

**THE UNIVERSITY OF DUBLIN
TRINITY COLLEGE**

CONFIDENTIAL

The Minutes of the Finance Committee Meeting of 24 March 2004

PRESENT: The Provost (in the Chair), the Bursar, the Dean of Arts (Letters), the Dean of Health Sciences, Mr. P. McCabe, Professor C. Williams, Dr. L. Doyle, the Treasurer (Secretary of the Finance Committee)

OBSERVERS: The Vice-Provost, the Secretary, Professor M. Marsh

IN ATTENDANCE: Deputy Treasurer

APOLOGIES: The Registrar, Dr. A. Ni Chasaide, the Senior Lecturer, Professor E. McCabe, Ms A. Gatling

The Minutes of the Meeting of 6 February 2004 were approved and signed.

2004/68 Quarterly Accounts to 31 December 2003

Capital Projects funded by HEA Capital Grants: The Committee noted that the reimbursements outstanding on both tax and non tax based HEA Capital Projects amounted to €15.744m. The attention of the Committee was drawn to the fact that the State's cashflows in respect of outstanding amounts for ongoing contractually based expenditure would not be received in 2004 but would be received over a number of years. These amounts would inevitably have to be bridged from recurrent cashflow with consequent implications for interest earnings on the recurrent account.

Capital Projects not funded by the HEA: Funding in excess of current expenditure is in place at this time in respect of the recently approved Sports Complex Project with total funds in place in excess of expenditure incurred of €2.765m on all projects at this date. The Committee noted that as the Sports Complex Project progresses there will be periods of time when this will not be the case.

Faculty and Departments: Contrary to normal practice in respect of periods to 31 December 2003 full quarterly accounts for Faculties and Departments were reviewed. The Committee noted that consideration of the data was made difficult arising from incomplete non pay and pay allocations (in two faculties), self-financing and non EU fee transfers. Self financing and non EU fee transfers will be included in the March quarter when student numbers have been confirmed. The Committee requested the Deputy Treasurer to liaise with the Dean of Arts (Letters) in relation to the financial position of the Department of German.

Administrative and Other Areas Non Pay Budgets: Amended schedules were tabled and considered by the Committee.

Service Departments

Library
IS Services
Bioresources Unit
Audio Visual and Media Services
Centre for Microscopy Analysis
Buildings Office
Student Health Service
Counselling

Subsidiary Activities

Residential Rooms – College
Residential Rooms – Trinity Hall
Catering
Library Shop
Copying Service
Diagnostic Services
College Day Nursery
Innovation Services: The Committee requested funds remaining to be allocated be distributed as soon as possible.
Enterprise Centre
Department of Sport
High Performance Computing

New Research Accounts: The Committee noted that there were 41 new Research Accounts during the Quarter which included 2 SFI allocations of €11m and €10m in respect of CRANN capital and recurrent activity respectively.

Research Account Balances: The Committee noted the net cash balances in Research Accounts which was a significant contribution to cash balances being carried by the College at the end of the period. The Committee noted that overdrawn balances in excess of €75,000 at 31.12.2003 had been reviewed and did not give rise to concern at this time.

Research Accounts – Overdrawn Balances: The Committee noted the improved position at this time in relation to this group of accounts and that certain Enterprise Ireland accounts within the group were currently the subject of audit. Furthermore the Committee heard a report in relation to the management of costs within this group of accounts.

2004/69 Estimates of Recurrent Income and Expenditure for 2004 – HEA Budget Meeting

The annual budget meeting with the HEA was held on 19.02.2004. The College was represented by the Provost, the Bursar, the Senior Lecturer, the Secretary, the Treasurer, the Deputy Treasurer and the Financial Resources Manager for the meeting chaired by the new Secretary/Chief Executive of the HEA. The Treasurer briefed the Committee on the issues addressed and considered with the HEA representatives. These included:

- Outturn for 30 September 2003. This included detailed clarifications in relation to income and expenditure trends with particular emphasis on SFI activity, increased insurance costs, unforeseen legal costs, transfers to capital and the impact of reductions in grant.
- 2004 Estimates. The HEA were advised of decisions made by the College arising from recommendations from the Financial Review Advisory Group. Furthermore decisions which had been taken by the College in relation to departmental balances were outlined for the HEA along with the College's position in relation to self-financing activities. The impact of these decisions on the College was clearly outlined. The HEA acknowledged that 2003 and 2004 were difficult years and that it would not be in the interest of the system to reward deficits. It was explained that the College was striving to expand its research base, making continued efforts in the area of philanthropy and was currently addressing non EU income possibilities. However, there is little scope for the College to deal with the problems ahead. The College representatives provided clarifications regarding perceptions that the University had significant private funds.
- 2005 Estimates. The HEA acknowledged receipt of correspondence dated 18 February 2004 regarding the potential Section 37 position of the College should significant additional State Grants not be forthcoming. The HEA indicated that the forthcoming financial review would consider all funding processes taking into account international trends. The Provost indicated that the University was in the process of considering significant internal change and that the sector needed a strong champion in the difficult times ahead. Concern was also expressed at the absence of a system of multi-annual budgeting.

- Irish language legislative obligations. The HEA indicated that it was in discussions with Government regarding the application of this legislation to the sector and would be in communication with the College in due course.

2004/70 Estimates of Recurrent Income and Expenditure for 2005

XX The Committee had been circulated with a copy of Board approved College correspondence to the HEA dated 18.02.2004 indicating to the HEA that “in respect of 2005, unless the level of state grant is substantially increased, in accordance with Section 37 (5) of the Universities Act, 1997 the actions proposed by the Board will result in “expenditure in excess of budget”. Furthermore the Committee had been circulated with the HEA response dated 23.02.2004 from the Chairman of the HEA indicating that College’s forward projection is most helpful in enabling the HEA to get to grips with the appraisal of the financial position facing TCD. However the HEA note that the deficit is on the basis of a funding *assumption* for 2005 and indicates that the correspondence is in the HEA’s view “premature at this stage to formally notify a deficit for 2005” and indicate that “the earliest point at which it would most appropriately be done would be when the university budget has been settled”.

2004/71 PRTL Cycle 3

HEA correspondence dated 3.03.2004 in relation to PRTL Cycle 3 Indicative Funding Profiles had been circulated to the Committee. The correspondence indicates the provision of Exchequer funding over the period 2004 to 2008 and acknowledges that the funding profile may differ from previously submitted figures and notes that the College may wish to re-profile its expected expenditure accordingly.

A memorandum from the Deputy Treasurer dated 15.03.2004 had also been circulated. This memorandum outlined the financial implications of the phased provision of Exchequer funding over the five year period. The estimated impact in terms of deposit interest on recurrent cash flow foregone to the recurrent income and expenditure account is estimated to be in the order of €1.1m.

The Committee expressed concern regarding the financial implications of the proposed Exchequer funding profile which is at variance with the original commitment given under PRTL Cycle 3 and noted that it was impossible for the College to re-profile expected expenditure given that the expenditure arises from contractual commitments. The Committee recommends the College should inform the HEA of the financial consequences of this recent information and requests guidance regarding the funding available to meet bridging costs given that the College is obliged to implement capital proposals as contained in the College’s original submission.

2004/72 Financial Review by HEA

XX (Minute 2004/57 of 06.02.2004 refers)

The Committee considered circulated copies of College’s submission to the HEA dated 25.02.2004 in respect of the financial review being carried out by the HEA. Matters drawn to the particular attention of the working group included:

- contextual matters which provide the basis for university financial management,
- Trinity College financial management arrangements,
- other observations, relevant issues for consideration (subsidiary entities, capital programme, cash, internal balances, transfers to capital from recurrent, pensions and pension supplementation and sources of income),
- statement on the financial position of the College and
- terms of reference.

The Committee considered at some length correspondence from the HEA dated 15 March 2004 requesting further information for input into the review of the financial position of universities. The information requested includes:

- a clear statement of strategy covering the next five years which would include a financial forecast showing the *operating* and *capital programme* which relates to the statement. It is expected that the plan should be reasonably specific.
- Where capital expenditure is planned, details should be provided as to whether it relates to new, replacement or refurbishment building or equipment and how it is to be financed.
- in relation to the key question of reserves, internal and other balances, the working group would like the College to address the question of what level of reserves if any is needed to support the university on an ongoing basis.
- a commentary from each university as to the level of cash balances which it requires.

It was noted that this information was to be submitted by Monday 29 March 2004.

The Committee expressed the view that the seven universities as a group should respond through CHIU to the HEA on the issues raised in the letter. To this end the Treasurer was requested to prepare TCD's views for input to a CHIU process which would respond to the financial review working group of the HEA.

2004/73 Student Fees – 2004/2005

A memorandum dated 15.03.2004 had been circulated to the Committee from the Financial Resources Manager outlining the expected cost increases for 2004/2005, proposed actions elsewhere in the university sector and issues associated with the market for international students.

While noting the expected cost increases in the year 2004/2005 the Committee were of the view that competitiveness in the international and local markets was an important matter for consideration in the current year and furthermore the Committee wished to have full recommendations from the review associated with non-EU students before considering different approaches to fee increases across non-EU and postgraduate areas. In this context the Finance Committee recommends an increase of 9.5% for 2004/2005 with consideration to be given for 2005/2006 to alternative approaches to determining fee increases.

2004/74 Taxation – Employer provided benefits (BIK)

(Minute 2004/37 of 03.12.2003 refers)

The Committee noted and accepted the conclusions of a memorandum dated 12th March 2004 from Mr M. Ryan and Mr M. Kiely setting out employer-provided benefits which are now subject to PAYE and PRSI with effect from 1.01.2004. These benefits are:

- Utilities - The cost of providing utilities, to employees residing in College accommodation, which are not made good by the employee.
- Fellows – accommodation provided free of charge which along with rooms provided to children of Fellows at a discount to the market rate are also deemed to be a benefit to the Fellows.
- Fee Remissions – spouses and children of staff attending undergraduate and postgraduate courses in College and such other universities as laid out in the fee remission scheme.
- Home Purchase Loan – this is deemed to be taxable but because of the amounts involved there is no benefit likely to arise in 2004; this will require annual review by the Treasurer's Office and the outcome will be dependent on

the movement in interest rates.

The Committee noted that the next steps will involve identifying the individuals in receipt of benefits, notifying them of the amounts which are taxable and informing them of the impact of these changes. It was also noted that the Chairman of Fellows had been fully briefed on these matters.

The Committee noted Revenue Commissioners' correspondence dated 26.02.2004 indicating to the College that new procedures are being introduced as part of a restructuring programme within the Revenue. A meeting has been requested and arranged in order to enable the Revenue to secure the highest level of voluntary tax compliance, understanding the arrangements/procedures which the College has in place and improving communication with a view to reaching a better understanding of the College's activities and their tax consequences. The Finance Committee requested that they be kept briefed on this matter.

2004/75 Non-EU fee income: Health Sciences
(Minute 2003/76 of 30.04.2003 refers)

The Finance Committee had been circulated with a memorandum dated 1.03.2004 from the Dean of Health Sciences requesting the use of up to 50% of the non-EU Medical fee income to fund permanent posts within the faculty. Having given the matter some detailed consideration the Finance Committee agreed to recommend that up to 50% of the non-EU Medical fee income could be used for permanent positions on the basis that existing cohorts of students and related fee income are maintained in real terms. If however student numbers and related fee income are not maintained from non-EU sources it is recommended that the first vacancies arising on the Health Sciences establishment or long-established discretionary non-EU fee income should not be filled until such time as pay costs financial demands reach 50% again on the non-EU fee income. The Committee makes this recommendation on the basis that the Dean of the Faculty has given strong assurances that there will be no fall in student numbers.

2004/76 Student Fees – Postgraduate Diploma in Project Management

The Committee approved a memorandum from the Dean of Engineering & Systems Sciences dated 11 March 2004 requesting the fee for the Postgraduate Diploma in Project Management be increased to €4,356 for 2004/05 and for the additional income generated to be directed towards meeting pay costs in the Department of Civil, Structural and Environmental Engineering.

2004/77 Exchange Agreements

The Committee approved the details of an undergraduate student exchange as set out in a memorandum from the Director of International Student Affairs dated 02 March 2004 whereby two LLB students are exchanged each year with the Law School at Emory University and the Washington and Lee Law School at no financial cost or exposure to the College.

2004/78 House Purchase Loan

The Committee approved the house purchase loan application as circulated.

2004/79 Student Charge

The Committee approved a memorandum from the Deputy Treasurer dated 16 March 2004 setting out the 2004 estimates of income and expenditure associated with the Student Charge, the details of which had been discussed in advance of circulation with the student representatives. In response to an email request from the President of the Students Union, the Committee agreed that the Student Services Committee should

review the levels of expenditure associated with various aspects of the student charge during 2004/2005.

2004/80 Self-Financing Courses

- (i) M. Phil. in Literary Translation
The Committee noted and approved a memorandum from Ms A Moore dated 16 March 2004 in relation to the M. Phil. in Literary Translation being offered on a one year full time basis commencing in October 2004 with an initial intake of 8 EU and 2 Non EU students in Year 1, increasing to 10 EU and 3 Non EU students by Year 3. The fee for the course has been set at €4,366 and €11,760 for EU and Non EU students respectively.
- (ii) M.Sc. in Economics
The Committee noted and approved a memorandum from Ms A Moore dated 16 March 2004 in relation to the M.Sc. in Economics being offered on a full time basis over one year with students commencing an intensive preliminary course in Mathematics and Statistics in September 2004. The course has been costed on the basis of an initial intake of 10 EU and 3 Non EU in Year 1 with the expectation that the course will attract a strong Non EU interest after the first year has been completed. The expected intake for the second year and subsequent years is a minimum 20 EU and 10 Non EU students with the fee for the course set at €4,800 and €9,600 for EU and Non EU students respectively.

**2004/81 Science Foundation Ireland
(Minute 2003/103 of 25.06.2003 refers)**

- (i) Distribution of Indirect Cost Contributions
The Committee endorsed a memorandum from Mr M Ryan dated 12.03.2004 setting out the estimated 2003/04 SFI Indirect Costs Contribution allocation to the support services of Academic Services, Premises and Central Administration. The Committee noted that the 2003/04 allocation is on a similar basis to 2002/03 with some minor changes to allow for growth in PI's and support staff and that the allocation will be finalised based on this formula later in the year when the level of SFI activity can be predicted with greater certainty.
- (ii) Service Level Agreements
The Committee noted a memorandum from Mr M Ryan dated 12.03.2004 and the accompanying schedule documenting the services provided by support departments to SFI research activity by way of Service Level Agreements (SLAs). The Committee noted that a SLA was outstanding for the Premises area and that the Innovations Services had been requested to consolidate their original submission.

The next meeting of the Finance Committee has been arranged for 21 April 2004 at 2.30 p.m., in the Board Room.

PROVOST.....

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