



Gníomhaireacht Bainistíochta an Chisteáin Náisiúnta
National Treasury Management Agency

**MINUTES OF MEETING OF THE
NATIONAL TREASURY MANAGEMENT AGENCY
HELD AT 8.00AM ON 26 NOVEMBER 2019 AT
TREASURY DOCK, NORTH WALL QUAY, DUBLIN 1**

PRESENT:

Maeve Carton, Chairperson
Gerardine Jones
Derek Moran
Martin Murphy
Brian O'Kelly
Conor O'Kelly
Mary Walsh
Susan Webb

APOLOGIES

Robert Watt

IN ATTENDANCE:

Elaine Hudson, Secretary
Ian Black, Chief Financial and Operating Officer (CFOO)
Susan O'Halloran, Chief Legal Officer (CLO)
Fergal Power, Head of Finance (Item 4.2 and 7 only)
Paul Hipwell, Divisional Director, Lisney (Item 4.2 only)
Michael Cunningham, Interim Head of Risk (Item 5.1.1 only)
Ciarán Breen, Director, SCA (Item 5.2 only)
Eugene O'Callaghan, Director, ISIF (Items 5.3 only)
Frank O'Connor, Director, Funding and Debt Management (Item 6 only)
Alan Mahon, Head of Fiscal Debt Services (Item 6 only)
Sinead Brennan, Director, HR (Item 8 only)

1. NOTICE AND QUORUM

The Chairperson noted that notice of the meeting and of the nature of the business to be conducted had been given to all members entitled to attend the meeting and a quorum was present. The meeting then proceeded to business.

2. DISCLOSURES OF INTEREST

For the purposes of Section 13A of the National Treasury Management Agency Act 1990 (as amended) and Section 17 of the Ethics in Public Office Act 1995, there were no material interests declared by members in the business to be transacted at the meeting.

3. MINUTES AND MATTERS ARISING

The Chairperson noted that draft minutes of the meeting of 17 September 2019 had been circulated to the members in advance of the meeting. **IT WAS RESOLVED** that the minutes be approved and that they be signed by the Chairperson.

4. CHIEF EXECUTIVE'S REPORT

THIS ITEM HAS BEEN REDACTED IN PART

The Chief Executive and Chairperson briefed the Agency on the Minister for Finance and Public Expenditure and Reform visit to Treasury Dock on 21 November and, in particular, the meeting with the Chairperson (as required under the Code of Practice for the Governance of State Bodies) which took place on the day. The Minister was briefed on the NTMA's key strategic priorities as set out in the CEO report.

Referring to ISIF's pro-cyclicality, the Chief Executive noted that the volume of transactions approved in 2019 was approximately half that approved in 2018 reflecting the improved economic conditions and ISIF's criterion to avoid 'deadweight'. The Agency agreed that ISIF should continue to be flexible and mindful of prevailing economic conditions.

The Chief Executive advised that following an interview process a new Head of ICT had been appointed and would commence the role in early January 2020. The Board requested that the new Head of ICT would present his vision for IT and proposed organisation structure (as against the EY recommendation in 2017) mid-year 2020.

4.1 Delegated Matters Notifiable to the Agency

The Agency noted the Report on Delegated Matters Notifiable to the Agency.

4.2 Treasury Building Sub-let

The Chief Financial and Operations Officer (CFOO) and Head of Finance provided an overview of progress in relation to the sub-let of Treasury Building premises following the NTMA's relocation to its new premises in Treasury Dock. The CFOO advised that the NTMA had been actively seeking to identify sub-tenant(s)/assignees for the remaining term of the NTMA leases of Treasury Building since early 2019 and that Lisney had been appointed to act as the NTMA's commercial advisor in this regard. At the request of the Agency, the Lisney representative outlined (i) the unique challenges pertaining to the sub-let of Treasury Building (including, amongst other things, the reported sale of the building and the anticipated long term implications of same for tenants, the relatively short remaining lease terms (5 to 6 years) and the considerable investment required in the Building and the amortisation of same over a relatively short period) and (ii) the other alternative tenants approached and options considered. The Agency noted that the proposed sub-let to another State body was a positive result.

The CFOO reported that the sub-let of Treasury Building followed the approach set out in relevant Government circulars/guidance notes. The Agency discussed the details of the sub-let arrangement noting, *inter alia*, that certain potential liabilities of the NTMA under its head leases would not be passed through to the OPW and a provision in respect of such liabilities would be made in the NTMA financial statements. The Agency discussed the treatment of this expenditure in the Financial Statements. Referring to the Code of Practice for the Governance of State bodies, the Agency requested that the NTMA liaise with the Department to ensure the appropriate course of action was followed in relation to the sublet of the Treasury Building. The Agency noted that the landlord's consent, which was required under the current head leases, had been sought in principle.

IT WAS RESOLVED that the proposal to sublet NTMA floor space of the Treasury Building to the OPW be approved, subject to the terms of the subleases being consistent, in all material respects, with the Heads of Terms and being otherwise in a form approved by management

5. COMMITTEE REPORTS

5.1 Audit and Risk Committee

The Audit and Risk Committee Chairperson, Martin Murphy, presented the report of the Committee meeting held on 18 November. He noted that the Committee had approved the 2020 Internal Audit Plan and that the transition to the Internal Audit Service Provider newly-assigned lead partner had been seamless. He reported that Representatives from the Office of the C&AG had presented the Audit Planning Memorandum in respect of the audit of the 2019 financial statements and discussed their main areas of focus with the Committee which were consistent with the prior year, with the addition to the National Surplus (Exceptional Contingencies) Fund¹.

The Committee Chairperson briefed the Agency on the presentations to the Committee the substance of which was outlined in the report circulated with the papers.

5.1.1 Strategic Risk Assessment

The Interim Head of Risk presented a summary of the NTMA Strategic Risk Assessment (SRA), noting, inter alia, the main changes to the SRA since last presented to the Agency in March 2019. The Agency discussed the inclusion of Climate change risk noting in particular the impacts of climate change at both Business Unit and organisation-wide levels.

5.2 SCA Strategy Committee

THIS ITEM HAS BEEN REDACTED IN PART

The SCA Strategy Committee Chairperson, Mary Walsh, presented the report of the Committee meeting held on 16 October.

The Committee Chairperson advised that the ratio of claims finalised to claims received (excluding mass actions) for 2019 was improving and, referring to Appendix 2 of the paper, noted that the CIS financial liabilities continued to significantly outstrip those of its GIS counterpart due to the high level of awards in respect of catastrophic injuries cases. She noted that Incurred but Not Reported (IBNR) liabilities reflected the long, incident to claim, reporting delays typically associated with these cases.

The Director, SCA briefed the Agency on a number of recent key judgments in relation to in-cell sanitation and pandemrix mass action cases. He also discussed the implications of a Directions Hearing judgement of the High Court in a case concerning the making of a Periodic Payment Order under the new periodic payment order legislation.

5.3 Investment Committee

The Investment Committee Chairperson, Susan Webb, reported on the Committee meetings held on 14 October and 25 November. She briefed the Agency on the investment proposals reviewed at these

¹ Also known as the Rainy Day Fund

meetings, noting that a summary of the investments approved at the October meetings was set out in the Chief Executive's Report.

The Investment Committee Chairperson advised that the Committee had approved (as part of its oversight role of the implementation of ISIF's overarching Investment Strategy) the ***Climate Strategy*** and, was updated on the progress being made on the review of the ***Global Portfolio Transition Strategy***, and provided feedback on the draft. The Committee reviewed a preview of the draft ***Food & Agri Sub Strategy*** noting that it was one of the only sectors that spanned four of the five Priority Themes. A final version of the strategy, reflecting the Committee's comments would be tabled for approval at the Committee's January 2020 meeting.

The Committee Chairperson briefed the Agency on the Committee's quarterly reviews of the Irish Portfolio noting that there were no material adverse changes to report. The Committee and Director, ISIF briefed the Agency on a small number of Irish portfolio investments.

The Committee Chairperson advised the Agency that the Committee had conducted its annual review of its terms of reference and agreed that no amendments were required.

6. FUNDING PLAN 2020

THIS ITEM HAS BEEN REDACTED IN PART

The Director, Funding and Debt Management (FDM) and Head of Fiscal Debt Service presented the 2020 Funding Plan and the assumptions underpinning the Plan.

IT WAS RESOLVED that the 2020 Funding Plan be approved - management was required to revert to the Agency in the event of any material deviation from the maximum target funding as set out in the Plan and/or an average maturity on new bond issuance of less than 5 years.

7. NTMA EXPENDITURE BUDGETS 2020

THIS ITEM HAS BEEN REDACTED IN PART

The CFOO and Head of Finance reported that management had revisited the proposed Expenditure Budget in light of the discussion at the Agency's September meeting with a view to seeking whether further cost savings could be achieved.

The Chairperson noted that the revised Budget had been reviewed by the Agency Chairperson, the Audit and Risk Committee Chairperson and the Chief Executive prior to being brought back to the Agency for approval. She noted that the budget process required refinement, should include more regular updates to the Agency and be further aligned with NTMA Strategy going forward.

The Agency noted that the ISIF expenditure budget did not form part of the NTMA Administration Account budget and remained unchanged from the budget proposal circulated to the September meeting.

IT WAS RESOLVED that (i) the revised NTMA Expenditure Budget 2020 and (ii) the ISIF Expenditure Budget 2020 be approved.

8. GENDER BALANCE STRATEGY UPDATE

The Director, HR updated the Agency on progress in relation to the NTMA's Gender Balance Strategy. She briefed the Agency on the NTMA Gender statistics noting that the NTMA's gender split was similar to other financial services organisations. The Agency noted the impact on the statistics of small structural changes at EMT and EMT minus 1 levels.. The Agency discussed the gender pay gap and noted the actions being taken to increase female participation at senior levels of the organisation. In response to a question from the Agency, the Director of HR advised that NTMA was endeavouring to ensure that for external recruitment processes, there was at least 30% representation of each gender. The Agency queried whether the turnover statistics demonstrated a bias towards women. The Director of HR indicated that the turnover stats did not suggest any material differences attributable to gender.

The Director, HR outlined the broad range of initiatives which had been introduced over the year to support and foster the participation of women in leadership roles. In this regard she noted that the NTMA's women's network had been rebranded as 'Gender Matters' with its membership expanded to include men in the discussion. The Agency was very supportive of the Gender Balance Strategy and the progress made to date. In the context of the current gender pay gap, the Agency suggested that the NTMA might consider what further immediate steps/direct action could be taken to improve the gender gap stats. The Chief Executive noted that the gender balance was a key priority which would be focussed on at EMT level to ensure continued progress.

9. GOVERNANCE ITEMS

9.1 Update on Chairperson's annual meeting with Minister

The Agency noted that the Chairperson's meeting with the Minister for Finance and Public Expenditure and Reform had been discussed under Agenda item 4.

9.2 Committee Appointments

The Chairperson advised that she was reviewing current Committee memberships and would be engaging directly with Board members over the coming weeks before reverting to the Agency with formal proposals in this regard in Q1 2020.

9.3 Review of Schedule of Reserved Matters and Delegated Matters Notifiable to the Agency

The Secretary briefed the Agency on the relatively minor proposed amendments to the Schedule of Matters Reserved for Decision by the Agency as set out in the meeting paper. The Agency discussed the National Surplus (Exceptional Contingencies) Reserve Fund ('Rainy Day Fund') and requested that approval of the Rainy Day Fund Annual Investment Plan be included as a Reserved Matter.

IT WAS RESOLVED that the Schedule of Matters Reserved for Decision by the Agency be amended as presented (including the addition of the Rainy Day Fund Annual Investment Plan to the Schedule of Reserved Matters) to the Agency

10. CORPORATE STRATEGY: PART 2 – NTMA BUSINESS UNIT AND CORPORATE FUNCTION GOALS

IT WAS RESOLVED that the NTMA Corporate Strategy – NTMA Business Unit And Corporate Function Goals (*including annual targets / deliverables 2020*) as presented to the Agency be approved.

11. AOB

The Chairperson informed the Agency that the annual Board Self-Assessment review would be undertaken in early 2020 and would include a Skills Matrix questionnaire. She advised that the Agency's work plan for 2020 would be tabled for review at the Board's January meeting.

On the occasion of Mary Walsh's last attendance at a Board meeting (arising from the forthcoming cessation of her term as an Agency member on 21 December), the Chairperson, on behalf of the Agency, thanked Mary Walsh for her significant contribution to the work of the Agency over the last five years and wished her every success for the future. There being no items under AOB, the Chairperson brought the meeting to a close.

Maeve Carton
Chairperson

28 January 2020