19
- Growth in Endowment Fund 2010 -2019

The Committee also noted the market value of the Fund's investment portfolio at 30.09.2019, the total return achieved and the status of the ongoing portfolio restructure to align with agreed asset allocations along with the challenges associated with generating sufficient income in the context of the prolonged low yield environment. The Committee noted the relatively low level of additions in the year and requested FSD to once again engage with the relevant Schools on unspent balances.

The Committee acknowledged the strong performance of the Endowment Fund over the past 5 years and the positive contribution made to the University's current financial position. Noting the CFO's comments in relation to the impact market volatility may have on future performance, and in the context of the Investment Committee's plans to develop an Investment Policy Statement (IPS) to provide a framework for future investment decisions as outlined, along with the upcoming appointment of a new Chairperson, the Committee recommended that Finance Committee and Board be given a more detailed briefing on the Endowment Fund once the IPS comes forward for approval.

Noting that the Auditors intend to issue an unqualified audit opinion, the Committee agreed that the draft Financial Statements be submitted to Audit Committee for review and recommendation to Board for approval, and subsequent submission to the Charities Regulatory Authority.

**Action:**

- 59.1** The draft Endowment Fund Financial Statements and Letter of Representation to KPMG for the year ended 30 September 2019 to be submitted to Audit Committee for review and recommendation to Board for approval, and subsequent submission to the Charities Regulatory Authority.



**59.2** The Committee recommended that Finance Committee and Board be given a more detailed briefing on the Endowment Fund once the Investment Policy Statement comes forward for approval.

**59.3** FSD to engage with the relevant Schools on unspent balances.

**FN/19-20/60 Financial and Performance Highlights – Q1 2019/20**

The Group Financial Manager and Projects Accounting Manager attended for this item.

In considering the Q1 2019/20 Executive Summary (along with appendices) and detailed reports from the Group Financial Manager and the Projects Accounting Manager dated 03.03.2020 as circulated, the Committee welcomed the updated information, including the key messages as set out (by way of presentation) and highlights across the following headings:

- Financial Performance
- Financial Summary Dashboard
- Summary EBITDA by Area
- Budget to Forecast Q1
- Student numbers trend FY16-19
- Executive Summary: Research
- Executive Summary: Capital
- Cashflow
- Trinity's Gearing - Loans/Debt Profile
- Trinity Endowment Fund
- Budget to Forecast Variances (by Faculty, Division and School)

The Committee considered the financial summary and the budget to latest forecast for 2019/20 in detail, noting the forecasted surplus to 30.09.2020 before unrealised gains and losses on investments. In considering the Q1 result, the Committee noted the weighting of fee income in Q1 and the Q1 operational position – i.e. earnings before interest, tax, depreciation and amortisation (EBITDA), which is also favourable to budget. The Committee noted the year-on-year increase in staff costs, due to an increase in headcount



and pay restoration, further noting that pay savings buoyancy has been increased to offset the unfavourable variance.

The Committee also reviewed the cashflow forecast for the year, noting the drivers of increased capital spend and working capital requirements and that current forecasts indicate the University will hold the minimum year-end cash balances required under EIB loan covenants over the next 5 years.

Having reviewed the detail of the Q1 18/19 adjusted budgets to forecasted variances by Faculty and Division, the Committee noted the factors underpinning the reported results, in addition to the variances by School. The Committee also noted the cost detail set out in the Summary EBITDA by Area slide.

The Committee noted the University's research activity for the quarter is 1.6% ahead of prior year. However, whilst research activity exceeded €100m again in 2018/19, the Committee noted the ongoing reduction in the value of new proposals, including the impact of SFI budget constraints. In considering the increase in research income year on year, the Committee further noted the contribution of the Immigrant Investor Programme along with the overhead recovery rates achieved.

The updated information on capital project activity was noted, including the top 5 approved projects by value and the overall capital portfolio value along with the level of capital expenditure, which has decreased versus prior year due to the completion of Trinity Business School in FY18/19. In this context, the Committee also noted the updated information on the University's loan/debt profile including the current and planned increase in Trinity's gearing ratio, which is aligned to the University's 5-Year plan.

The Committee noted the Endowment Fund update along with current market value and status of the portfolio restructure.

In considering the student numbers trend by Faculty, including preliminary numbers for 2019/20, the modest increase over the prior year was noted, along with the student composition ratios.

Noting that final student numbers would be available at the end of March 2020, the Committee acknowledged the potential impact of the Coronavirus on student numbers and other income categories (including visitor numbers,



retail and conference revenues, accommodation etc.) and welcomed the CFO's update on the scenario planning currently being undertaken, the results of which will inform the Q2 forecasts.

Thanking the Group Financial Manager and the Projects Accounting Manager for their presentations, the Committee noted the results as outlined and requested that an update on Q2 2019/20 activity be provided in Trinity Term 2020.

**Action:**

**60.1** An update on Q2 2019/20 activity to be provided in Trinity Term 2020.

**FN/19-20/61 TTEC Pre-Development Update**

**(Minute FN/19-20/20 of 18.11.2019 refers)**

The Chief Innovation and Enterprise Officer (TTEC Project Sponsor) and Interim Project Director attended for this item.

In considering the circulated memorandum and appendices from the Chief Innovation and Enterprise Officer and Interim Project Director dated 3.02.2020, the Committee noted the detail provided under the following headings:

- Update on Pre-Development Progress
- TTEC Development Scenarios
- Critical Success Factors for TTEC Development
- Scenario Analysis & Recommendations

The Interim Project Director advised that Committee that he wished to keep them apprised of plans and provide assurance on the level of detailed work underway. By way of presentation, he summarised progress made to date across the following headings:

- TTEC – the current/assumed land position
- Critical Success Factors
- Development Scenario Analysis (vs. Critical Success Factors)
- Development Scenario Analysis (Pros & Cons)



The Committee, welcoming the update provided, considered the four development scenarios as outlined along with the critical success factors and associated analysis. The additional detail provided on the accommodation elements of the project, project phasing options and scaling was also welcomed, and the Committee noted that all components of the project will require a Business Case. Following a query, the interim project director confirmed that the quantitative assessment of each of the development scenarios would be brought to Finance Committee in the coming months.

Having considered the analysis of the development scenarios along with planned reporting and governance timeliness, the Committee endorsed the approach being taken, noting that the funding and financing options for each of the scenarios will require robust discussion at Finance Committee before moving to development of the detailed directional Business Case.

Thanking the Chief Innovation and Enterprise Officer and Interim Project Director for their report, the Committee requested an update including quantitative assessment of the development scenarios under consideration in Trinity Term 2020.

**Action:**

**61.1** The Committee requested an update including quantitative assessment of the development scenarios under consideration in Trinity Term 2020.

**FN/19-20/62 Commercial Revenue Unit (CRU) Update**

(Minute FN/18-19/119 of 10.06.2019 refers)

The Interim Commercial Director attended for this item.

The Committee noted the circulated memorandum from the Interim Commercial Director dated 23.01.2020, which provided updates across the following headings:

- Executive Summary
- Update since the last report
- Full Financial Year 2018/19





- CRU FY 19/20 3+9 Forecast
- Full Financial Year 2019/20
- Risks

In his presentation, the Interim Commercial Director summarised CRU's performance under the following headings:

- CRU Performance 2012/13 – 2019/20
- Commercialisation Strategy FY13-FY19
- CRU Sales FY18/19
- CRU Contribution FY18/19

Having reviewed CRU's performance against budget for the year to date, along with the prior year comparison as set out, the Committee acknowledged CRU's significant contribution to funding a variety of University activities, noting that commercial revenue is now at the same level as the State Grant.

In considering the forecasted position, the Committee noted the factors affecting CRU's forecasted performance, including the challenges arising from the Old Library Re-Development Project and partnerships, and recommended that CRU's new Business Strategy include mitigating strategies for both current and potential impacts on revenue, in particular if the Library Project proceeds as planned. The Committee also recommended the wider Library collections be explored in terms of providing alternative visitor exhibitions, at other on-campus venues.

Noting the risks and sustainability issues as outlined, the Committee requested a further update in Trinity Term 2020.

**Action:**

- 62.1** CRU's new Business Strategy, including mitigating strategies for current and potential impacts on revenue, in particular if the Old Library Re-Development Project proceeds, to be brought to Finance Committee in due course.
- 62.2** The wider Library collections to be explored in terms of providing alternative visitor exhibitions, at other on-campus venues.



- 62.3** An updated report to come forward for consideration in Trinity Term 2020.

**FN/19-20/63 Printing House Square Update**

(Minute FN/19-20/30 of 18.11.2019 refers)

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

The Committee noted the circulated memorandum from the Dean of Students (PHS Sponsor) dated 25.02.2020, which set out an update on PHS across the following headings:

- Overview
- Update of Contract Status
- Update on Financial Plan
- Programme
- Project Oversight and Quality Assurance

By way of presentation, the Dean of Students summarised the key messages of the memorandum under the following headings:

- Overview
- Contingency Tracker
- Programme Implications

In considering the revised Project completion date of July 2020, the Committee noted that work is progressing in line with the contract and works requirement and to the expected standard, and that cashflow analysis indicates that the revised completion date remains achievable. However, the Committee further noted that, in light of the need to manage remedial works alongside the remaining planned programme of works, resourcing is being closely monitored to ensure any impact on Project progress is identified and addressed at an early stage. Furthermore, having considered the various interdependencies arising from achievement of the July completion date, the Committee requested CRU to assess the commercial impact of any further delays and to report to the next meeting.

The Committee noted the update provided on the financial implications of the completion delay, the professional advices received on the available courses



of action, along with the associated risk analysis and likely outcomes. Having reviewed the contingency tracker, the Committee agreed that ongoing cashflow analysis will be required as the financial implications of the Project extension become clearer and agreed that the overall Project budget should be reviewed in this context.

The Committee requested an updated report, including a detailed cashflow analysis, to come forward for consideration in Michaelmas Term 2020.

**Action:**

**63.1** CRU to assess to the commercial impact of any further extension in the project completion date and to report the next meeting.

**63.2** An updated report, including a detailed cashflow analysis, to come forward for consideration in Michaelmas Term 2020.

**FN/19-20/64 Dartry Accommodation Project**

(Minute FN/18-19/87 of 01.05.2019 refers)

The Dean of Students and the Head of Capital Projects & Planning attended for this item.

The Committee welcomed the circulated memorandum from the Dean of Students (Project Sponsor) dated 25.02.2020, which provided an update on the Dartry Student Accommodation Project under the following headings:

- Background
- Project Update
- Financial Update
- Schedule
- Required actions

By way of presentation, the Dean of Students set out a summary of the revised accommodation offerings presented for the Committee's consideration, across the following headings:

- Progress update
- Scope Development
- Procurement Strategy
- Financial Update



- Schedule Update

The Committee welcomed the supporting financial modelling information and noted that revisions to the detailed design, which have already been considered by the Project Steering Group and the Estates Policy Committee, have resulted in the availability of an additional 6 rooms, with a sizable cost reduction also being delivered to students.

The Committee further noted the progress of the planning application including the short delay following engagement with DCC. The Committee also welcomed the update on the prudent procurement strategy being adopted.

Noting the financial update as set out, and that more detailed costings will be included in the next report, the Committee thanked the Dean of Students for his report and requested an update in Trinity Term 2020.

**Action:**

**64.1** An updated report to come forward for consideration in Trinity Term 2020.

**FN/19-20/65**

**Casual Pay Rates**

(Minute FN/19-20/34 of 18.11.2019 and FN/19-20/43 of 04.02.2020 refer)

The Director of HR and the Head of Strategic Planning & Process Improvement attended for this item.

The Committee noted the memorandum from the Deputy Director of HR dated 25.02.2020, which provided an update on the Casual Pay Rates under the following headings:

- Rates of pay for Occasional Work
- Update to Finance Committee on Academic-related Occasional Rates
- Update to Finance Committee on Invigilation rates

By way of presentation, the Head of Strategic Planning & Process Improvement summarised the key changes to the rates of pay for casual staff. Noting that there has been no reduction to any category of pay and that rates compare favourably to those in other Universities, the Committee approved the rates with effect from 1 April 2020. The GSU President thanked the



Committee for resolving this matter so promptly and requested that HR carry out a review of working conditions and contracts for casual workers.

**Action:**

**65.1** HR to carry out a review of working conditions and contracts for casual workers.

### **Section C**

#### **FN/19-20/66 Travel and Subsistence Rates 2020**

The Committee considered the memorandum from the CFO dated 25.02.2020 and noted the Department of Finance-approved travel and subsistence rates applicable for all University-related travel in the period 1 January to 31 December 2020 as circulated.

The Committee noted that the “Travel and Subsistence Rates for Ireland and Abroad 2020” booklet will be circulated to Faculty Deans, Heads of School, Heads of Support Areas and Principal Investigators and will also be published on the University’s website.

**Action:**

**66.1** The “Travel and Subsistence Rates for Ireland and Abroad 2020” booklet to be circulated to Faculty Deans, Heads of School, Heads of Support Areas and Principal Investigators and published on the University’s website.

#### **FN/19-20/67 Treasury Management Quarterly Update**

In accordance with the Treasury Management Policy, the Committee noted the circulated memorandum and accompanying appendices from the Project Appraisal Manager dated 25.02.2020, setting out an update for the first quarter of the financial year from 01.10.2019 to 31.12.2019 along with comparative data for the previous financial year across the following headings:

- Current deposits, credit ratings and credit limits
- Average deposit rates and monthly cash balances



- Bank of Ireland negative interest charges on No.1 current account
- EIB Loan No. 1
- EIB Loan No. 2
- EIB Loan No. 3
- Commercial borrowing
- L & G Loan 1
- L & G Loan 2
- Obligations under Finance Lease
- EIB Financial covenants, borrowing capacity & HEA considerations
- Bank Overdraft

The Committee noted the updated information provided and requested an updated report on the second quarter of the financial year 2019/20 to come forward for consideration in Trinity Term 2020.

**Action:**

- 67.1** An updated report on the second quarter of the 2019/20 financial year to come forward for consideration in Trinity Term 2020.

**FN/19-20/68 Fee Derogations for Academic Year 2021/22**

The Committee noted the circulated memorandum and appendices from the Project Appraisal Manager dated 25.02.2020, which set out the fee derogation requests for 2021/22, noting that all derogations are in line with fee certainty approved by Board and have been approved by the Faculty Deans.

**FN/19-20/69 Analysis of Income & Expenditure of Research Accounts for 2018/19**  
**XX (Extract: Green Book)**

The Committee noted the circulated memorandum from the Projects Accounting Manager dated 25.02.2020, incorporating an extract of the Annual Analysis of Income and Expenditure of Research Accounts for the year ended 30.09.2019, including information on:

- income and expenditure for all individual research accounts by Faculty/School/ Discipline



- the number of active research accounts
- research income by source

#### **FN/19-20/70 FC Self Evaluation Questionnaire 2019/20**

The Committee noted the circulated memorandum from the CFO dated 25.02.2020 and accompanying draft Finance Committee Self-Evaluation Survey for 2019/20.

Following the incorporation of any amendments sought by the Committee, a link to the finalised survey will be circulated to Committee members for timely completion in order that the outcome of the process may be considered at the final meeting of the year, in June 2020.

**Action:**

- 70.1** The final self-evaluation survey to be circulated for completion following the incorporation of any amendments sought by the Committee.
- 70.2** The outcome of the Self-Evaluation process to be considered at the final meeting of the year.

#### **FN/19-20/71 Sub Committee – New External Member of Investment Committee**

The Committee noted the circulated memorandum from the CFO dated 25.02.2020 and approved a new member of the Investment Committee, Ms. Aoifinn Devitt, as requested.

#### **FN/19-20/72 Minutes of the Commercial Revenue Unit (CRU) Advisory Board**

The Committee noted the circulated memorandum from the CFO dated 25.02.2020 along with minutes of the CRU Advisory Board meeting dated 22.01.2020, which included the following items:

- Draft minutes of CRU Advisory Board meeting held on 20.11.2019
- Matters Arising



- Finance Update – Q1 2019/2020
- Book of Kells Capacity Issues and Visitor Attraction Management Systems
- Financial Tender
- Partnerships
- Ideation Workshop - Feedback

#### **FN/19-20/73 Minutes of the Audit Committee**

The Committee noted the circulated memorandum from the CFO dated 25.02.2020 along with minutes of the Audit Committee meetings dated 10.12.2019, 28.01.2020 and 31.01.2020, which included the following items:

- Review of Completed and Risk Accepted Recommendations
- Audit Committee Recommendations Log
- Plan for the Audit of the 2018/19 Accounts
- Review of the External Audit Process
- College Risk Register
- Casual Payroll
- Update from the Director of Human Resources
- Audit Work-Plan
- Audit Function Risk Register
- Draft Annual Report to Board 2019/20
- Health and Safety Oversight Report
- Trinity Asia Services Ltd
- Communication to Audit Committee

#### **FN/19-20/74 Minutes of FIS Oversight Group**

The Committee noted the circulated memorandum from the CFO dated 25.02.2020 along with the draft minutes of the FIS Oversight Group meeting of 28.01.2020, which included the following items:

- FIS Development Log and User Group Updates
- FIS Project Update
- FIS Stakeholder Engagement & Communications





**FN/19-20/75 Minutes of FIS Transition Project Steering Committee**

The Committee noted the circulated memorandum from the CFO dated 25.02.2020 along with the draft minutes of the FIS Transition Programme Steering Committee meeting of 27.01.2020, which included the following items:

- FIS Transition Programme Update
- FIS Oversight Group (FOG) Update

**FN/19-20/76 Related Entity Financial Reporting  
XX**

The Committee noted the circulated memorandum from the CFO dated 25.02.2020 and recommended the Directors' Report and audited Financial Statements of the following entities to Board for noting:

- Ghala Limited for the year ended 30.09.2019, along with the Letter of Representation to KPMG dated 11.12.2019
- Trinity Asia Services Limited (TASL) for the year ended 30.09.2019
- Trinity Brand Commercialisation Services Limited (TBCSL) for the year ended 30.09.2019
- Trinity Online Services Limited (TOSL) for the year ended 30.09.2019

**Action:**

- 76.1** The Directors' Report and audited Financial Statements of Ghala Limited, TASL, TBCSL and TOSL for the year ended 30.09.2019 to be forwarded to Board for noting.

The Committee noted the next Finance Committee meeting is scheduled for **6 May 2020 at 10.00 am** in the Provost's Library.

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