



## **Minutes of the Finance Committee Meeting of 4 February 2021**

**Present:** Provost (Chair), Vice-Provost/CAO, Bursar, Acting COO, Registrar, Dean of Health Sciences, Mr. L. Kavanagh, Ms. N. Holland, Ms. C. Bryce, President of the Students Union, Chief Financial Officer (CFO) – Secretary to the Committee

**In Attendance:** GSU President, Deputy CFO, CFO's Strategic & Admin Support (Minute-taker)

**Apologies:** None received

**Statement of Interest:** None declared

The Committee noted and approved the minutes of the Finance Committee meeting of 24.11.2020, subject to a minor amendment.

The Provost thanked the former COO for her contribution to the Committee and welcomed the Acting COO, Mr. Patrick Magee, to the meeting.

### **Section A**

No Items

### **Section B**

#### **FN/20-21/41 Financial & Performance Highlights – Qtr. 4 2019/20**

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

In considering the Q4 2019/20 Summary and Detailed Reports from the Group Financial Manager and the Projects Accounting Manager dated 04.02.2021 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 FY19/20 (Draft subject to audit finalisation)
- FY19/20 Financial Summary Dashboard
- FY19/20 Actuals v Prior Year v Budget
- Student numbers trend FY16-21
- Executive Summaries (Research and Capital) FY19/20
- FY19/20 Cashflow



- Trinity's Gearing - Loans/Debt Profile
- Trinity Endowment Fund FY19/20
- Endowment Fund Net Assets FY19/20
- FY19/20 Budget to Actual Variances (by Faculty, Division and School)

The CFO briefed the Committee on the status of the annual external audit, advising that the University was on track to meet the planned reporting deadlines. He drew the Committee's attention to the University's financial performance for the year, including the draft projected outturn, highlighting the deficit position compared to budget and prior year out-turn. In considering the draft Actual versus Budget results for 2019/20, income and expenditure analysis, and year-on-year comparison of financial performance, the Committee noted the relatively positive financial position achieved, despite the significant financial impacts of Covid-19. The Committee also noted the underlying deficit position prior to unrealised losses in both the current and prior years, further noting the operational position – i.e. earnings before interest, tax, depreciation and amortisation (EBITDA), along with the factors contributing to the variance against budget and prior year including:

- Impact of Covid-19 restrictions on commercial income along with reduced research activity in the year
- Higher philanthropic income and successful focus on cost reduction
- Increased fee income due to higher student numbers, student mix and timing of fee payments (student registrations were largely complete prior to the pandemic)

Further to a query, the Committee noted that Government Covid support funding for FY19/20 had been included in 'Other Income' and that internal mechanisms to distribute these funds were currently being explored as a separate process.

The Committee noted the increase in staff costs year-on-year, primarily due to pay restoration costs and increments, along with increased staff numbers. Following a question on the increase in pay costs, the Committee noted that the Government has funded the State-mandated October 2020 pay increases and will also do so in the next financial year. Further analysis of casual pay savings will also be provided to the GSU President as requested.



Considering the final student numbers (at 31 March 2020) submitted to the HEA for 2019/20, the Committee noted that whilst numbers are ahead of expectations earlier in the year, they still represent a shortfall on prior year.

The Committee reviewed the University's research performance, with FY19/20 income 2.4% behind prior year, noting that research activity (expenditure) will once again exceed €100m for the fourth consecutive year. The Committee welcomed the increase in the average indirect cost recovery rate at 20% (2018/19:17.7%), noting however it remains lower than the University's FEC rate. Having reviewed the total value of grant proposals during the year and the associated impact of limited SFI calls, the Committee noted the value of new research contracts signed in the year, which, while lower than prior year, continues a 5-year trend of the value of new awards exceeding €100m. The Dean of Health Sciences cautioned that post-Covid research growth could be limited as research funding will be competing with other areas requiring public funding post-pandemic.

The update on capital project activity was noted, including the top 5 approved projects by value and the overall capital portfolio value along with the notable decrease in capital expenditure year-on-year, due to the closure of the University's construction sites in March 2020 and pausing of non-critical projects to conserve cash. In considering the analysis of funding from external sources, the Committee noted that this remains consistent with prior year further noting the update provided on pipeline projects.

In considering the updated cashflow for the year, the Committee noted the net increase in closing cash versus budget and a year-on-year decrease in cash, with Capital outflows and corresponding financing accounting for a large proportion of this variance and the balance due to timing of working capital. The University will continue to hold minimum year-end cash balances greater than 45 days cash, in line with loan covenant requirements.

The Committee considered the update on the University's gearing and loan/debt profile, noting the closing borrowings, which includes new debt financing along with the back-up financing options put in place to mitigate Covid-19 risks.

The Endowment Fund update, including net income for FY19/20 (slightly lower than prior year), the market value of the Fund at year-end and status of the



portfolio restructure, was also noted. The Committee was advised that investment losses in the year comprised a loss in capital value of Endowment Fund assets along with a loss in value of University investment properties driven by reductions in commercial property rental streams and material uncertainty on valuations as a result of Covid-19.

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 Q1 2020/21 activity be provided at the next meeting.

**Action:**

**41.1** Further analysis of casual pay savings to be provided to the GSU President.

**41.2** An update on Q1 2020/21 activity to be provided at the next meeting.

**FN/20-21/42 Commercial Revenue Unit (CRU)/Trinity Brand Commercial Services Limited (TBCSL)**

(Minute FN/19-20/108 of 15.06.2020 refers)

The Interim Commercial Director attended for this item.

The Committee noted the circulated memorandum from the Interim Commercial Director dated 04.02.2021, which provided updates across the following headings:

- Executive Summary
- Update since the last report
- Full Financial Year 2019/20
- CRU FY'21 3+9 Forecast
- Full Financial Year 2020/21
- Risks

By way of presentation, the Interim Commercial Director drew the Committee's attention to CRU's FY20 full-year sales report, noting the significant impact of Covid-19 on all areas of activity and the consequential impact on CRU's contribution to University funding. In considering the FY21 sales forecast and noting the continued risks and uncertainty around CRU's



future financial performance, the Committee noted CRU had taken a conservative and prudent approach in its FY21 forecast.

Having reviewed the forecasted position, the Committee noted CRU's plans to reforecast on a more frequent basis to support timely responses to decisions of Trinity's Living with Covid Oversight Group and, more generally, to guidance on the re-opening of travel and tourism.

The Committee considered the update provided on CRU's strategic plans, noting the variance between the post-Covid growth projections and the original plan. In reviewing the forecasted outturn, the Committee noted that further updates would be required to factor in a number of emerging issues. Having acknowledged the extremely challenging circumstances facing CRU operations, the Committee welcomed the focus on longer term opportunities, including further analysis and development of online sales and an active review of other revenue generating and cost saving opportunities.

However, in light of ongoing Government restrictions and the consequential impact on revenue streams, the Committee noted that current forecasts remain optimistic and requested that they be revised before the end of February to incorporate new ITIC Council projections, for inclusion in revisions to the 5-year financial model underpinning the University's Strategic Plan. The Interim Commercial Director was also queried on whether the ITIC Council forecasts included public health modelling and if not, to consider factoring in this data. In response to a query on catering, the Interim Commercial Director advised the Committee that CRU is actively reviewing options for this unit.

Commending the resilience of the CRU team under such difficult circumstances and thanking the Interim Commercial Director for his report, the Committee requested a further update in Trinity Term 2021.

**Action:**

- 42.1** Current forecasts to be revised before the end of February 2021, for inclusion in revisions to the 5-year financial model underpinning the University's Strategic Plan.
- 42.2** The Interim Commercial Director to consider factoring in public health modelling data to the revised CRU forecasts.



- 42.3** A further update to come forward for consideration in Trinity Term 2021.

**FN/20-21/43 Annual Report of Sub Committee of FC (Investment Committee)**  
(Minute FN/19-20/42.1 of 04.02.2020 refers)

The Committee welcomed the memorandum from the Chair of the Investment Committee dated 26.01.2021, as circulated, which set out the Investment Committee's Annual Report for the year ending 30.09.2020 across the following headings:

- Quarterly investment performance
- Investment Managers' performance
- Investment Policy Statement
- Portfolio review and restructure
- Investment strategy and income targets
- Membership changes
- Endowment Fund Financial Statements FY19
- Planned Activity for FY20/21

The Committee noted the value of the Endowment Fund at 30.09.2020 and the investment performance in the year against relevant benchmarks. The Committee was advised that there had been significant market declines during March 2020 as a result of Covid-19, and despite a strong recovery in equity valuations in Q3 and Q4, year-end valuations remain lower than prior year. The value of the Fund's Net Assets also reduced reflecting the investment loss in the year, partially offset by an increase in working capital including new endowments received in the year.

By way of presentation, the Deputy CFO highlighted the outturn for the year and the Committee noted that while the Fund is not yet fully reinvested into the approved target asset allocations, income is ahead of revised target for the year (which was amended in Q2 to reflect forecast Covid-19 impacts) as equity and property portfolio dividends were higher than expected.

The Committee also welcomed the detail provided on the performance of each of the investment managers, and the review of investment strategy undertaken during the year in light of the maturity of remaining bonds along



with expected Covid-19 impacts. The Committee was advised that the Investment Committee Sub-Group had been convened to consider investment options for excess funds and make a recommendation on a new asset allocation to the Investment Committee, along with reviewing options for short-term placement of committed funds given the level of funds on deposit earning nil or negative interest. The Committee also noted the planned actions for the coming year including benchmarking the Endowment Fund against other educational endowments and considering initiatives to build the profile of the Endowment Fund.

Welcoming the update on the development of an Investment Policy Statement to provide a framework for future investment decisions and noting the update provided on the portfolio risk review and changes to the Investment Committee membership during the year, the Committee thanked the Deputy CFO for her presentation and, in line with University policy, requested the Chair of the Investment Committee to present the Investment Committee's Annual Report for FY20/21 in Hilary Term 2022.

**Action:**

**43.1** The Chair of the Investment Committee to present the Investment Committee's Annual Report for FY20/21 in Hilary Term 2022.

**FN/20-21/44 Investment Policy Statement to Finance Committee**  
(Minute FN/19-20/59.2 of 03.03.2020 refers)

In considering the circulated memorandum from the CFO dated 26.01.2021, which set out a draft Investment Policy Statement for the Trinity Endowment Fund under the following headings:

- Background
- Development of an Investment Policy Statement
- Request

By way of presentation, the CFO outlined the rationale for adopting an Investment Policy Statement (IPS), noting that in addition to providing a framework for making investment decisions in a prudent manner given the challenges of monitoring portfolio performance, the prolonged negative



interest rate environment and the difficulties sourcing suitable income generating assets, the adoption of an IPS is considered best practice. In the absence of a policy, investment decisions are currently guided by the investment philosophy of generating absolute returns, long-term investing, diversification, ongoing management and review of asset allocation.

The Committee noted that, in line with the Investment Committee's Terms of Reference, which include development and review of policies relating to the management of the Endowment Fund portfolio, an Investment Committee Sub-Group was convened in late 2019 to set out the principles underpinning the management of the Endowment Fund to establish the investment strategy and guide its implementation. In addition to the CFO and DCFO, the Sub-Committee included external members with significant professional experience in investment management.

The draft IPS was first considered by the Investment Committee in March 2020, however given potential impacts of the Covid-19 crisis on asset valuations and income levels, along with changes in the Committee's membership, it was agreed that the draft IPS be further reviewed and an updated IPS was approved by the Investment Committee in December 2020.

Welcoming the extensive work undertaken in bringing forward the IPS and the new areas of risk, liquidity requirements and ethical investment considerations covered in the IPS, the Committee approved the IPS as circulated. The Committee further noted that the IPS will be subject to ongoing review, with a full review to be undertaken every 3 years.

**Action:**

- 44.1** The IPS to be reviewed and amended as appropriate by the Investment Committee every 3 years and brought to Finance Committee for approval.





**FN/20-21/45 Procurement Strategy 2020-25**

(Minute FN/19-20/83.1 of 06.05.2020 refers)

The Procurement Manager attended for this item.

The Committee welcomed the circulated paper from the Procurement Manager setting out a new 5-year Procurement Strategy for the University, for the period 2020-25 across the following headings:

- Background & Objectives
- Cost Leadership
- Risk
- Flexible Working
- Reporting & KPIs
- Digitalisation
- Sustainability & CSR
- Capital Projects
- Training & Skills
- Policy
- Reporting and Tracking

By way of presentation, the Procurement Manager set out the key objectives of the new strategy, which builds on the previous strategy, and highlighted the key contextual changes since the last strategy, including the standardisation of the Category Management approach, the inclusion of Capital, Works and Facilities within the procurement remit and the expansion of agency management and oversight at Government level. Having considered the significant activity levels as outlined, the Committee also noted the new focus areas of the Strategy, including the key elements of cost leadership and sustainability.

The Committee noted the update provided on the areas of risk covered by the Strategy, noting the unprecedented impact of Covid-19 and Brexit on supply networks and welcomed the mitigating actions taken in this regard. Further to a question, the Committee also noted the work currently being undertaken in the area of waste reduction and disposal management, and that updates on this area would form part of future reports.



The Committee, recognising the significant levels of change and challenge in the procurement environment approved the proposed strategy and agreed that its progress would continue to be reviewed on a bi-annual basis.

**Action:**

**45.1** The Procurement Manager to provide a bi-annual update to the Committee on progress of achievement of the Procurement Strategy's key deliverables.

### **Section C**

**FN/20-21/46 University Bridge Fund II – Governance Update**

(Minute FN/20-21/22 of 24.11.2020 refers)

The Committee noted the circulated memorandum from the Deputy Director, Trinity Research and Innovation, the Chief Innovation and Enterprise Officer, and the Director, Trinity Research and Innovation dated 26.01.2021, which set out detail on the University Bridge Fund II under the following headings:

- Governance arrangements overseeing Trinity's participation in the University Bridge Fund II
- Further detail on the valuation of University Bridge Fund I
- Reporting Schedule for UB Funds I and II for Finance Committee

The Committee welcomed the additional information provided in relation to the governance arrangements of UB Fund II, including details of the Limited Partners, investment structure in University-derived companies, the role of the General Partner in investment decisions and the oversight role of the Advisory Committee and Strategic Advisory Committee.

The Committee also welcomed the additional information provided on the UB Fund I valuation, along with the timing and likely trajectory of future valuations. The Committee also noted that annual reports on both UB Fund I and II will be provided to Finance Committee, along with circulation of UB Fund II quarterly reports.



## **FN/20-21/47 EIB Loan Top-Up Facility**

The Committee noted the circulated memorandum from the Project Appraisal Manager dated 25.01.2021, which enclosed details of a formal offer from the EIB for a loan top-up facility amending the existing conditions of the EIB Loan 3 contract, set out under the following headings:

- Overview of offer
- Top-Up Facility Option
- Benefits of Top-Up option
- Summary of EIB Contract Changes

The Committee welcomed the increased loan facility amount, noting that the loan term remains unchanged and that no security had been sought nor had arrangement fees been charged. The Committee further noted that there was no commitment fee arising and that the offer remains available for 36 months from signing. Having reviewed the margin and indicative rate as outlined, the Committee noted that if a drawdown of funds is required in the future, any such request will come back to the Committee for approval.

### **Action:**

- 47.1** In the event that a drawdown of funds is required in the future, any such request will come back to the Committee for approval.

## **FN/20-21/48 Arts Building Refresh Project** (Minute FN/19-20/28 of 18.11.2019 refers)

The Committee considered the circulated memorandum from the Bursar & Director of Strategic Innovation dated 18.01.2021, which set out a final report on the Arts Building Refresh Project – Phase 2 across the following headings:

- Summary
- Financial Summary
- Performance over Project Lifecycle
- Breakdown of Costs
- Sustainability Opportunities



The Committee noted the update provided on Phase 2 of the project, much of which had been completed in the summer of 2019 and included new ceilings, installation of new energy efficient and emergency lighting, new acoustic panels, painting and general refurbishment measures. The Committee also noted the additional work completed up to early 2020, when some delays had arisen due to the Covid-19. Some minor work on the Level 2 concourse is outstanding; the costs of which will be met from the remaining project contingency.

The Committee welcomed the final budget update and noted the savings achieved, which along with any remaining contingency, will be returned to the University.

**FN/20-21/49 Global Brain Health Initiative (GBHI) Update**  
(Minute FN/19-20/25 of 18.11.2019 refers)

The Committee noted the memorandum from Prof. B Lawlor, Prof. Robertson and Deputy COO of GBHI dated 28.01.2021, and accompanying annual report, setting out an update on GBHI activity across the following headings:

- Executive Summary
- Update since the last report
- Update on performance indicators
- Financial Summary
- Risk

Noting that the GBHI financial year runs from 1 July to 30 June annually, the Committee welcomed the detail provided on the financial performance in the year to date and cumulatively since the project commenced. In considering the income in the period, the Committee noted that the final tranche of the Atlantic Philanthropies gift was received in December 2019 and that there are no immediate financial concerns arising as a result of Covid-19.

The Committee also noted the update provided on recent recruitment, including faculty appointments and associated transfer dates, the progress and success of Atlantic Fellows and Faculty accolades received along with detail on the refurbishment of GBHI space and recent funding successes.



Having noted the risks and mitigating strategies along with the sustainability issues as outlined, the Committee requested an updated report to come forward for consideration in Michaelmas Term 2021.

**Action:**

**49.1** An updated report to come forward for consideration in Michaelmas Term 2021.

**FN/20-21/50 Trinity Asia Services Limited, Singapore Update**  
(Minute FN/19-20/111 of 15.06.2020 refers)

The Committee noted the circulated memorandum from Professor John Gormley and the Project Appraisal Manager dated 25.01.2021 and the update provided under the following headings:

- Executive Summary
- Update since the last report
- Actual Financial Summary 2019/20
- Forecast Financial Summary 2020/21
- Risk
- Other Matters

The Committee noted the detail provided on activity since the last report in June 2020, including the completion of TASL's third year of operation, preparation of its annual set of audited statutory accounts (circulated) and the financial performance in 2019/20. The Committee further noted the 2020/21 forecast based on a lower number of students on the 1-year programmes along with a slight reduction in student numbers in the 4-year Joint degree programme which continues to perform well.

Having noted the risks as outlined and the update on measures in progress to strengthen the internal control environment, the Committee requested a further update be brought forward for consideration in Trinity Term 2021.

**Action:**

**50.1** An updated report to come forward for consideration in Trinity Term 2021.



## **FN/20-21/51 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 26.01.2021, setting out an update for the fourth quarter of the financial year from 01.07.2020 to 30.09.2020 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
- Negative interest charges
- EIB Loans & Top-Up Financing
- Commercial borrowing
- Other Borrowing
- Obligations under Finance Lease
- Financial covenants, borrowing capacity & HEA considerations
- Bank Overdraft

An updated report on the first quarter of the financial year 2020/21 will come forward for consideration at the next meeting.

**Action:**

- 51.1** An updated report to come forward for consideration at the next meeting.

## **FN/20-21/52 Financial Services Division (FSD) Annual Report 2019/20**

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The Committee noted FSD's Annual Report for 2019/20 as circulated, noting the goals and targets achieved in the year, key performance statistics along with the priorities and planned objectives for 2020/21 and agreed that the Report be forwarded to Board for noting in February 2021.

**Action:**

- 52.1** FSD's Annual Report 2019/2020 to be forwarded to Board for noting in February 2021.



### **FN/20-21/53 Control Exception Report**

The Committee noted the bi-annual Control Exception Report for the six-month period to November 2020 from the Financial Operations Manager as circulated, and the exceptions occurring in the reporting period along with updates on the progress to address 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 Acting Chief Operating Officer and Vice Provost/Chief Academic Officer for circulation within CSD and ASD respectively.

**Action:**

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

### **FN/20-21/54 Annual Financial Report of Capitation Committee 2019/20**

The Committee welcomed the circulated memorandum from Senior Dean as Chair of the Capitation Committee, dated 04.01.2021, which set out the Annual Financial Report of the Capitation Committee for the 2019/20 across the following headings:

- Role
- Committee
- Committee Meetings
- Financial Reports

The Committee noted that the FY19/20 audited financial statements of some of the capitated bodies had been considered at a Capitation Committee meeting in December 2020, further noting the distribution of income as outlined.

The Committee also noted the actions taken in light of the Trinity Ball cancellation and the efforts made by the Capitated Bodies in supporting the student experience during the year in spite of the challenging circumstances arising from Covid-19.



**FN/20-21/55 Minutes of the Sub-Committee including quarterly performance summary of the Trinity Endowment Fund q/e 30.09.2020**

The Committee noted the circulated memorandum from the CFO dated 26.01.2021 and the accompanying draft minutes of the Investment Committee meeting dated 08.12.2020, which included the following items:

- Endowment Fund – 30 September 2020
- Update on Portfolio Review and Restructure
- Updated draft Investment Policy Statement
- Investment Committee Annual Report 2019/20
- Investment Committee Self Evaluation 2019/20

The Committee also noted the quarterly performance summary to 30.09.2020 as circulated.

**FN/20-21/56 Minutes of the Audit Committee**

The Committee noted the circulated memorandum from the CFO dated 28.01.2021 along with minutes of the Audit Committee meetings of 29.09.2020 and 10.11.2020, which included the following items:

- Communication received by the Chair
- Report on Operational Matters
- Audit of Procurement
- Annual Assurance Framework
- Update on Internal Audit Work Schedule
- College Risk Register
- Risk Management Policy
- Audit of Trinity Brand Commercial Services Ltd.
- Plan for the Audit of the 2019/2020 Accounts
- Audit Recommendations Log
- Update on Academic Registry





**FN/20-21/57 Minutes of the Estates Policy Committee**

The Committee noted the circulated memorandum from the CFO dated 28.01.2021 along with draft minutes of the Estates Policy Committee meeting of 04.12.2020, which included the following items:

- Update on Estates Strategy implementation from Director of Campus Infrastructure
- Energy Policy
- Energy plan during low occupancy period
- College-level strategy for energy and sustainability
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**FN/20-21/58 Related Entity Financial Reporting  
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The Committee noted the circulated memorandum from the CFO dated 28.01.2021 and recommended the Directors’ Reports and audited Financial Statements of the following entities to Board for noting:

- Central Applications Office (CAO) for year ended 31.12.2019
- Irish Universities Association (IUA) for the year ended 31.12.2019

**Action:**

**58.1** The Directors’ Reports and audited Financial Statements of the CAO and IUA for FY2019 to be forwarded to Board for noting.

The Committee noted the next Finance Committee meeting is scheduled for **4 March 2021 at 10.00 am** in the Provost’s Library via Zoom.

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