

11 January 2023

Ms. Sarah Cremin
Committee Secretariat
Committee of Public Accounts

Dear Ms. Cremin,

I refer to your correspondence on behalf of the Public Accounts Committee, requesting information on the following issues:

1. The University's rationale for terminating the construction contract for a new student centre.
2. Details of the student levy fund, including details of how much was collected from students since it was established, how much was collected annually, what it is being used for, and what the remaining balance is.

I have outlined below the relevant information on each of these issues.

1. Rationale for terminating the student centre construction contract.

It is important to recognise at the outset that the University remains committed to delivering a new student building. We fully recognise the ongoing need for additional student spaces and facilities. The decision that was taken by the Governing Authority ("GA") of the University on 22nd September 2022 was to terminate a specific construction contract for delivering the MU Student Centre due to the issues outlined below.

The GA has responsibility for the strategic direction of the University, the management and administration of its revenue and property, and the general conduct of its affairs. Members of the GA are drawn from the staff, students, graduates and external organisations.

At its meeting on the 22nd September, the GA decided the construction contract for the MU Student Centre had to be terminated. The decision was made because the costs for construction were projected to be 50% more than the costs of the original contract. This would mean that a breach in public procurement rules would be likely, as the Public Spending Code states that this level of increase (over 50%) is not allowed. As a public sector institution, Maynooth University is a steward of public monies and we are obligated to abide by the Public Sector Spending Code, the Capital Works Management Framework and the European Union (Award of Public Authority Contracts) Regulations 2016.

The reason for the increase in project costs was due to technical issues and an escalation in costs. Also, as it was still in the early stages of construction, further increases could have occurred. The decision to terminate the contract was informed by legal advice received by Maynooth University. The risk associated with continuing with a project that would breach the Public Spending Code was a primary concern of the GA.

The expenditure that has been incurred to date on the project, approximately €1.6m, will be met by the University from financial reserves. No financial contribution is being sought from the exchequer, and no student levy monies (as detailed below) have been lost as a result of the GA's decision to terminate the construction contract for the MU Student Centre. The student levy funds remain ring-fenced for student facilities projects.

Following the decision of the GA to terminate the contract, the University is currently considering the scope for legal redress against certain parties involved in the project, with a view to cost recovery. As outlined below, we are also considering the most appropriate means of meeting the need for additional student spaces on campus, in the short and longer term, in the overall context of achieving value for money in any future investment.

Since technical issues associated with the project were first identified, the University has sought to act prudently at all times, comply with relevant governance requirements, engage with stakeholders in an open and constructive manner, and act in accordance with legal advice, in order to prevent a challenging situation from becoming an even more serious issue.

The University is currently reviewing the process that led to the termination of the construction contract and this will form the basis of an interim Project Completion Report (PCR) as per the Public Spending Code, in order to capture any lessons learned. This PCR will be submitted to the Higher Education Authority once it has been approved by GA.

2. Student levy income and expenditure

The student levy has been in place at Maynooth University since 1992, with student classes each year contributing to a fund for the development of student facilities from which future students will benefit.

From 2015, following consultation with Maynooth Students' Union ("MSU"), the levy was increased on an incremental basis until it amounted to €150 per annum per student. The levy has been frozen at €150 per year since the 2018/19 academic year and this will remain the case until such time as the projects within scope are substantially delivered. Since 2015, €11m has been collected in total through the student levy.

The cost to build a student centre is significant and, therefore, in order to meet the scale of the planned student facilities and to deliver them in advance of collecting the amount of funding needed to cover the costs, the University took out a loan from the European Investment Bank (EIB). The student levy is used to repay the portion of the loan that is being used to provide the student facilities.

The total funding available for student facilities, financed in part by the EIB loan, is €34.2m. To date, almost €7.5 million of this funding has been spent and the remaining €26.7m remains ring-fenced for student facilities.

The €7.5 million expenditure to date is broken down into: land for student facilities (€4 million), commuting facilities including a bus terminus, bus parking and car parking facilities (€1 million), enabling infrastructure (over €1.4 million) and sports infrastructure (€1.1 million).

The University has ring-fenced the remaining €26.7m to be invested on student facilities, including a student building, and remains committed to addressing the need for spaces for MSU, university clubs and societies, meetings, informal learning and groupwork, places to eat and relax between classes, and other activities. There is also a recognised need for enhanced sports facilities and a shared ambition for a dedicated cultural space on campus.

A detailed summary of the student levy monies collected and expended on student facilities is outlined below.

Amount	Details
€11million	Total amount of the student levy collected since 2015
€34.2 million	Funding allocated for student facilities (EIB loan)
€7.493 million	Amount spent to date on student facilities
€26.7m	Funding remaining and ring-fenced for student facilities including student building
€7.493 million	Breakdown of money spent to date on student facilities
€4m	Towards the purchase of land for student facilities and infrastructure
€1m	Commuting facilities including a bus terminus, bus parking and car parking facilities
€1.425m	Enabling infrastructure, including the developments on the campus ring road (€792k), undergrounding of overhead electricity cables to make the land purchased developable (€246k), and furniture for student social spaces in various building (€387k)
€1.068m	Sports infrastructure, including floodlighting of three pitches on the North Campus (€602k), upgrading of the surface of the all-weather pitch (€198k), and additional gym equipment (€268k).

3. Next steps

In addition to the above information on the rationale for the termination of the construction contract for the MU Student Centre, and the breakdown of the student levy, I would also like to outline the current position in relation to our planning for the delivery of future student facilities.

Following the decision of the GA to terminate the student centre construction contract, the **Student Facilities Project Advisory Group (SFPAG)** was established to make recommendations to GA on the development of student facilities for the immediate, medium and longer term. The group comprises students and staff and is chaired by Professor Peter McNamara, Dean of the Faculty of Social Sciences.

Membership of the Advisory Group is drawn from students and staff from MU, along with an external expert. The Advisory Group is considering the following as part of its work:

- ✓ Requirements of student facilities regarding space for informal study, groupwork, discussion and argument in the immediate and longer term and agreed recommendations.
- ✓ Requirement of students facilities regarding social space in the immediate and longer term and agreed recommendations.
- ✓ Requirement of a student building to provide student facilities
- ✓ Consider feasibility in terms of risk, costs (within the existing financial envelope) and delivery.

- ✓ Research the current landscape and best practice regarding student facilities provision in Irish and international higher education contexts.
- ✓ Consider current best practice with regard to immediate and long-term student facilities for the size and scope of MU.
- ✓ Agree methodology to consult with the broad student body on the Student Facilities Project.

The first meeting of the SFPAG was held on 6th December 2022. The group is working collaboratively to make progress and regular updates will be shared with the student and staff community at MU. The group is scheduled to submit its proposals to GA by June 2023.

I hope the above information addresses all of your queries. However, should you require any further information, I am happy to provide any additional detail that may be necessary.

Yours sincerely,



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Professor Eeva Leinonen
President
Maynooth University