



Minutes of the Finance Committee Meeting of 6th March 2017

Present: Provost (Chair), Bursar, Vice Provost/Chief Academic Officer, Chief Operating Officer, Dean of Arts, Humanities & Social Sciences, Mr. J. Gorringe, Mr. L. Kavanagh, President of the Students Union, Registrar, Chief Financial Officer (CFO) – Secretary to the Committee

In Attendance: Deputy CFO, Graduate Student Union President

Apologies: Ms. C. Curtis, Professor B. Lucey

Statement of Interest: No statements of interest were declared.

The Committee noted and approved the minutes of the Finance Committee meeting of 06.02.2017, which had been considered by Board at its meeting of 22.02.2017.

Section A

No Items

Section B

FN/16-17/87 **Consolidated Financial Statements for the year ending 30.09.2016**

XX The Management and Financial Accounting Manager and the Director of Financial Services attended for this item.

In noting the audit status, the Committee considered the circulated memorandum from the CFO and Deputy CFO dated 28.02.2017 and the accompanying Draft Consolidated Financial Statements for the year ended 30 September 2016, including the CFO's Report, the draft qualified audit opinion (technical qualification arising from the inclusion of a retirement benefits asset in the Statement of Financial Position) from the Board appointed auditors, along with the approved harmonised format Funding Statements and the reconciliation between both sets of financial statements.

By way of presentation, the Management & Financial Accounting Manager outlined the key details of the Consolidated Financial Statements 2015/16, under the following headings:



- The key changes in accounting treatment introduced by the adoption of Financial Reporting Standard (FRS)102 and the new Statement of Recommended Practice (SORP)
- Summary Financial Position and historical trends
- Key Performance Indicators (KPIs) 2015/16 and historical trends
- Consolidated Financial Statements 2015/16 Highlights
- Sustainability Gap

In considering the impact on the financial position of FRS102 adjustments, which has resulted in a significant change to the structure, terminology and format of the consolidated financial statements (and prior year comparatives), the Committee noted the outturn for 2015/16. The movement in income and expenditure and resulting positive earnings before interest, tax, depreciation and amortisation (EBITDA) was also noted. In the context of the draft qualified audit opinion, the Committee further noted the update from the CFO regarding the lack of progress in resolving the pensions qualification.

In summarising his report, the CFO drew the Committee's attention to the University's positive performance across a number of headings including increases in income generated, research activity and endowment assets. Growth in academic fees and other income over the prior-year reflects the University's investment in non-Exchequer revenue generating strategies, resulting in an improved Exchequer: Non-Exchequer income ratio against the back drop of significant cumulative core grant reductions in recent years. The Committee further noted that despite the financial challenges the University has encountered over recent years, it continues to make good progress in achieving its key strategic objectives as illustrated by the improvements in the KPIs as reported.

Whilst welcoming the improved result for the year, the Committee noted the sustainability gap between the historical deficits and the target surplus (based on the OECD recommendation of a target surplus of 3% of total budget before unrealised gains/losses and one off impairments) that the University must address in order to achieve financial sustainability. Furthermore, noting that the University's financial position continues to be challenging and that reducing the deficit must continue to be prioritised in the first instance, the Committee acknowledged that the University must focus increasing its revenue even further, in addition to containing its costs, if it is to maintain its standards and to position itself to meet the forecasted growth in demographic and participation rates.

Thanking the CFO and his team for their work in bringing the Draft Consolidated Financial Statements to completion, particularly in light of the



complexities associated with preparing the financial statements on a new accounting basis for the first time, the Committee agreed they should be forwarded to Audit Committee for consideration and onward recommendation to Board for approval.

Action

87.1 The Draft Consolidated Financial Statements for the year ending 30.09.2016 to be forwarded to Audit Committee for consideration and onward recommendation to Board for approval.

FN/16-17/88

Financial and Performance Highlights – Qtr. 1 2016/17

The Management and Financial Accounting Manager and the Director of Financial Services attended for this item.

In considering the circulated paper and detailed report from the Management & Financial Accounting Manager and the Director of Financial Services dated 28.02.2017, the Committee noted (by way of presentation) the key highlights set out in the executive summaries under the following headings:

- FY16/17 - Budget to latest Forecast
- FY16/17 - Budget to Forecast variances by activity type
- Research – Q1 16/17
- Capital – Q1 16/17
- Student numbers

The Committee considered the budget to latest forecast for 2016/17 in detail, noting the forecasted deficit outturn for the current year after depreciation, investment in non-Exchequer income generating and other strategies, excluding potential unrealised gains/losses and the impact of consolidating subsidiaries and impairment of assets.

Noting the overall student numbers reported by Faculty and category (sourced from Academic Registry), the Committee, having expressed concern at the student number trend data for the period 2015-17 and the financial impact of the relatively static student numbers reported in the period, acknowledged that there was a clear need to focus on student number growth. The Committee further noted the GRSII's latest income projections, which were lower than target for the year with a consequential impact on the overall financial position.



In noting the University's strong performance in generating increased research income for the third consecutive year, including Trinity's success at national and EU level, the Committee expressed concern once again at the declining rate of indirect costs recovered and requested an update from the Dean of Research on the ongoing discussions at sectoral and State level on this issue at its next meeting.

Having noted the current total estimated value of approved capital projects and capital project activity, along with details on projects in development, the Committee thanked the Management and Financial Accounting Manager and the Director of Financial Services for their presentation, and requested that an update on Q2 16/17 activity be provided in Trinity Term 2017.

Action

88.1 An update on Q2 16/17 activity to be provided in Trinity Term 2017.

88.2 The Dean of Research to provide an update on the ongoing discussions at sectoral and State level on in relation to the declining rate of indirect cost recovery at the next meeting.

**FN/16-17/89
XX**

5 Year Income & Expenditure Forecasts 2017-18 to 2021-22

The Financial Planning and Risk Manager attended for this item.

The Committee welcomed the circulated report from the Financial Planning and Risk Manager dated 27.02.2017 (and related appendices containing recent correspondence with the HEA) along with the summary information provided by way of presentation. The best, worst and most likely 5-year forecast income and expenditure scenarios were noted along with the key assumptions upon which they were based, further noting that the movement since the last forecasts were considered in September 2016 primarily relates to updated expenditure forecasts for self-financing activities, CRU and core non-pay expenditure, along with the impact of the 2017 core grant.

Whilst the financial position is forecasted to improve, with an operational (EBITDA – Earnings Before Interest Tax Depreciation and Amortisation) surplus projected to be achieved in the short term, in the context of Trinity's future financial sustainability, the Committee noted with concern the continuing gap between the forecasted results and the 3% surplus recommended by the OECD.



Given the impact of an ongoing financial deficit on cash levels, the Committee noted that cashflow forecasts will be included in quarterly management reporting from Q3 2016/17 onwards.

Having noted the most likely outcome as outlined and that, going forward, the University is now required to provide a bi-annual update to the HEA on its 5-year forecasts, the Committee requested that the financial sustainability issue would in future be recorded in the University's risk register.

Thanking the Financial Planning & Risk Manager for his report, the Committee agreed that the 5-year forecasts should now be forwarded to Board and onward to the HEA and requested that an updated report be brought forward for consideration in Michaelmas Term 2017.

Action

89.1 The 5-year forecasts to be forwarded to Board and onward to the HEA and an updated report to be brought forward for consideration in Michaelmas Term 2017.

89.2 The issue of financial sustainability to be recorded in the University's risk register going forward.

FN/16-17/90

Income Generation

(Minute FN/16-17/21.1 of 26.10.2016 refers)

In considering the circulated memorandum from the CFO and Deputy CFO dated 27.02.2017, along with a presentation from the Deputy CFO, the Committee noted the updates provided considering the historic and forecasted five-year positions set out in the context of the University striving to achieve a financially sustainable position of a 3% surplus (as defined by the OECD), and the historical reliance on Exchequer funding. The Committee acknowledged the significant "sustainability gap" facing the University and the need to maximise income generation and cost containment opportunities in order to achieve the University's overarching goal of becoming financially sustainable.

The Committee further noted that although all income lines under the University's control have increased over the past five years, an ongoing focus on income generation is essential as measures adopted to date are not currently projected to return the University to an overall surplus



position by the end of the current Strategic Plan (2014-19), despite the projected improvement in the operational position (EBITDA) in the short/medium term.

Having noted that the recommendations arising from the Cassells Report had yet to be enacted, the Committee welcomed the update that the level of State Grant appears to have stabilised. Having recently received notification of the 2017 State Grant allocation, the Committee noted the shortfall in funding to support the planned pay restoration, which the HEA plans to raise with the DES.

Welcoming the update provided on each of the eight income generating strategies, the Committee noted the strong performance of the Commercial Revenue Unit (CRU) and Trinity Business School (TBS) to date in addition to the challenges facing the Global Relations Strategy (GRS) in 2017-18 in reaching the Board-approved targets. Having expressed concern at the number of Schools that appear not to have fully engaged with the GRS, the Committee noted that the VPGR's mid-term review should clarify the mechanisms being utilised to ensure that 2017/18 and future targets are achieved.

In discussing PGT and PGR student number targets, the Committee noted the need for this activity to be measured against a fixed baseline and expressed concern once again at the sub-optimal level of PGT courses. Noting the top ten performing PGT courses as set out in the memorandum, the Committee agreed that the strategic approach applied by TBS should be considered by other areas to improve financial performance going forward. The VP/CAO confirmed that a focus on postgraduate activity is part of Planning Group's annual workplan and an update will be included in Planning Group's next report to Board at the end of Trinity Term. In this context, the Committee requested that an interim report on this activity be brought forward to Finance Committee for consideration in May 2017.

Having noted the updates provided in relation to the declining indirect cost recovery rates, the Online Education Strategy and Endowment Fund/Campaign, the Committee thanked the Deputy CFO for her presentation and requested an update be brought forward for consideration at the September 2017 meeting.

Action

- 90.1** The VP/CAO to bring forward an interim report on postgraduate activity for consideration in May 2017.



- 90.2** An update on income generation to be brought forward for consideration at the September 2017 Finance Committee meeting.

FN/16-17/91

Student Enrolments

(Minute FN/15-16/52 of 23.11.2015 refers)

The Academic Services Division (ASD) Manager attended for this item

The Committee welcomed the memorandum from the ASD Manager dated 24.02.2017, noting the detailed information set out under the following headings:

- Student Enrolments by Cohort
- Undergraduate Enrolments by Faculty
- Postgraduate Taught Enrolments by Faculty
- Postgraduate Research Enrolments by Faculty
- Performance in the Irish University Sector.

By way of presentation, the ASD Manager drew the Committee's attention to enrolment trends across all categories of student enrolments, along with a sectoral comparison. Whilst there has been only a modest increase of 4% in student enrolments across all categories of student in the 5-year period from 2011-16, the Committee noted with concern that there had been an increase in overall student registrations of just 1% in 2016/17 compared with the prior year. In considering the detailed breakdown of these figures, the Committee noted:

- the decline in domestic undergraduate entrants in the Faculty of Arts, Humanities and Social Sciences
- the declining total numbers in FEMS in terms of PGT enrolments (which are below 2011/12 levels), particularly in comparison to the strong performance of TBS
- the significant decline in PGR registrations in comparison to the Sector.

The Committee noted the key issues identified, including the possible impact of non-EU student recruitment in place of EU enrolments. In discussing the decline in PGR enrolments, the Committee requested the ASD Manager to investigate the possible causes for this reduction, including an assumption that they had been replaced by recruitments at postdoctoral research level. In addition, when the performance of the University is considered at a sectoral level, the Committee noted with concern that, whilst there is a sector-wide decline in PGR registrations, the percentage decrease in Trinity significantly exceeds the sectoral average. In this



context, the Committee agreed that further analysis of these figures/trends is required and, whilst this work is currently being undertaken by Planning Group and will be included in the Group's next report to Board, responses to these issues should also be included in the interim report on postgraduate activity requested by the Committee, for consideration in May 2017.

The Committee also requested Planning Group to determine the standard number of PhD students per staff member and provide detail on how Trinity is performing against this metric for inclusion in the next Planning Group report to Board. Lastly, the Committee requested that the annual report from the Dean of Graduate Studies be re-introduced as it would support the detailed review of enrolment trends and that it should come forward for consideration by Planning Group and Council once again in due course.

Action

- 91.1** Further analysis of the decline in PGR enrolments, sectorally and institutionally, to be included in the interim report on postgraduate activity coming forward for consideration by Finance Committee in May 2017.
- 91.2** Planning Group to determine the standard number of PhD students per staff member and provide details on how Trinity is performing against this metric in the next Planning Group report to Board.
- 91.3** The annual report from the Dean of Graduate Studies to be reintroduced and to come forward for consideration by Planning Group and Council once again in due course.

FN/16-17/92

Provision of Postgraduate Taught (PGT) Programmes

(Minute FN/16-17/6.4 of 19.09.2016 & FN/16-17/21.1 of 26.10.2016 refer)

In considering the circulated memorandum from the VP/CAO dated 24.02.2017, the Committee noted the importance of income generated by PGT courses to the delivery of the University's strategic objectives/financial sustainability and the work currently being undertaken by the Faculty Deans with Schools on potential growth areas.

Having expressed concern at the current capacity within the University to strategically manage this activity and noting that an analysis of School activity along with School plans in this area will be brought forward to Planning Group by the Faculty Deans later in Trinity Term 2017, the



Committee requested the VP/CAO to identify areas of growth by School in an interim report on School plans to be brought forward to Finance Committee for the May 2017 meeting in advance of the final report being available.

Action

92.1 The VP/CAO to identify areas of growth by School in an interim report on School plans to be brought forward to Finance Committee for the May 2017 meeting in advance of the final report being available.

FN/16-17/93

Annual Report of Sub Committee of Finance Committee 2015/16

The Chair of Investment Committee attended for this item.

The Committee welcomed the Chair of the Investment Committee and considered the memorandum from the CFO dated 27.02.2017, as circulated, which set out the Investment Committee Report for the year ending 30.09.2016. The Chair presented the key objectives and related achievements of the Investment Committee in the reporting period, including a review of the:

- Quarterly investment performance
- Investment strategy and monitoring of income targets
- Divestment considerations
- Fundraising campaign/Investment Committee Working Group
- Activity for 2016/17

Noting the development of a publication on the Endowment Fund to support the fundraising campaign, the Committee requested that the draft be circulated to members for information. In considering the investment performance in the year, and noting that performance against benchmark is considered on an ongoing basis and reported as part of the Investment Committee minutes, the Committee requested that future reports would also include these metrics. In the context of the need to align fundraising and the Endowment Fund, the Committee requested the Director of Trinity Development & Alumni (TDA) to attend at least one Investment Committee meeting per annum (or as requested).

The Committee thanked the Chair of the Investment Committee for attending and, in line with University policy, invited her to provide an update in Hilary Term 2018.



Action

- 93.1** A copy of the Endowment Fund publication to be circulated to the Committee members.
- 93.2** Future reports to include performance against benchmark metrics.
- 93.3** The Director of TDA to attend at least one Investment Committee meeting per annum (or as requested).
- 93.4** The Chair of the Investment Committee to provide an update in Hilary Term 2018.

Section C

FN/16-17/94

Appointment of Ussher Assistant Professors

(Minute FN/16-17/58.3 of 19.12.2016 refers)

Having noted the number of Ussher Assistant Professors appointed across the three Faculties as set out in the circulated memorandum from the VP/CAO dated 27.02.2017, the Committee noted that the Faculty Deans will review the progress made on the commitments given by Schools benefiting from these positions in the following areas:

- building academic capacity
- delivering on-line education
- fostering global engagement in education and research
- contributing to the innovation and entrepreneurship strategy.

The Faculty Deans are to bring forward a report to Planning Group for consideration in Trinity Term 2017, measuring School performance against the above criteria, in addition to assessing whether new income generation facilitated by the Ussher posts is being realised. The Committee requested that the outcome of this review be included in Planning Group's next report to Board, which will also be considered by Finance Committee in due course.

Action

- 94.1** The outcome of Faculty Dean's report to Planning Group on School performance against commitments made relating to the appointment of Ussher posts, including an assessment of whether new income generation facilitated by these posts is



being realised, to be included in Planning Group's next report to Board.

FN/16-17/95

XX

Borrowing Framework and Loan Guarantees

In considering the circulated memorandum and accompanying documents from the Project Appraisal Manager dated 27.02.2017, setting out the Borrowing Framework template for the academic year 2015/16 along with projections for 2016/17, the Committee noted the University's compliance with the current framework and requested that it be forwarded to Board for noting.

Action

95.1 The Borrowing Framework template to be forwarded to Board for noting.

FN/16-17/96

Barriers to Student Recruitment – Update

(Minute FN/15-16/23.2 of 26.10.2016 refers)

The Committee noted the circulated memorandum from the Vice-President for Global Relations and Chief Operating Officer dated 28.02.2017. In considering the additional information provided by way of a tabled presentation on the application-to-acceptance process (including a year on year comparison between 2016 and 2017), the Committee welcomed the upward trend in conversion rates, noting that this should support GRS in achieving 2017/18 targets. However, in the context that Non-EU student targets as approved by Board were intended to be additional to existing student numbers, the Committee requested the ASD Manager to explore where Non-EU students have been substituted for EU and bring forward a report for consideration in Trinity Term 2017.

Action

96.1 The ASD Manager to explore where Non-EU students have been substituted for EU and bring forward a report for consideration in Trinity Term 2017.



FN/16-17/97 Funds held by Trinity Development & Alumni (TDA)

(Minute FN/16-17/63 of 19.12.2016 refers)

The Committee noted the memorandum as circulated from the Finance Manager of TDA dated 23.02.2017 in relation to funds currently held by TDA and specifically the work undertaken by them on behalf of the University to ensure the timely transfer of income. The Committee further noted the level of funds transferred in Q1, the funds currently available for transfer along with the factors impacting the immediate availability of the remaining funds for transfer.

In discussing details of TDA's active engagement with donors to clarify intentions for the use of their funds, thus streamlining the transfer process, the Committee noted that the timing of the transfer of funds may be impacted by FRS102 requirements. The Committee also noted the high-level plans for the establishment of a Post-Graduate Scholarship Fund sourced from the unrestricted funds on hand.

The Committee requested that a further update on the funds held by TDA be brought forward for consideration in Michaelmas Term 2017.

Action

97.1 A further update be brought forward for consideration in Michaelmas Term 2017.

FN/16-17/98 New Management Structures

(Minute FN/16-17/7.1 of 19.09.2016 refers)

The Committee noted the circulated memorandum from the CFO dated 27.02.2017, enclosing the new University management structure approved by the Executive Officers Group at its meeting of 31.01.2017, which will be reviewed after one-year in operation and come back to Finance Committee should any changes arise thereafter.

Action

98.1 The new management structure will be reviewed after one-year in operation and come back to Finance Committee should any changes arise thereafter.



FN/16-17/99 **Trinity Asia Services Limited (TASL)**
XX

Noting the proposal had previously been considered by Board at its meeting of 22.02.2017, the Committee noted the circulated memorandum and accompanying schedules from the College Secretary and CFO dated 28.02.2017 and (based on legal advice received) approved the strike-off of TASL and its replacement by a new company, established in Singapore and limited by shares, with the single shareholder being the University. The accompanying draft constitution for the new company was also noted.

FN/16-17/100 **Fees 2017/18**
(Minute FN/16-17/64 of 19.12.2016 refers)

The Committee noted the memorandum from the Head of School of Engineering dated 23.02.2017 and, noting the proposed fee levels in the context of the benchmarking exercise undertaken, approved them for immediate adoption. The Committee also agreed that given the lateness of the fee adjustments, the fee levels previously advertised would be honoured only for those students who had already accepted places based on those rates.

Action

100.1 Proposed fee levels for the School of Engineering to be adopted immediately, with the previously advertised fees to be honoured only for those students who had accepted places based on those rates.

FN/16-17/101 **Related Entity Financial Reporting**
XX

The Committee noted the circulated memorandum from the CFO dated 27.02.2017 and recommended that the Director's Report and audited Financial Statements of Trinity Online Services Company Ltd (TOSL) for the 17-month period to 30.09.2016 be forwarded to Board for noting along with the accompanying Letter of Representation to KPMG, dated 23.01.2017.

Action

101.1 The Director's Report and audited Financial Statements of TOSL for the 17-month period to 30.09.2016 to be forwarded to Board for noting along with the Letter of Representation to KPMG, dated 23 January 2017.



FN/16-17/102 Finance Committee Self Evaluation 2016-17

The Committee considered the circulated memorandum from the CFO dated 27.02.2017, and accompanying draft Finance Committee Self-Evaluation Form for 2016/17. Following the incorporation of any amendments sought by the Committee, the finalised form will be circulated to Committee members for timely completion in order that the outcome of the process may be considered at the meeting scheduled to take place on 7.06.2017.

Action

- 102.1** The final self-evaluation form to be circulated for completion following the incorporation of any amendments sought by the Committee.

- 102.2** The outcome of the Self-Evaluation process to be considered on 07.06.2017.

The Committee noted the next Finance Committee meeting is scheduled for Wednesday, 3 May 2017 at 2:30pm in the Provost's Library.

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