



Minutes of the Finance Committee Meeting of 7 October 2021

Present: Provost (Chair), Vice-Provost/CAO, Bursar, Interim COO, Registrar (from Minute FN/21-22/2), Ms. C. Bryce, Ms. N. Holland, Mr. L. Kavanagh, Professor Louis Brennan (from Minute FN/21-22/4), President of the Students Union, Chief Financial Officer (CFO) – Secretary to the Committee

In Attendance: Deputy CFO, GSU President (from Minute FN/21-22/3), CFO's Strategic & Admin Support (Minute-taker)

Apologies: Pro Dean of Health Sciences

Statement of Interest: Ms. Cathy Bryce declared a conflict of interest in relation to Minute FN/21-22/4.

The Provost welcomed the new members of the Committee, including the Bursar, Registrar, Professor Brennan and the new President of the Student's Union.

The Committee noted and approved the minutes of the Finance Committee meeting of 01.06.2021.

Section A

No Items

Section B

FN/21-22/1 Printing House Square (PHS) Update
(Minute FN/20-21/82 of 29.04.2021 refers)
The PHS Sponsor attended for this item.

The Committee noted the memorandum from the Project Sponsor dated 07.10.2021, which provided an update on the project across the following headings:

- Overview
- Programme and Progress
- Update on Financial Plan
- Commercial settlement



By way of presentation, the Project Sponsor summarised the key points under the following headings:

- Project Update - Programme
- Cost Management
- Main contract financial update
- Dispute resolution – current position
- Business Case Update
- High level summary

In considering the update provided, the Committee noted the continued delays to the programme and the missed revised Project completion date along with an expected completion date now in early 2022. Whilst Covid-related site closures from 8 January – 12 April 2021 impacted the initial revised completion date, the pace of progress in the intervening period has slowed considerably due to resourcing issues and a contractual dispute between the main contractor and a sub-contractor which has now been resolved. The Committee further noted the challenges outlined in terms of ramping up work on-site, and the consequential impact on establishing an achievable completion date and the continued unavailability of the accommodation.

The Project Sponsor also provided an update on cost management measures on the main contract (which remains within budget for construction costs) along with a detailed final account tracker, highlighting the costs in the budget tracker along with excluded costs, and the challenges to the Project budget overall due to the ongoing delays, noting that payments continue to be made for work performed. The Committee further noted the status of the ongoing dispute resolution process, along with the potential outcomes.

In considering the detail provided on overall Project Expenditure, the Committee noted the status of the contingency and the remaining potential budget requirements as outlined. The Committee also noted that the financial model/business case for the full lifecycle of the Project will undergo a detailed review to reflect delayed Project revenues in addition to changes in interest rates, operating costs and rental rates.



Thanking the Project Sponsor for his report and congratulating him on the high-quality new building on Campus along with the ongoing work of the Project Team to secure a positive and timely outcome to the project, the Committee requested an updated report, including the revised business case, to come forward for consideration in Hilary/Trinity Term 2022.

Action:

- 1.1** An update on the Project, including the revised Business case, to come forward for consideration in Hilary/Trinity Term 2022.

FN/21-22/2 Financial and Performance Highlights – Qtr. 3 2020/21

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

In considering the Q3 2020/21 Summary and Detailed Reports from the Group Financial Manager and the Projects Accounting Manager dated 7.10.2021 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 Q3
- Financial Summary Dashboard
- Actuals v Prior Year v Budget
- Budget v Forecast
- Area Dashboards - Pay and Non-Pay Costs Q3 & FY
- Student numbers trend FY16-21
- Executive Summaries (Research and Capital)
- FY20/21 Cashflow
- Trinity's Gearing - Loans/Debt Profile
- Trinity Endowment Fund
- Budget to Actual Variances (by Faculty, Division and School)

The Group Financial Manager drew the Committee's attention to the financial summary and budget to latest forecast for 2020/21, noting the forecasted deficit to 30.09.2021, reflecting the continued impact of Covid-19 on financial performance particularly on commercial income. The Committee noted that



Q3 income is ahead of budget, due mainly to the receipt of a Covid-related business interruption insurance settlement in the quarter.

The Q3 operational position – i.e. earnings before interest, tax, depreciation and amortisation (EBITDA), is also ahead of budget, however it is lower than prior year, with operating costs forecast to come in higher than budget reflecting the impact of the current year budget reduction.

In considering the final student numbers submitted to the HEA, the Committee noted that they are slightly lower than prior year, further noting that the ratio of EU: Non-EU students has reverted to FY16/17 levels of 87:13 (FY19/20 83:17), reflecting Covid-19 impacts on international student recruitment, with an associated impact on academic fee income.

Having reviewed the staff costs in the quarter, which are 3.6% higher year on year, the Committee noted the underlying upward trend and the impact of pay awards, standard increments and higher closing headcount, which were partially offset by casual pay savings.

The Projects Accounting Manager provided an update on the University's research performance, noting that Q3 income is behind prior year due to timing differences on the receipt of grant payments. The Committee noted that grant proposals in the year to date are c.8% behind 2020 levels, largely due to the completion of the Horizon 2020 programme at the end of 2020, noting the gap before Horizon Europe commenced in April 2021. The value of new research contracts signed in the year to date is c.€128m, an increase of c.39% over prior year.

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 compared to Q3 2019/20 due to the impact of Covid-19 on construction. The Committee noted the increase in funding received in the period from State and other sources, along with detail on recently approved and ongoing projects.

In considering the updated cashflow, the Committee noted the strong liquidity with closing cash ahead of budget and minimum year-end cash balances in line



with loan covenant requirements, supported by improved EBITDA and continued reduced capital expenditure.

The Committee considered the update on the University's gearing level and noted future committed borrowings are in line with the 5-Year forecast, with current forecasts including all known projects.

In summarising financial performance in the year to date, the CFO advised that it had been a very difficult year financially, although the worst impacts of Covid 19 were materially offset by the mitigation measures put in place as part of the 20/21 budget. The Committee noted the significant pressure on headcount and pay costs as outlined and recognised the ongoing need to carefully manage all costs within the University's control.

Having noted the results as outlined, the Committee thanked the Group Financial Manager and the Projects Accounting Manager for their presentations and requested that an update on Q4 2020/21 activity be provided in Hilary Term 2022.

Action:

2.1 An update on Q4 2020/21 activity to be provided in Hilary Term 2022.

FN/21-22/3 FY22 Budget Shape

The Financial Planning & Risk Manager attended for this item.

The Committee noted the circulated document from the Financial Planning & Risk Manager, dated 07.10.2021, which set out an update on the FY22 Budget shape across the following headings:

- FY22 Budget Process – Timelines
- Recap: Revised Strategic Plan (Feb 21)
- Student Numbers - FY21/22 Forecasts
- FY22 Forecasts - Student Numbers & Fee Income
- Projected Fee Income FY21/22
- Projected CRU Income & Contribution
- FY22 Budget Shape
 - Total Consolidated Income
 - Operational Expenditure



- Income & Expenditure
- Next steps

The CFO drew the Committee's attention to the Budget timeline, noting that the final FY22 Budget will come forward to the next meeting for approval. The CFO highlighted the updated financial targets in the Strategic Plan, agreed in February 2021, further noting the revised forecasted budget deficit for FY21, which has been significantly reduced by a range of mitigating actions, including cost savings achieved across all areas of activity. The Committee noted that the revised base case shows a path to financial sustainability and in this context, the importance of the improvement in budgeted deficit in FY22 was noted.

The CFO updated the Committee on the key FY22 forecasts as follows:

- Latest GRO student numbers 4% ahead of the revised base case but below GRS (student registrations still in progress)
- Change in student mix means income is lower than the GRS plan
- Risk of volatility in student numbers remains
- The CRU budget is still being reviewed and finalised however a partial recovery of CRU income and contribution is expected in FY22

The Committee noted the increases in overall FY22 total consolidated income and operational expenditure, with an improved budgeted EBITDA now projected for FY22 and a reduction in the projected deficit versus forecast.

The Committee also noted that a breakeven budget remains a stretch for FY22, and that student numbers and registrations will continue to be tracked in advance of the budget finalisation.

The Committee welcomed the update as presented and noted the importance of maintaining a focus on costs and retaining benefits achieved under the financial constraints of the past 18 months, which have supported the University's early recovery.

Thanking the CFO and Financial Planning & Risk Manager for their presentation, the Committee noted the final FY22 Budget would come forward for approval in November 2021.



Action:

- 3.1** The final FY22 Budget to come forward for approval in November 2021.

FN/21-22/4

Risk Mitigation Options – Interest rate risk from floating rate loans

The Project Appraisal Manager and Treasury Accountant attended for this item.

The Committee welcomed the circulated memorandum and accompanying schedules from the Project Appraisal Manager and the Treasury Accountant dated 07.10.2021, which quantified the emerging risks associated with floating interest rates on EIB loans held by the University along with options to mitigate those risks across the following headings:

- Executive Summary & Introduction
- Interest Rate Risk (IRR)
- Current Floating Rate Position
- EIB Contractual Changes
- Inflation Expectations
- Interest Risk Sensitivity
- Risk Mitigation Options
- Hedging Period
- Summary of Risk Mitigation Options Costs, Pros & Cons
- Recommendation

By way of presentation, the Project Appraisal Manager summarised the rationale for the proposal, including the University's current level of debt, the split between fixed and floating rate debt and the inability of the EIB to convert floating rate loans to fixed interest rates. He highlighted the University's exposure to Interest Rate Risk and the associated additional expense to the Trinity.

The Treasury Accountant advised the Committee on recent factors impacting expected future interest costs to the University, including contractual changes to existing loans along with increased inflation in recent months. The Committee reviewed the sensitivity analysis as outlined, noting the various scenarios and the consequential interest costs to the University along with the



limits to any gains Trinity could make over the life of the loans, due to the contractual 0% coupon floor.

In considering the risk mitigating options presented, the Committee noted the indicative pricing of both the swap and cap options in best- and worst-case scenarios over the proposed 10-year hedging period, along with supporting information on historical all-in interest rates, including IRS and caps.

Further to a query, Ms. Holland confirmed to the Committee that interest rate swaps as proposed are commonly used by corporations and considerations include the choice of a high quality, well-rated counterparty and implementing robust operational processes to minimise risk. Ms. Holland and Ms. Bryce also confirmed that if costs cannot easily be passed on to customers, it can often be preferable to fix interest rates, when inflationary pressures are evident and interest rates may therefore be more likely to rise.

Following a detailed discussion, and in line with the provisions of Trinity's Treasury Management Policy, the Committee approved in principle the recommendation of an interest rate swap to fully hedge interest costs for the next 10 years, requesting further analysis of the two proposed options (swap and cap) before making a final decision on the choice of instrument.

The Project Appraisal Manager and Treasury Accountant agreed to circulate a short paper to the Committee with the requested analysis after which the Committee can indicate their approval of the preferred option via email. Due to her declared conflict of interest, Ms. Bryce requested she be excluded from this process. The Committee also agreed that the choice of swap counterparty would be made by FSD following normal due diligence procedures.

Action:

4.1 In line with the Treasury Management Policy, the Committee approved in principle the recommendation of an interest rate swap to fully hedge interest costs for the next 10 years, requesting further analysis of the two proposed options (swap and cap) before making a final decision on the choice of instrument.

The Committee subsequently approved the swap option, by way of email confirmation, on 3.11.2021.



- 4.2** The Project Appraisal Manager and Treasury Accountant to circulate a short document to the Committee after which the Committee can indicate their approval of the preferred option via email.
- 4.3** The choice of swap counterparty to be made by FSD following normal due diligence procedures.

FN/21-22/5 The Lir (National Academy of the Dramatic Art at Trinity College)

The Director of The Lir and The Lir's Director of Administration attended for this item.

The Committee welcomed the circulated memorandum from the Director of The Lir dated 24.09.2021 and the accompanying schedules, providing an update on The Lir's activities under the following headings:

- Introduction
- Audited Accounts 2019-20
- Sustained Financial Impact of Covid-19
- Earned Income Streams
- 2020-21 Outturn
- Strategic Plan 2022-26
- Significant Events in Reporting Period
- Current Risks

By way of presentation, the Director of The Lir summarised the financial outcome for FY19/20, including the EBITDA deficit versus an original surplus projection, with earned income down by 60% on prior year due to Covid-19 and student recruitment also significantly reduced.

In considering the financial impact of Covid-19, the Committee noted the wage subsidy scheme supported staff costs from April to August 2020, and that cashflow is stable as a result of the accelerated drawdown of student fees from the University along with the emergency loan from the University in April 2021 and this support, and ongoing mitigating measures meant following its annual audit in July 2021, The Lir was deemed a going concern.



The outlook for FY20/21 remains challenging due to ongoing Covid-related safety expenditure along with impacts on earned income projections which are down by 30%; the Lir at Work training programme is at 63% against target, with development income at 77% against target, however income from short courses has surpassed target. In this context, the Committee noted that whilst a deficit outturn is forecast for 2020/21, performance has improved against the original projections for the year. Expenditure has been reduced where possible and student recruitment has increased for the past 2 years with The Lir projecting financial recovery and a return to surplus in 2021/22.

The Committee welcomed the update on developments since the last report, noting the broadly positive position reported despite the specific challenges encountered by The Lir and, having noted that The Lir's Strategic Plan 2022-26 is being finalised, requested a further update in Michaelmas Term 2022.

Action:

- 5.1** An updated report to come forward for consideration in Michaelmas Term 2022.

FN/21-22/6

Commercial Revenue Unit (CRU) Update

The Commercial Director attended for this item.

The Committee noted the circulated presentation from the Commercial Director dated 07.10.2021, which provided an update on CRU/TBCSL activity and performance in FY21 across the following headings:

- Contribution Forecast vs Budget
- Contribution v Budget/Prior Year
- Sales v Budget/Prior Year
- Pay v Budget/Prior Year
- Non-Pay v Budget/Prior Year

By way of presentation, the Commercial Director drew the Committee's attention to CRU's FY21 contribution for the year to date, highlighting the total forecast v budget along with detail of the performance of each income generating activity. The Committee noted the significant impact of Covid-19 on all areas of activity and the consequential impact on CRU's contribution to



University funding, welcoming the improved performance of the Book of Kells and Library Shop, in addition to IIP income, which had exceeded expectation.

In considering the FY21 sales forecast, the Committee noted the negative variance against budget in particular in accommodation and events, noting that whilst there are continued risks and uncertainty around CRU's future financial performance, there are signs of recovery.

Thanking the Commercial Director for his report, the Committee noted the update and requested a further update in Trinity Term 2022.

Action:

- 6.1** A further update to come forward for consideration in Trinity Term 2022.

Section C

FN/21-22/7

Tangent Update

(Minute FN/20-21/70 of 04.03.2021 refers)

The Committee reviewed the circulated memorandum from the CEO of Tangent dated 24.09.2021, providing an update on Tangent's performance across the following headings:

- Executive Summary
- Financial Summary
- Sustainability Issues
- Risk

The Committee noted Tangent's strong performance in the year to date, with revenues expected to meet target for the year in line with plan, despite the continued challenges arising from Covid-19. In reviewing the update on performance as at 31.08.2021, the Committee welcomed the overview on activities and summary of key strategic deliverables achieved in the year, including the record number of course participants and start-ups supported.



The Committee noted the detailed income analysis across key revenue streams and the increase in pay costs arising from additional staffing requirements, offset by a reduction in non-pay expenditure.

Having considered the update on sustainability issues and risks as outlined, including engagement with existing and potential future sponsors and the critical importance of sponsorship to Tangent., the Committee noted the update and an updated report was requested for Trinity Term 2022.

Action:

- 7.1** An updated report to come forward from Tangent in Trinity Term 2022.

FN/21-22/8 Renewal of International Foundation Programme (IFP) Contract

The Committee noted the circulated memorandum from the Recruitment and Admissions Manager, IFP and the Associate Director Recruitment, Global Relations dated 30.09.2021, which enclosed a proposal to renew the contract between the University and the Marino Institute of Education to deliver the IFP, which had originally commenced in 2016/2017. To date, the IFP has contributed to growth in student numbers in Trinity and has supported the delivery of growth strategies, providing a net contribution to the University of c.€455k per annum over the past 4 years.

The Committee further noted the key details of the renewed agreement between the two institutions, which will be signed by the Vice President for Global Engagement on behalf of the University and the President of the Marino Institute of Education and will be effective until 2024. Any further renewal of the IFP Contract to be brought forward for consideration in Michaelmas Term 2024.

The annual Financial Report for IFP to come forward for consideration in Michaelmas Term 2021.

Action:

- 8.1** Any further renewal of the IFP Contract to be brought forward for consideration in Michaelmas Term 2024.



- 8.2** The annual Financial Report will come forward from IFP in Michaelmas Term 2021.

FN/21-22/9 Treasury Management Update

In accordance with the Treasury Management Policy, the Committee noted the circulated memorandum and accompanying appendices from the Project Appraisal Manager and Treasury Accountant dated 07.10.2021, setting out an update for the first three quarters of the financial year from 01.10.2020 to 30.06.2021 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 Loans & Top Up Financing
- Other Loans
- Ulster Bank Rolling Credit Facility
- Obligations under Finance Lease
- EIB Financial covenants, Borrowing Capacity & HEA considerations
- Bank Overdraft

An updated report on the final quarter of the financial year 2020/21 will come forward for consideration in Hilary Term 2022.

Action:

- 9.1** An updated report on Q4 FY21 to come forward for consideration in Hilary Term 2022.



FN/21-22/10 Sodexo Termination Notice – Trinity Business School (TBS)

The Committee noted the circulated memorandum from the Interim Chief Operating Officer dated 26.05.2021, which provided an update on catering arrangements within TBS, specifically the cessation of a contract with Sodexo which had been signed in June 2019 and the financial impacts arising.

Due to delays in TBS opening, followed by closures due to Covid-19, Sodexo had incurred significant trading losses and in June 2021 Sodexo exercised the Termination Clause to exit the contract with TBS. The Committee noted the financial arrangements associated with the termination along with the additional detail provided on the interim catering arrangements made in TBS along with the plan regarding operation of catering services in the future.

FN/21-22/11 HEA Oversight Agreement 2021

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The Committee noted the circulated memorandum from the College Secretary and the Chief Financial Officer dated 27.05.2021, which enclosed an Oversight Agreement between the Higher Education Authority and the University, required as part of the new Code of Governance for Irish Universities agreed in 2019. The Oversight Agreement has been agreed between the IUA and HEA and aligns the principles of the new Code of Governance with the previous Financial Memorandum, to set out a broad governance and accountability framework and key responsibilities underpinning the relationship between the University and the HEA.

Noting that the Agreement had been noted and approved by the Executive Officers Group in May 2021, the Committee recommended it for onward consideration and approval by Board.

Action:

- 11.1** The Oversight Agreement between the HEA and the University to be brought forward to Board for onward consideration and approval.



FN/21-22/12 Request for continued derogation of Industry overheads for ADAPT Centre

The Committee noted the circulated memorandum from the Director of ADAPT SFI Centre dated 27.09.2021 which included detail of the ADAPT Centre's request for continued derogation from the University's Overhead Policy, which had been approved by Planning Group in June 2021. The derogation sought was an extension of a previous arrangement (from 2015 to 2020) refers to industry funded research projects in the ADAPT Centre, with effect from January 2021 to December 2026 and up to a limit of €16m.

The Committee noted the background detail provided along with the rationale for the requested derogation, and the benefits and risks as outlined.

FN/21-22/13 Minutes of Commercial Revenue Unit (CRU) Advisory Board

The Committee noted the circulated memorandum from the CFO dated 30.09.2021 along with minutes of the CRU Advisory Board meeting of 01.12.2020 and draft minutes of 26.05.2021, which included the following items:

- Finance Update – Year end and Budgets 2021
- Strategy Direction
- CRU Financial Performance 2020/21

FN/21-22/14 Minutes of Audit Committee

The Committee noted the circulated memorandum from the CFO dated 30.09.2021 along with minutes of the Audit Committee meeting of 27.04.2021, which included the following items:

- Review of Completed & Risk Accepted Recommendations
- Outstanding Recommendations
- Audit of Accounts Payable
- Audit of Research Audit Management
- External Audit Procurement Process
- Payroll Transition to Shared Services Centre
- Audit Committee Annual Report
- Annual Governance Statement
- Board Papers



- Code of Governance

FN/21-22/15 Minutes of Estates Policy Committee

The Committee noted the circulated memorandum from the CFO dated 30.09.2021 along with minutes of the Estates Policy Committee meeting of 04.06.2021, which included the following items:

- Old Library Redevelopment Project (OLRP) interim exhibition & retail
- E3RI Preliminary Architectural Brief
- Finance Committee decisions relevant to EPC

FN/21-22/16 Related Entity Financial Reporting

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The Committee noted the circulated memorandum from the CFO dated 30.09.2021 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 30.09.2020
- Science Gallery International for the year ended 30.09.2020
- The Lir (National Academy of Dramatic Art at Trinity College) for the year ended 30.09.2020
- HEAnet for the year ended 31.12.2020
- Douglas Hyde Gallery for the year ended 31.12.2020
- National Institute of Bioprocessing Research and Training Group (NIBRT) for the year ended 31.12.2020

Action:

- 16.1** The Directors' Report and audited Financial Statements of MMI, Science Gallery International, The Lir, HEAnet, Douglas Hyde Gallery and NIBRT for FY2020 to be forwarded to Board for noting.



FN/21-22/17 Fee Certainty

Following a query from the President of the Student's Union regarding the expiration of the current Fee Certainty policy, the CFO confirmed that the policy was under review and that, as in previous years, FSD would engage with the student representatives and other stakeholders in advance of a proposal for FY23 onwards being brought forward for approval.

Action:

- 17.1** FSD to engage with the student representatives and other stakeholders in advance of a fee certainty proposal for FY23 onwards being brought forward for approval.

The Committee noted the next Finance Committee meeting is scheduled for **18 November 2021 at 10:00am** via Zoom.

PROVOST.....

DATE.....