



Minutes of the Finance Committee Meeting of 17 May 2021

- Present:** Provost (Chair), Vice-Provost/CAO, Bursar, Interim COO, Registrar, Dean of Health Sciences, Ms. N. Holland, Mr. L. Kavanagh, Professor S. Alyn Stacey, President of the Students Union, Chief Financial Officer (CFO) – Secretary to the Committee
- In Attendance:** Deputy CFO, CFO's Strategic & Admin Support (Minute-taker)
- Apologies:** Ms. C. Bryce, GSU President
- Statement of Interest:** None declared

Section A

No Items

Section B

- FN/20-21/98 XX** **Old Library Redevelopment Project (OLRP) Stage 2C Update**
(Minute FN/20-21/26 of 24.11.2020 refers)
The Librarian & College Archivist, Programme Manager for Library Strategic Projects, Project Appraisal Manager, Commercial Director and Head of Capital Projects & Planning attended for this item.

The Committee considered the circulated memorandum from the Librarian & College Archivist (Programme Sponsor), Project Appraisal Manager, Commercial Director, Head of Capital Projects & Planning and the Programme Manager dated 12.05.2021, across the following headings:

- Executive summary
- Funding update since the last report
- Capital costs and contingency
- Commercial revenue strategy
- Business case
- Request



In her presentation, the Librarian summarised the Project's objectives in mitigating the significant risks to the Old Library building, its collections and the commercial revenue arising therefrom in addition to providing enhanced academic and visitor facilities, thereby safeguarding the University's assets and income into the future. The Committee noted the programme achievements to date along with the status of key elements currently underway, including detailed design of the new exhibition, building surveys and opening-up works along with an economic cost benefit analysis. Noting the scale of the project and the investment required, the Librarian provided an update on the tripartite funding strategy, including the increased philanthropic target, the successful engagement with Government to secure significant funding along with positive negotiations with the EIB to secure loan funding.

The Programme Manager outlined the Project timelines, noting the overall Project duration and key milestones, including the planned commencement and completion dates of enabling works and both construction phases. He also summarised the capital costs of the programme, noting that current cost estimates are based on planning level drawings and would be under constant review in response to design development, risk assessments and volatility in the construction market. The Committee noted the reduction in capital costs since the last report due to a reduction in forecasted inflation, VAT savings, reduced PMO and MV levies.

The Commercial Director summarised the commercial strategy to minimise the short-term financial impact of the Old Library closure, noting that the commercial contribution is critical to the OLRP business case. The Committee reviewed the detail provided on the forecasted contribution of each of the mitigating activities and noted the proposed locations for the Interim Exhibition, along with the critical timelines and actions required to meet the deadline of January 2023 for approval and implementation of the Interim Exhibition. Following a query, the Commercial Director advised that the semi-permanent exhibition structures required are modern and modular to provide flexibility in assembly and removal and have been used in other historic and cultural venues, including at the Louvre in Paris.



The Project Appraisal Manager presented an overview of the OLRP business case, summarising the key financial changes since the last presentation to the Committee, including the changes in capital cost, confirmation of Government support, increased philanthropic target, IIP and other commercial contributions along with other measures implemented to mitigate the impact on income during the closure period. The Committee noted that closure period target incomes are reliant on planning permission, tourism market recovery and the IIP programme.

The Committee noted that the overall level of financing required has been included in the University's 5-year Strategic Plan and the associated financial model and projected gearing assumptions. The Committee welcomed the detailed update on negotiations with the EIB and the terms and interest rate under consideration, which EIB has approved in principle subject to approval by the Board of the University. The Committee also noted that approval will be sought from the HEA for a derogation from the Borrowing Framework. The Project Appraisal Manager also outlined the key drivers of the business case noting the baseline and total income projected over its 30-year period, the incremental 10-year profit and loss, the positive IRR and NPV.

The Committee welcomed the strong business case presented and noted the summary of next steps as outlined, including the completion of the ECBA and continued review of the capital cost estimates. The Committee also noted that the Project will be subject to Government oversight due to the capital cost exceeding €100m.

Having considered the resource requirements to manage this significant project and the impact on the campus, its users, residents and other operational activities, and noting the support from key stakeholders, the Committee endorsed the business case as presented and recommended it to Board for approval. The Committee also recommended that the capital project and interim exhibition proceed as outlined and approved the utilisation of a loan from the EIB along with top-up financing as outlined. The Committee further agreed that its approval would be required for use of the client reserve, and that any unused inflation estimate or client reserve would be returned to the University to reduce borrowings.



The Committee commended the Librarian and Project Team on the significant progress made in and the project and requested a further update to come forward for consideration in Michaelmas Term 2021.

Action:

- 98.1** The Committee endorsed the business case as presented and recommended it to Board for approval. The capital project and interim exhibition were approved to proceed to the next phase as outlined.
- 98.2** The Committee approved the utilisation of a loan from the EIB along with the top-up financing as outlined.
- 98.3** Finance Committee approval is required in due course for use of the client reserve.
- 98.4** Any unused inflation estimate or client reserve to be returned to the University to reduce borrowings.
- 98.5** An update on the Old Library Redevelopment Project to come forward in Michaelmas Term 2021.

**FN/20-21/99
XX**

Martin Naughton E3 Learning Foundry Capital Project Update

(Minute FN/19-20/96 of 15.06.2020)

The Dean of STEM, Programme Manager, Project Appraisal Manager, Commercial Director and Head of Capital Projects & Planning attended for this item.

The Committee noted the circulated memorandum from the Bursar & Director of Strategic Innovation (Project Sponsor), dated 12.05.2021, which set out an update on the Martin Naughton E3 Learning Foundry across the following headings:

- Executive summary and update on tender evaluation
- Impact of Covid-19
- Project timeline



- Funding and project costs
- 30-yr business case update
- Growth in student numbers
- Request

By way of presentation, the Bursar updated the Committee on the key, innovative features of the Martin Naughton E3 Learning Foundry accommodation, highlighting the positive impact it will have on an under-utilised section of the University campus. The Bursar drew the Committee's attention to the sustainability features in the building's design, construction programme and operation which will minimise its environmental impact, noting the BREEAM categories for excellence and the WELL building standards being observed along with the measures taken to reach an almost Zero Energy building standard.

In updating the Committee on the main contractor tender process, the Bursar outlined the submissions received in the first stage of the process, and the contractors who progressed to the 'Invitation To Tender' stage. Having noted that all tenders received had exceeded the Pre-Tender Estimate value, the Committee reviewed the metrics applied in evaluating the submissions and noted the preferred bidder, to whom a letter of intent has been issued. The Committee also noted that while the Mechanical Reserved Specialist Tender process has concluded, the Electrical Reserved Specialist Tender process is ongoing. The Bursar also summarised the analysis of tender returns prepared by the Project Consultant Cost Managers.

The Committee considered the detail provided on Project funding, noting the HEA grant received and increased philanthropic contribution, along with the loan and IIP funding status as set out. The Committee also reviewed the Project expenditure, which had been updated to reflect the main contractor tender returns, noting the status of the ramp-up and enabling packages, uplift on the PTE allowance and value of construction contingency, which aligns with the costed risk profile. The Committee further noted the review of the scope of works and other initiatives to manage project costs.

In reviewing the Project timeline, the Committee noted the expected contract signing date (subject to the approvals process), completion of the demolition



phase 2 and commencement of new build works on site, along with the planned Project completion date. The Committee also considered the information supporting the request to bring forward spend for Stage 4 of the Project, including previously approved funding and total revised spend.

The Project Appraisal Manager outlined the revisions to the 30-year business case, noting that the overall funding and financing have not changed as a result of the cautious approach taken to costs and expenditure. He also noted the revised discount rate, which aligns with the Public Spending Code and the resulting changes in NPV and IRR.

The Dean of STEM provided a brief update on the growth plan, highlighting the significant increase in student number targets in 2020/21 due to new multidisciplinary UG and PGT courses, HCI-supported courses and conversions from Trinity's International Foundation Programme and advised that targets require review in light of Covid impacts in the last year. The Committee noted the additional PhD students expected from a Kuwaiti Government sponsored programme and the Kinsella multi-disciplinary awards and welcomed the positive outlook on student recruitment overall.

Having noted the risk register as circulated, the Committee supported the award of the main contract to the preferred bidder and the increase in the capital budget as outlined. The Committee also recommended the Project proceed to the Execution Stage.

Thanking the Bursar and Programme Manager for their report, the Committee requested that the next update come forward for consideration in Michaelmas Term 2021.

Action:

- 99.1** The Committee supported the award of the main contract to the preferred bidder and the increase in the capital budget as outlined.
- 99.2** The Committee recommended the Project proceed to the Execution Stage.



- 99.3** An update on the Project to come forward for consideration in Michaelmas Term 2021.

FN/20-21/100 Historic Accommodation Buildings Refurbishment Project (Rubrics)

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(Minute FN/20-21/25 of 24.11.2020 refers)

The Project Sponsor, Head of Capital Projects & Planning and Project Appraisal Manager attended for this item.

The Committee noted the circulated memorandum from the Project Sponsor dated 17.05.2021, which provided an update on the Rubrics Project, across the following headings:

- Overview
- Project update
- Financial update
- Update to the Business Case
- Request

By way of presentation, the Project Sponsor provided a brief update on the core elements of the project, noting the approved project costs, committed spend to date, next Stage Gate and budget drawdown sought. He also provided an update on the statutory permissions and status of the fire safety certifications.

The Committee noted the update on the sustainable energy strategy being adopted for both elements of the Project and operational savings arising therefrom. The Committee considered the procurement update, including the number of shortlisted firms and the tenders returned, along with details of the assessment process and the preferred contractor, noting that the successful bid was just below the Pre-Tender Estimate resulting in the overall project budget being slightly lower than the Business Case. The Committee also noted the updated cost plan, including the revised contingency, which is based on a costed risk register.

The Committee noted the Project spend to date along with cumulative spend to project completion across a range of categories, noting that spend is currently in line with budget. The Committee also reviewed the changes to the scope and final scheme arising from the design development process and



welcomed their positive impact on the business case, including improved NPV and IRR.

The Committee reviewed the Project schedule, including key milestones as set out, and having considered the risks outlined, approved the full project budget.

The Committed commended the Project Sponsor on the progress made to date and acknowledged the necessity of the Project in addressing the conservation and other risks associated with these historic buildings, whilst noting the significant complexities of managing the needs of all stakeholders on campus when large scale capital projects are in train, underlining the importance of carefully-managed scheduling.

Thanking the Project Sponsor for his presentation, the Committee requested an update to come forward for consideration in Michaelmas Term 2021.

Action:

100.1 The full project budget was approved as outlined.

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

The Committee noted the next Finance Committee meeting is scheduled for **1 June 2021 at 10:00am** in the Provost's Library via Zoom.

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