



## **Minutes of the Finance Committee Meeting of 9 March 2023**

**Present:** Provost (Chair), Bursar, Dean of Health Sciences, Chief Operating Officer, Professor Louis Brennan, Ms. Cathy Bryce, Ms. N. Holland, Mr. L. Kavanagh, Chief Financial Officer (CFO) – Secretary to the Committee

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

**Apologies:** Vice-Provost/CAO, President of the Students Union

**Statement of Interest:** None received

The Committee noted and approved the minutes of the Finance Committee meeting of 30.01.2023 as circulated along with the updates on Matters Arising from the minutes as outlined by the CFO.

### **Section A**

No items

### **Section B**

**FN/22-23/63 XX** **Draft Consolidated Financial Statements for the year ended 30.09.2022**  
The Group Financial Manager attended for this item.

The Committee welcomed the circulated memorandum from the CFO and Deputy CFO dated 03.03.2023 and the accompanying Draft Consolidated Financial Statements for the year ended 30 September 2022 (including the CFO's Report).

By way of presentation, the CFO outlined the approvals process for the Consolidated Financial Statements and the Committee noted the audit status for the University and its subsidiaries.

The CFO outlined the key details of the Consolidated Financial Statements 2021/22, across the following headings:

- Consolidated Profit & Loss
- Consolidated Income & Expenditure



- Capital Expenditure & Cashflow
- Research Activity & Awards Signed FY2018 - 2022
- Balance Sheet/Net Assets summary
- Balance Sheet – Key Movements/ Matters to Note
- Pensions
- Recap – Approvals & Next Steps

In considering the out-turn reported for the year, the Committee noted the small net deficit of €0.2m and a reduction year on year in the underlying net deficit (before unrealised gains and losses) which reflected the University's ongoing recovery from the financial impacts of the pandemic.

The CFO drew the Committee's attention to the University's performance across a number of headings, noting the increase in income over prior year, driven by growth in academic fee and research income, along with a strong post-covid recovery in commercial revenues. The Committee welcomed the growth in both Undergraduate and Postgraduate student registrations, in particular the notable recovery in Postgraduate taught, Non-EU student numbers.

The Committee noted the increase in expenditure, driven by increased staff costs (increased headcount, State-approved pay restoration and national wage agreements, annual increments etc.). Other operating expenses also increased, reflecting the full re-opening of the University and increased activity, including significant inflationary increases in utility and maintenance costs in the year. The Committee noted the value of capital expenditure in the year, up significantly on prior year in line with the University's investment in key infrastructure projects, including Printing House Square, E3 Learning Foundry and Trinity East, along with ongoing investment in existing University facilities. The Committee noted the University's strong liquidity at year-end and the increase in gearing, in line with the forecasted position in the University's Strategic Plan.

The Committee noted value of new awards secured in the year and the strong performance of research activity, with annual research income once again exceeding €100m and activity increasing by 9.4% year on year.



The CFO provided a summary of the University's net assets, highlighting key Balance Sheet matters and noting the net additions in both Fixed and Endowment Fund & Investment assets, resulting in a significant increase in overall net assets in the year. The Committee welcomed the detail provided on contingent liabilities and post Balance Sheet events, including the supplemental pension funding received from the HEA in December 2022.

The Committee noted the significant decrease in the pension liability in the year, arising from a change in inflation and discount rate assumptions by the University's actuarial advisers. The Committee also noted that the audit process had concluded satisfactorily, with both the external auditors PwC, and the Comptroller & Auditor General due to give unqualified audit opinions.

Having noted the University's financial position for FY21/22, the Committee commended the careful management of the University's finances during the year and noted the ongoing and emerging financial challenges ahead.

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

**Action:**

- 63.1** The draft Consolidated Financial Statements and draft letters of Representation for the year ended 30 September 2022 to be forwarded to Audit Committee for consideration and onward recommendation to Board for approval.



**FN/22-23/64      Draft Trinity Endowment Fund Financial Statements for the year ended  
XX                    30.09.2022**

The Group Financial Manager attended for this item.

The Committee had been circulated with a memorandum from the CFO and Deputy CFO dated 03.03.2023 and the accompanying draft Trinity Endowment Fund Financial Statements for the year ended 30 September 2022.

By way of presentation, the Deputy CFO drew the Committee's attention to the audit status of the Endowment Fund along with key messages including the decrease in net assets in the year, reflecting volatility in equity markets due to rising inflation, energy cost increases and rising interest rates compounded by the ongoing war in Ukraine. Highlighting the overall positive return of 0.5%, the Deputy CFO also summarised the main elements of the Fund's performance in the financial year, across the following headings:

- Endowment Fund growth
- Income distributions to Trinity College Endowment Funds
- Investment objectives and asset allocations
- Investment Policy Statement

The Committee noted the market value of the Fund's investment portfolio at 30.09.2022, the total return achieved, and the status of the ongoing portfolio restructure to align with agreed asset allocations along with the continued market volatility since the financial year-end. The Committee noted the level of new endowments in the year and the unspent balances as reported, further noting FSD's regular engagement with areas regarding plans for unspent balances.

The Committee noted that the Investment Committee had undertaken external training on "ESG and Impact Investing" and had approved the transition of the Endowment Fund's equity holdings to newly developed, bespoke Climate Conscious and Low Carbon equity funds during the year. The Committee further noted plans to update the University's Investment Policy Statement during 2023 including development of an Ethical Investment Policy.

The Committee acknowledged the strong performance of the Endowment Fund over the past 5 years and the positive contribution made to the University's finances and welcomed the strong growth in net assets over the



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

### **Actions**

**64.1** The draft Endowment Fund Financial Statements and draft Letter of Representation to PwC for the year ended 30 September 2022 to be submitted to Audit Committee for review and recommendation to Board for approval, and subsequent submission to the Charities Regulatory Authority.

**FN/22-23/65  
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### **Postgraduate Renewal Programme: Proposals for financing of Postgraduate Research (PGR) Students**

The Dean of Graduate Studies and the Project Appraisal Manager attended for this item.

The Committee noted the circulated documents from the Dean of Graduate Studies and the Postgraduate Renewal Programme Director, dated 01.03.2023, setting out two complementary proposals relating to PGR students as follows:

- a. Consolidation of three existing internal PGR award mechanisms into a single award with a €25k p.a. stipend per student for 4 yrs (full time), effective from the academic year 2023/24
- b. The cost of any fee differential arising for PGR students recruited to State-funded projects to be met centrally by the University, thereby eliminating the constraint of “affordability” from the PGR recruitment process

By way of presentation, the Dean of Graduate Studies provided background and context for the proposals in terms of the University’s research eco-system, highlighting the extensive analysis and stakeholder engagement undertaken and noting the University’s overarching priority of changing the internal funding landscape for PhD researchers by addressing issues within Trinity’s control.



Regarding the proposal to create one single PGR internal award, the Dean summarised the current internal award system, noting the cost (tuition fee and stipend) to the University, and the varying terms and conditions for each, including range of duration and stipend payable. She outlined the proposed new award which would pay a stipend of €25k per annum per student, over 4 yrs (full time), with the cost of tuition also continuing to be met by the University. Given the additional cost arising from the increased stipend, it is proposed to reduce the number of new awards annually in the short to medium term until additional annual funding can be secured to return to current levels. The Committee noted that Trinity Development & Alumni has committed to developing a strategy to support a return to the current baseline over a 4-5 year period and to plan longer-term for annual funding for research studentships. The Committee further noted that as there is no distinction made between students funded by an internal or external award within University systems, and the recruited students' EU/non-EU status will remain, there will be no impact on BPA allocations to Schools arising from the proposed change.

The Dean of Graduate Studies also summarised a second proposal to address issues arising from limitations applied by some State-funding agencies on tuition fees payable for project-sponsored PGR students. Currently, the resultant fee differential must be met locally, either by the School or the PI, thereby making "affordability" an unintended recruitment criterion. However, with the longer-term aim of ensuring Trinity can attract the best research students, it is proposed that the cost of any fee differential arising for PGR students recruited to State-funded projects be met centrally by the University.

The Committee, noting that the proposals had previously been considered and approved by the Executive Officers Group, Planning Group and Board, welcomed the very real and positive impact the proposed stipend will have for students in the context of the increasing cost of living in Ireland, and acknowledged the wider benefits of both proposals to the University's research eco-system. In this context, and noting the financial implications as outlined, the Committee endorsed both proposals for implementation in 2023/24 and requested that a post-implementation evaluation be carried out to track how the changes have impacted student recruitment.



## **Actions**

**65.1** The Committee approved proposals to consolidate existing internal PGR award mechanisms into a single award as outlined and to meet any fee differential arising for PGR students recruited to State-funded projects centrally, with the results of a post-implementation evaluation to come forward for consideration in due course.

### **FN/22-23/66 Financial & Performance Highlights – Qtr1 22/23**

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

In considering the Q1 2022/23 Summary and Detailed Reports from the Group Financial Manager and the Projects Accounting Manager dated 02.03.2023 as circulated, the Committee welcomed the updated information, including the key messages and highlights across the following headings:

- Financial Performance Q1 FY22/23 & Full-Year Forecast to 30.09.2023
- Q1 FY22/23 Financial Summary I&E Dashboard - Actual v Budget & PY
- Q1 FY22/23 Financial Summary I&E Dashboard – Forecast v Budget & PY
- HEA Quarterly Reporting
- Q1 FY22/23 Pay by Area
- Q1 FY22/23 Non-Pay by Area
- Student numbers trend FY19-23
- Executive Summaries (Research and Capital) Q1 FY22/23
- FY22/23 Cashflow
- Trinity's Gearing - Loans/Debt Profile and by Project
- Trinity Endowment Fund Q1 FY22/23
- FY22/23 Budget to Q1 Forecast Variances (by Faculty, Division and School)
- iProc Activity (YTD) Analysis

In her presentation, the Group Financial Manager drew the Committee's attention to the financial summary and budget to latest forecast for 2022/23, noting that the forecasted deficit to 30.09.2023 (before unrealised gains/losses) is ahead of budget. The Committee noted that Q1 income is



ahead of budget and prior year, largely due to timing differences across all income streams and in particular, the weighting of academic fees in Q1. The Q1 operational position – i.e. earnings before interest, tax, depreciation and amortisation (EBITDA), is also ahead of budget and prior year. The Committee noted the increase in operating costs, due largely to additional staff costs, including pay awards, increments and additional headcount, with non-pay costs behind budget due to lower than forecasted utility costs.

The Committee noted that provisional student registrations at November 2022 compare favourably to the 5-year Strategic Plan revised base case and are 2.7% ahead of prior year. Final student registration numbers will be available later in March and the ratio of EU/Non-EU students reflects a post-pandemic recovery in international student recruitment with a positive impact on Academic Fee income.

The Committee reviewed the University's research performance, with Q1 income lower than prior year, and research activity (expenditure) also slightly behind 2021 levels, largely due to timing differences in receipts. Whilst grant proposals had increased in the quarter, the Committee noted the decrease in value of new research contracts signed versus prior year.

The update on capital project activity was also noted, including the top 5 approved projects by value and the overall capital portfolio value along with the slight increase in capital expenditure year-on-year.

The Committee noted the University maintained strong liquidity in Q1, with closing cash of ahead of prior year, largely driven by a Pension funding receipt from the HEA during the quarter, further noting that demand for cash relating to capital projects is expected to be high in the current year due to the ongoing works on key projects.

The Committee considered the update on the University's gearing and loan/debt profile, noting the value of current borrowings and overall gearing level, along with future committed borrowings.

In reviewing the Endowment Fund update, including net income for Q1 2022/23, the Committee noted that income is ahead of prior year Q1 as recent investments yield returns, but behind the current year target due to timing of dividend payments. The Committee noted that the Fund is not yet fully





reinvested into the approved asset allocations, however investments in infrastructure funds, trade finance and private credit assets continued in Q1.

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 2022/23 activity be provided in Trinity Term 2023.

**Action:**

**66.1** An update on Q2 2022/23 activity to be provided in Trinity Term 2023.

**FN/22-23/67**

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**Capital Projects Dashboard**

(Minute FN/22-23/51 of 30.01.2023 refers)

The Committee welcomed the circulated document from the COO, dated February 2023, which provided a high-level overview of the University's major capital programme, including the approved budget for each of the 5 active projects, expected completion dates, key activities to June 2023 along with a RAG rating.

**Action:**

**67.1** An updated Capital Projects dashboard to come forward for consideration at the next meeting.

**FN/22-23/68**

**Capital Project: Martin Naughton E3 Learning Foundry update**

(Minute FN/21-22/93 of 02.06.2022 refers)

The Capital Programme Sponsor and the E3 Programme Manager attended for this item.

The Committee noted the circulated memorandum from the Project Sponsor and Programme Manager, dated 02.03.2023, which set out an update on the Martin Naughton E3 Learning Foundry across the following headings:

- Overview
- Martin Naughton E3 Learning Foundry
- Ramp-up and enabling projects
- Programme of works, sources of funds and budget allocation



- Request

By way of presentation, the Project Sponsor summarised the key updates in respect of the project, highlighting progress made on the nucleus and wing areas, in addition to providing an update on the refurbishment works in Westland Row (now commenced) and the Zoology Building (feasibility design stage). He also outlined the ongoing challenges in relation to building progress on site and the project timeline, and the Committee noted the views of the Independent Monitor in this regard and the detail provided on construction quality.

In considering the update on Project funding and expenditure, including analysis of expenditure to date, the Committee noted the level of contractor claims received to date. The Committee further noted the continued impacts of Brexit and Covid-19 along with additional challenges arising, including the war in Ukraine, inflationary pressures and supply chain issues.

Having discussed the risks arising, the Committee noted that a full review of the Project business case will be carried out and any potential impacts captured and addressed. The Committee also noted the Project is being closely monitored on-site so issues arising can be managed efficiently and, thanking the Project Sponsor and Programme Manager for their report, requested that the next update come forward for consideration in Trinity Term 2023.

**Action:**

**68.1** An update on the E3 Learning Foundry project and Business Case to come forward for consideration in Trinity Term 2023.



## Section C

### **FN/22-23/69 Planning Group Report #27** (Minute FN/22-23/29 of 23.11.2022 refers)

The Committee noted the circulated memorandum from the Vice-Provost/Chief Academic Officer, dated 01.03.2023, enclosing Planning Group Report #27, which had been considered and approved by the Executive Officers Group at its meeting of 14.02.2023 and subsequently by Board on 22.02.2023.

The Report provided an update on Planning Group activity from June 2022 to February 2023 across the following headings:

- Summary
- Budget Planning Allocation (BPA)
- Postgraduate Renewal Programme
- Monitoring: Finances and Staffing
- Acknowledgements

The Committee noted that following approval of the new Budget Planning Allocation Model in May 2022, Planning Group had considered BBM outcomes for 2021/22, the FY23 Budget update and challenges along with BPA Faculty budget cases and had subsequently approved the FY23 University Budget for onward presentation to Executive Officers, Finance Committee and Board in Michaelmas Term 2022.

Planning Group also approved several funding requests in the reporting period, including for Horizon 1 of the Postgraduate Renewal Programme, reviewed the first of the bi-annual reports on the Global Relations Strategy (GRSIII) and received an update on the University Admission Strategy.

The Committee noted that the next Planning Group report will come forward for consideration in Trinity Term 2023.

#### **Action:**

- 69.1** The next Planning Group report to come forward in Trinity Term 2023.



**FN/22-23/70 Global Relations Strategy (GRS) III Update**  
(Minute FN/21-22/103 of 02.06.2022 refers)

The Committee welcomed the circulated memorandum and accompanying appendices from the Office of the Vice-President for Global Engagement dated 09.03.2023, which set out the first of the bi-annual updates on the business plan implementation for GRS III across the following headings:

- Purpose
- Key Points
- Student registrations and fee income for AY2022/23 – interim forecast
- Early indications for AY2023/24 admissions cycle

The Committee noted the updated position of GRS III as reported, including total fee income and student registrations noting that additional income from internationalisation activities supported by the GRO is not included in this report.

The Committee further noted that fee income and student registrations grew between the academic years 2021/22 and 2022/23, with registrations forecasted to reach 101% of the GRS III ambition for AY23 and fee income to reach 99%. Actual fees received for AY23 are 5% ahead of prior year however, and 7% ahead of the revised strategic plan ambition for AY22, indicating a strong post-pandemic recovery.

Noting the current indications on the 2023/24 admissions cycle and the update on initiatives to diversify the student body as outlined, the Committee requested an updated report in Trinity Term 2023.

**Action:**

- 70.1** An updated report to come forward for consideration in Trinity Term 2023.



### **FN/22-23/71 Analysis of Income & Expenditure of Research Accounts for 2021/22**

The Committee noted the circulated memorandum from the Projects Accounting Manager dated 01.03.2023, incorporating an extract of the Annual Analysis of Income and Expenditure of Research Accounts for the year ended 30.09.2022, including information on:

- Income and expenditure for all research awards by Faculty/School/TRI and Other non-School awards
- Comparative 10-Year activity
- Income and Expenditure by Source

### **FN/22-23/72 University Bridge Fund II Investor Report Q4 (y/e 31.12.2022)**

The Committee considered the circulated memorandum from the Director of TR&I dated 10.02.2023 and the enclosed University Bridge Fund II L.P. Investor Report for Q4 2022, which provided an update on the Fund's performance across the following headings:

- Fund Information
- Portfolio Update
- University Bridge Fund II, L.P. Financial Statements

The Committee noted the value of total investments made to date and the key portfolio highlights as set out. The Committee, noting the continuing work to develop pipeline opportunities with the research community, requested the Q1 FY23 performance update to come forward for review in Trinity Term 2023.

**Action:**

- 72.1** The Q1 FY23 performance update to come forward for review in Trinity Term 2023.



### **FN/22-23/73 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 01.03.2023, setting out a review for Q1 FY23, along with data for the comparative period in FY22 across the following headings:

- Current deposits, credit ratings and credit limits
- Deposit Capacity
- Average deposit rates and monthly cash balances
- Negative Interest Charges
- Loans & Top Up Financing
- Commercial Borrowing
- Rolling Credit Facility
- Obligations under Finance Lease
- Financial Covenants, Borrowing Capacity & HEA considerations
- Bank Overdrafts
- Treasury Policy Update

An updated report on Q2 FY23 will come forward for consideration in Trinity Term 2023.

**Action:**

- 73.1** An updated report on Q2 FY23 to come forward for consideration in Trinity Term 2023.

### **FN/22-23/74 Annual Governance Statement**

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The Committee noted the memorandum for the Secretary to the College, dated 03.02.2023, and the accompanying copy of the draft Annual Governance Statement, which will be forwarded to the Board for approval prior to being submitted to the HEA, in line with the University's Code of Governance. Noting the revisions to the reporting template, the Committee further noted that the assurances sought from the University were in keeping with previous years.



**FN/22-23/75 Trinity Asia Services Limited (TASL) – Singapore Update**  
(Minute FN/21-22/106 of 02.06.2022 refers)

The Committee noted the circulated memorandum from Professor John Gormley and the Project Appraisal Manager dated 02.03.2023 and the update provided under the following headings:

- Executive Summary
- Update since the last report
- Financial Summary 2021/22
- Risk

The Committee noted the detail provided on activity since the last report in June 2022, including the completion of TASL's fifth year in operation, preparation of its annual set of audited statutory accounts for the year ended 30.09.2022 (circulated) and the full-year financial performance in 2021/22. The Committee further noted the 2022/23 forecast, and the forecasted reduction in income, in line with the 2021/22 student intake.

Having noted the risks as outlined, the Committee requested a further update be brought forward for consideration in Hilary Term 2024.

**Action:**

- 75.1** A further update to be brought forward for consideration in Hilary Term 2024.

**FN/22-23/76 Minutes of Commercial Revenue Unit (CRU)**

The Committee noted the circulated memorandum from the CFO dated 02.03.2023 along with minutes of the CRU Advisory Board meetings of 29.09.2022 and 08.12.2022, which included the following items:

- FY22 Financial Performance
- FY23 Draft Budget
- Highlights FY22 & Challenges FY23
- Old Library GAIA Decant Experience
- Marketing Strategy & Update
- Brand Development – Interim Exhibition
- Interim Exhibition Update



## **FN/22-23/77 Minutes of Audit Committee**

The Committee noted the circulated memorandum from the Chief Financial Officer dated 02.03.2023 and the accompanying minutes of the Audit Committee meeting of 07.12.2022, which included the following items:

- Audit of SITS functionality
- Review of Completed & Risk Accepted Recommendations
- Internal Audit Annual Plan
- Audit Committee Annual Report for 2022/23
- Institutional Quality Review Report
- Board Papers

## **FN/22-23/78 Related Entity Financial Reporting XX**

The Committee noted the circulated memorandum from the CFO dated 02.03.2023 and recommended the Directors' Reports and audited Financial Statements of the following entities to Board for noting:

- Ghala DAC for the year ended 30.09.2022, along with the Letter of Representation to PwC dated 20.01.2023
- Trinity Asia Services Limited (TASL) for the year ended 30.09.2022, along with the Letter of Representation to PwC dated 13.12.2022
- Trinity Brand Commercialisation Services Limited (TBCSL) for the year ended 30.09.2022, along with the Letter of Representation to PwC dated 15.02.2023
- Trinity Online Services Company Limited by Guarantee (TOSL) for the year ended 30.09.2022, along with the Letter of Representation to PwC dated 13.02.2023.

### **Action:**

- 78.1** The Directors' Report and audited Financial Statements of Ghala DAC, TASL, TBCSL and TOSL for the year ended 30.09.2022 to be forwarded to Board for noting.





**FN/22-23/79    HEA Oversight Group Agreement 2023**  
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The Committee considered the circulated memorandum from the College Secretary and the Head of Financial Planning & Analysis dated 06.03.2023, which set out the broad governance and accountability framework, along with the key responsibilities underpinning the relationship between the HEA and the University.

The Committee noted the key reporting requirements as outlined, including the Statement of Governance and Internal Control contained in the annual Consolidated Financial Statements. The Committee further noted that the Oversight Agreement will be considered by the Executive Officers Group at its meeting of 21.03.2023 and will be submitted to Board for consideration at its next meeting.

The Committee noted the next Finance Committee meeting is scheduled for 4 May 2023 **at 10:00am** in the Provost's Library.

PROVOST.....    DATE.....