



**Gníomhaireacht Bainistíochta an Chisteáin Náisiúnta
National Treasury Management Agency**

**MINUTES OF MEETING OF THE
NATIONAL TREASURY MANAGEMENT AGENCY
HELD AT 2PM ON 27 SEPTEMBER 2022
VIA VIDEO CONFERENCE AND AT TREASURY DOCK, NORTH WALL QUAY, DUBLIN 1**

PRESENT: Maeve Carton, Chairperson
Brian O’Kelly
Frank O’Connor
Gerardine Jones
Martin Murphy
Rachael Ingle
Susan Webb

APOLOGIES: John Hogan
David Moloney

IN ATTENDANCE: Elaine Hudson, Agency Secretary
Anastasia-Ilektra Sakellariou, Senior Agency Secretariat Officer
Susan O’Halloran, Chief Legal Officer (CLO)
Ian Black, Chief Financial and Operating Officer (CFOO)
Dave McEvoy, Director, FDM (Item 5 only)
David Purdue, Chief Economist (Item 5 only)
Aisling Synnott, Deputy Director, FDM (Item 5 only)
Anthony Linehan, Deputy Director, FDM (Item 5 only)
Sinéad Brennan, Chief People Officer (Item 6 only)
Siobhan Keeling, Head of HR, NTMA (Item 6 only)
Brian Hogan, HR Business Partner (Item 6 only)
Mark Fitzgerald, HRIS System Specialist (Item 6 only)
Fergal Power, Deputy Director – Finance (Item 7 only)
Karen Toal, Senior Manager – Financial Reporting (Item 7 only)
Jim Deery, Head of Corporate Strategy (Item 8 only)
Alex O’Donnell, Manager, Corporate Strategy (Item 8 only)
Emma Jane Joyce, Senior Business Manager – Sustainability (Item 8 only)
Donna Ellanti, Senior Risk Manager (Item 8 only)
Ciarán Breen, Director, SCA (Item 9.2 only)
Nick Ashmore, Director, ISIF (Item 9.3 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 Agency

noted that its pre-meeting briefing session, **This has been redacted pursuant to Section 37(1) of the FOI Act 2014**, in relation to labour market challenges and the impact on organisations had been very insightful.

2. DECLARATIONS 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 12 July 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.

The Agency noted the status of the matters arising from previous meetings, as set out in the note circulated with the meeting papers.

4. CHIEF EXECUTIVE'S REPORT

The Chief Executive presented his Report. He provided a brief update on a number of corporate matters including, *inter alia*, key staffing updates in relation to the Deputy Director – Operations and Corporate Affairs, SCA and the commencement of the 2022 Graduate Programme. In relation to FDM he advised that negotiations were ongoing in respect of the State Savings contracts which were due for renewal by year end. **This has been redacted pursuant to Section 30(1)(b) of the FOI Act 2014**. It was noted that a further update would be provided to the Agency at its November meeting.

This has been redacted pursuant to Section 30(1)(b) of the FOI Act 2014.

Separately, the CFOO provided a brief progress update in relation to the sub-lease of the Treasury Dock first floor, noting a further update would be provided at the November meeting.

5. FDM UPDATE

5.1. Market Update

The Agency noted the report as presented. The NTMA Chief Economist briefed the Agency on the highlights of the 2023 Budget and provided a macro economic outlook for the economy. In discussing the update, the Agency questioned the FDM team on, *inter alia*, the State's revenue from various tax heads, the drawdown provisions in respect of the National Reserve Fund, the potential impact of recent UK economic developments for Ireland and the prospect of a near-term oral ECJ hearing date in respect of the Apple Escrow Fund.

The Director, FDM, in presenting the funding update, outlined the rationale for the proposal to cease any further bond issuances in 2022 such that the total issuance for 2022 would remain at €7bn, below the funding range (€10-€14bn) in the funding plan approved by the Agency at its November 2021 meeting. In this context he noted, *inter alia*, the stronger than expected 2022 budgetary/fiscal position and the elevated Exchequer cash balances. **This has been redacted pursuant to Section 40(1)(a) as applies to 40(2)(d) of the FOI Act 2014**. Following further discussion, the Agency agreed, having regard to the significant cash balances and strong budgetary position, that the total nominal bond issuance for 2022 be capped at €7 billion (issuance year to date). Accordingly, it was noted there

would be no further bond auctions for the remainder of the year, with a public announcement to this effect to be issued in the coming days.

5.2. FDM Business Update

The Agency noted the paper as presented including, *inter alia*, the bond issuance optionality arising from Ireland's strong fiscal performance, the importance of maintaining a market presence notwithstanding elevated cash balances, and the criticality, from an investor perspective, of ensuring sufficient market liquidity, particularly in relation to benchmark bonds. **This has been redacted pursuant to Section 40(1)(a) as applies to 40(2)(d) of the FOI Act 2014.**

This has been redacted pursuant to Section 40(1)(a) as applies to 40(2)(d) of the FOI Act 2014. The Chief Economist noted that notwithstanding the increase in Ireland's outstanding National Debt, the State's debt/GDP (GNI*) ratios had actually reduced (due to an increase in GNI*/GDP). The implications of an inflationary environment for outstanding debt were also noted. In the course of the discussion, the Agency discussed, amongst other things, the increasing yield environment and the potential re-emergence of yield driven investors (e.g., Pension Funds) into the Government bond market, the current cost of carry and the implications of same, and the prevailing sentiment across European debt markets.

On a separate note, the Agency requested the newly appointed Director, FDM to present his first impressions in the role and any observations at its November meeting [**Action**].

6. HR UPDATE – RECRUITMENT AND RETENTION OVERVIEW

The HR representatives presented a high-level overview of current employment market conditions in addition to a summary of NTMA recruitment, turnover and attrition data. The Agency discussed the update noting, *inter alia*, the key drivers behind the increase in resignations, the results of NTMA remuneration benchmarking analysis and career progression visibility in relation to more junior members of staff. It discussed the changing labour market dynamics, with an ostensible increase in prospective employee remuneration and career progression expectations, and a corresponding need to strongly promote the organisation as an employer of choice at interview stages. It was noted that younger employees were seen as less inclined to rate 'non-pay' related benefits (such as pension/organisation culture etc).

7. EXPENDITURE BUDGET

7.1. Budget Outturns: end August 2022

The Deputy Director, Finance briefed the Agency on the NTMA Administration Account and Ireland Strategic Investment Fund ("ISIF") 2022 expenditure out-turns for the eight-month period ended 31 August 2022 and full year forecast for 2022 versus the 2022 budgets approved by the Agency at its November 2021 meeting. The Agency noted the paper, as presented.

7.2. Expenditure Budget 2023 Assumptions

The CFOO, Deputy Director - Finance and Senior Finance Manager presented, *inter alia*, the initial budget assumptions for the 2023 financial year in respect of the NTMA ex SCA, SCA and ISIF Expenditure budgets. The Deputy Director - Finance advised that a more detailed and granular budget exercise across the business would be undertaken in the coming weeks with a view to the proposed NTMA and ISIF expenditure budgets being presented to the Agency for approval at its November 2022

meeting. The Agency reviewed the NTMA Expenditure Budget 2023 budgetary assumptions and the three year expenditure outlook for the NTMA Administration account from 2024 to 2026, noting, *inter alia*, the key variables relating to staff costs (headcount/remuneration related), non-staff costs (including premises and ICT costs) and cost recovery assumptions.

The Agency questioned the Finance representatives on various aspects of the paper. In relation to the proposed staff cost provisions, the Agency, **This has been redacted pursuant to Section 30(1)(b) of the FOI Act 2014.** The Agency noted that the Remuneration Committee had reviewed the remuneration budgetary assumptions at its September meeting. **This has been redacted pursuant to Section 30(1)(b) of the FOI Act 2014.** He added that this assumption would be reviewed as part of the detailed budget process but no significant impact on the NTMA Admin Expenditure budget was anticipated at this stage.

This has been redacted pursuant to Section 30(1)(b) of the FOI Act 2014.

Responding to a question from the Agency, the Chief Executive noted that no material cost implication was anticipated in connection with the ISIF Investee Company Director programme.

8. NTMA CORPORATE STRATEGY 2019 – 2023

8.1. NTMA Strategic Outturns: end-July

The Head of Corporate Strategy and Manager, Corporate Strategy, presented the summary KPI Outturns to end-July 2022. The Agency noted the paper as presented.

8.2. NTMA Corporate Strategy: Part 2 – Strategic KPIs

The presenters provided an overview of the proposed NTMA Strategic and Leading Key Performance Indicators (KPIs) for review, following a robust internal review process and focussed Board workshop undertaken in consultation with **This has been redacted pursuant to Section 37(1) of the FOI Act 2014.** The Agency noted NTMA Risk's involvement in the review process was to ensure alignment of the KPIs with the NTMA's Risk Management Policy and Framework (and to link business unit and strategic KRIs to Risk Appetite). The Agency discussed various aspects of the paper including the scope of the Net Zero Strategic KPI. The Senior Business Manager, Sustainability advised that the underlying data supporting the Net Zero Strategic KPI was more granular in nature, and could be provided to the NTMA Board, as requested.

This has been redacted pursuant to Section 30(1)(b) of the FOI Act 2014. The Head of Corporate Strategy indicated that the proposed KPIs were live and would continue to evolve, with a further opportunity to review same as part of the NTMA Corporate Strategy: Part 1 next year. The Agency, noting the significant level of engagement across the Agency in the comprehensive review process, commended the outcome of the review process. The Agency noted that following its review and agreement, Part 2 of the Corporate Strategy would be submitted to the Minister for his views. The KPIs, incorporating any comments that the Minister might have, would be tabled for formal approval at the Agency's November meeting.

9. COMMITTEE REPORTS

9.1. Audit and Risk Committee

The Audit and Risk Committee Chairperson, Gerardine Jones, presented the Report of the Committee meeting held on 20 September 2022. She updated the Agency on briefings received by the Committee on a number of matters including, *inter alia*, recent audit activity, and ongoing engagement by Compliance and others with Transparency International Ireland (TII) regarding a survey due to be published imminently. She advised that the Head of Risk report had been enhanced to provide additional colour on the key challenges posed to the relevant business units by the Risk Function, the ERMC and the ORC, noting the Committee welcomed this additional level of assurance. The Audit and Risk Committee Chairperson informed the Agency that the Committee briefly discussed the C&AG Chapter in relation to the NTMA and the proposal that a meeting be scheduled for the Agency and Audit and Risk Committee Chairpersons to meet the relevant C&AG representatives following the recent rotation of the audit management team.

9.2. SCA Strategy Committee

The SCA Strategy Committee Chairperson, Martin Murphy, presented the Report of the Committee meeting held on 14 September 2022, providing an overview of the key matters therein including, *inter alia*, the draft results of Lane Clark & Peacock's (LCP's) cash flow projections for SCA's indemnity schemes for 2023 and 2024 and the Incurred But Not Reported (IBNR) estimate as at end-2021. He noted that the Committee reviewed, amongst other things, the proposed framework for evaluating the Clinical Risk Strategy, the SCA Budget 2022 Forecast Outturns and SCA Budget 2023 preliminary assumptions and the SCA Business Goals and KPIs.

The Director, SCA provided an overview of certain significant claims and other developments in respect of the SCA's claims' portfolios. In response to a question from the Agency, the Director SCA provided a status update on the recruitment process in respect of the Deputy Director, Claims and Litigation.

9.3. Investment Committee

The Investment Committee Chairperson, Susan Webb, presented the report of the Committee meetings held on 29 August and 26 September 2022 respectively. The Agency noted, *inter alia*, the overview of the transactions approved by the Committee and the summaries of the various reports and investment updates as presented to the Committee.

9.4. Remuneration Committee

The Remuneration Committee Chairperson, Martin Murphy presented the report of the Remuneration Committee meeting held 22 September 2022. He advised that the Committee had, amongst other things, reviewed the 2023 Remuneration budget assumptions, Senior Leadership Team Personal Development process and an update note on the NTMA pension scheme triennial actuarial valuation review. He informed the Agency that the Committee had challenged management to revert to it at its next meeting providing an indication of the scale of change required to close the gender pay gap and to set out various potential options to address this for discussion at its next meeting.

The Agency discussed the adequacy of the proposed 2023 Remuneration budget provision, noting it aimed to balance the NTMA's remuneration levels as a public sector entity against prevailing market conditions. **This has been redacted pursuant to Section 30(1)(b) of the FOI Act 2014.**

The Agency noted that the Committee had reviewed its Terms of Reference, with no changes being proposed at this time.

10. GOVERNANCE ITEMS

10.1 Travel and Expenses Policy

The Travel and Expenses Policy, which applied to members of the Agency and its Committees, was scheduled for annual review. It was noted that no amendments were proposed to the Policy at this time. The Agency was satisfied to proceed on this basis.

10.2 Delegated Matters Notifiable to the Agency

The Agency noted the Report on Delegated Matters Notifiable to the Agency, as presented. The Chief Legal Officer briefed the Agency on recent developments on a circuit court claim in relation to the NDFA, noting that an update would be provided at the Agency's November meeting.

10. AOB

The Chief Executive informed the Board that Adrian O'Donovan, Head of Corporate Development, SCA and former Agency Secretary was leaving on 30 September after 19 years service in the NTMA. The Chairperson, on behalf of the Board, expressed her appreciation for his valuable contribution to the work of the Agency.

Addressing a number of housekeeping matters, the Chairperson invited members to suggest topics/themes for the Agency's upcoming Strategy meeting on 29 November. She also advised that an interim review of Committee memberships would be tabled at the November Board meeting. She also noted that the updated Governance File was available in the Governance Resource centre for the Agency's information/comment.

There being no other items under AOB, the Chairperson brought the meeting to a close.

Maeve Carton
Agency Chairperson
29 November 2022