



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

**MINUTES OF MEETING OF THE
NATIONAL TREASURY MANAGEMENT AGENCY
HELD AT 2PM ON 28 MARCH 2023
AT TREASURY DOCK, NORTH WALL QUAY, DUBLIN 1**

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

APOLOGIES: David Moloney
John Hogan

IN ATTENDANCE: Elaine Hudson, Agency Secretary
Frank O’Kelly, Associate - Agency Secretariat
Susan O’Halloran, Chief Legal Officer (CLO)
Dave McEvoy, Director, FDM (Item 5 only)
David Purdue, Chief Economist (Item 5 only)
Ciarán Breen, Director, SCA (Items 6.1 and 6.2 only)
Catherine Tarrant, Executive Head of Claims CIS (Item 6.1 only)
Ray Mangan, Head of Risk (Item 7 only)
Emma Jane Joyce, Senior Business Manager – Sustainability (Item 8 only)
Mark Merrigan, Head of Bond Products & Documentation (Item 8 only)
Deborah Meghan, ISIF Investment Director (Item 8 only)
Carol Ann McGough, Head of ICT Security and Networks (Item 9 only)
This has been redacted pursuant to Section 37(1) of the FOI Act 2014.

Mark Treanor, Head of ICT Operations (Item 9 only)

John O’Donovan, Deputy Director – ICT (Item 9 only)
John Barrett, Senior Legal Advisor (Item 11.3 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 the annual Compliance refresher session, presented by the NTMA Head of Compliance and Senior Compliance Manager, ahead of the meeting had been beneficial.

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 7 February 2023 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 Committee 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

In presenting his Report, the Chief Executive briefed the Agency on relevant implications of SVB and Credit Suisse related developments for the NTMA, in particular, FDM, ISIF and the Ireland Apple Escrow Fund. He noted that the Financial Stability Group¹ and its various subgroups had been actively monitoring the situation, including any potential impacts on the wider Irish financial system and the co-ordination of relevant external communications. He also provided an update on various corporate matters including, *inter alia*, ongoing progress in respect of the Treasury Dock first floor sub-lease and formal rent review, and key staffing updates (including recruitment process for the Chief People Officer role which would commence shortly).

In discussing the report the Agency questioned the Chief Executive on various aspects of same including, *inter alia*, the expected timelines for the Advocate General's decision following the EU Court of Justice oral hearing (23 May 2023) in respect of the Ireland Apple Escrow Fund and potential next steps/arrangements following issue of the final judgment. Following a brief discussion on staff turnover and Executive succession planning, the Agency agreed that the Agency Chairperson would conduct an exit interview with the outgoing Chief People Officer [**Action**]. In the context of the development of the NTMA's new five-year Corporate Strategy, the Agency agreed to facilitate a Strategy workshop in the pre-meeting session ahead of its July meeting [**Action**]. Referencing NewERA's expanding remit, the Agency discussed, amongst other things, its resourcing capacity and the importance of ensuring clarity around the scope of its remit and areas of responsibility.

5. Market Update

The Chief Economist briefed the Agency on the global and Irish macroeconomic outlook noting that notwithstanding economic resilience to date, the impact of monetary tightening on the real economy was beginning to emerge. While markets continued to expect moderate growth, given recent financial market turmoil, and continued hawkish central bank policy, there were downside risks to growth projections.

The Director, Funding and Debt Management briefed the Agency on recent developments in Irish and other European sovereign bond yields and outlined the main drivers behind the exceptional market volatility. He informed the Agency that Irish bonds had performed well over the period versus peers,

¹ Comprising senior representatives from the Department of Finance, Central Bank of Ireland and the NTMA

especially given the volatility. He also updated the Agency on the funding carried out year-to-date, noting that year-to-date funding of €4.9bn represented c. 55% of the mid-point of the 2023 funding range. Referring to the recent €500m FRN buyback and cancellation transaction, he noted that only €1.5bn remained outstanding of the original €25bn issued 2013 in connection with the Irish Bank Resolution Corporation. The Agency discussed the longer-term outlook for bond yields as the market considered further Federal Reserve and ECB rate increases. **This has been redacted pursuant to Section 40(1)(a) as it applies to 40(2)(d) of the FOI Act 2014.**

The Agency questioned the Funding and Debt Management team on various aspects of the paper, including, amongst other things, inflation expectations (and the ramifications of same for the path of ECB and Fed official interest rate expectations) and the outlook for the US economy; the rationale behind FDM's quarterly issuance announcements (noting the importance of Ireland maintaining a market presence and liquidity) and the NTMA's primary dealer model.

6. SCA Update

6.1. SCA Business Update

The Director, SCA and Executive Head of Claims, CIS² presented an update on, *inter alia*, the current outstanding liability estimates in respect of the Clinical Indemnity Scheme (CIS) and the General Indemnity Scheme (GIS), noting that 60% of the CIS outstanding liability estimate related to claims associated with the provision of maternity services. Cerebral Palsy claims, which accounted for 4% of CIS claims, amounted to 40% of the outstanding liabilities. They outlined the drivers behind the continued increase in estimated liabilities. They also provided an update on the status of various significant mass actions claims and compensation schemes. It was noted that there had not, to date, been a high volume of claims associated with COVID-19. An update was also provided in relation to the Pre-action Protocol legislation and the number of cases settled using mediation.

The Agency discussed the update, noting that, notwithstanding the steady increase in estimated liabilities, the CIS outstanding liability estimate compared favourably with the corresponding estimate for the UK equivalent medical negligence scheme, even taking into account the population difference. **This is redacted in part pursuant to Schedule 1 Part 1 (w)(ii) of the FOI Act 2014.**

Further to a request from the Agency at its November 2022 meeting, the Director, SCA provided a brief update on the impact of the Personal Injury Guidelines, noting that the levels of general damages had fallen back for a range of personal injury types and that overall, the Guidelines had a very beneficial effect.

6.2. SCA Advisory Committee Terms of Reference & Required Skills

Further to the Agency's decision at its 7 February meeting to establish a new SCA Advisory Committee to replace the SCA Strategy Committee (dissolved with effect from 28 February 2023), the former SCA Strategy Committee Chairperson, Martin Murphy and Director, SCA provided an update on the work of the SCA Advisory Committee Working Group and presented a draft of the proposed terms of reference for the new Committee and the suggested relevant areas of expertise and experience for the Committee's members.

² Clinical Indemnity Scheme

The Agency discussed the draft Advisory Committee terms of reference, noting the rationale for the inclusion of the work of the SCA's Legal Cost Unit within its remit and for having an Agency member on the Committee. It was noted that, in discharging its duties, the Committee would have regard to the SCA's statutory mandate, pertinent best practice and relevant stakeholder management considerations and would (i) provide advice, guidance and, where appropriate, challenge to SCA management and (ii) regularly report to and advise the Agency on the matters within its remit.

Following discussion, the Agency **RESOLVED TO APPROVE:**

- i. the proposed draft terms of reference for the SCA Advisory Committee, as presented; and
- ii. the proposed relevant areas of expertise and experience for the external Committee members as detailed in the paper presented.

7. RISK MANAGEMENT: STRATEGIC RISK ASSESSMENT

The Head of Risk presented the Strategic Risk Assessment (SRA) noting the key changes proposed since it was last presented to the Agency in March 2022. He advised that while there were no material changes to the key Strategic risks, **This has been redacted pursuant to Section 30(1)(b) of the FOI Act 2014.** The Audit and Risk Committee Chairperson briefed the Agency on the Committee's detailed deliberations and challenge in respect of the SRA at its 21 March meeting, noting the Committee concluded it was satisfied the Strategic Risk Assessment as presented was reasonable.

The Agency reviewed the principal risks and mitigants as set out in the SRA and discussed the residual impact and likelihood ratings in respect of certain strategic risks. Following further discussion, the Agency agreed it was satisfied for the principal risks and mitigants as set out in the SRA to be reflected in the NTMA Annual Report 2022.

8. NTMA CLIMATE ACTION STRATEGY: 2023 ANNUAL REVIEW

The Senior Business Manager, Sustainability presented an overview of the updated NTMA Climate Action Strategy 2022 – 2024 (following annual review), noting that the proposed changes reflected, amongst other things, changes in the NTMA's operating environment and wider context including the most recent Climate Action Plan (CAP) 2023. She also presented the Public Sector Climate Action Roadmap, noting the NTMA's obligation (as a public sector body) to implement the Public Sector Climate Action Mandate. The Senior Business Manager, Sustainability, the Head of Bond Products and Documentation, FDM and Investment Director, Sustainability and Responsible Investment, ISIF (together 'the presenters') briefed the Agency on, *inter alia*, the NTMA's progress in reducing its GHG emissions in recent years and the significant integration of climate-related activities across the NTMA's Business Units and Corporate Functions. In response to a question from the Agency, the presenters provided an overview of the process by which the Climate Action Strategy was reflected in the various Business Unit climate related activities, which in turn involved a combination of top down and bottom-up approaches. **This has been redacted pursuant to Section 30(1)(b) of the FOI Act 2014.**

9. ICT CYBER SECURITY ANNUAL UPDATE

The Head of ICT Cyber Security & Networks briefed the Agency on key cyber security risks, noting, amongst other things, the key trends influencing the global cyber threat landscape and the reviews and assurance activities undertaken by the Cyber Security and Network team to address same **This has been redacted pursuant to Section 30(1)(b) and 36(1)(b) of the FOI Act 2014** The Agency reviewed the 2023 Cyber Posture assessment, noting the proposed recommendations and areas for

enhancement. In the course of a lengthy discussion, **This has been redacted pursuant to Section 30(1)(b) and 36(1)(b) of the FOI Act 2014** the appropriateness of the peer group used to conduct the benchmarking exercise (noting it included public sector and financial sector comparators); the extent to which potentially lower rated activities were obscured by the overall rating; and recommended target areas for further enhancement. **This has been redacted pursuant to Section 30(1)(b) and 36(1)(b) of the FOI Act 2014.** However, the team confirmed that the agreed action plan incorporated actions which would ensure that all of the recommendations would be addressed. In response to further questions from the Agency, the NTMA ICT team outlined its approach to cyber training, systems back up and resilience arrangements, and its approach to resourcing challenges, particularly in view of the requirement for continuous/24-hour capability.

10. COMMITTEE REPORTS

10.1. *Audit and Risk Committee*

The Audit and Risk Committee Chairperson, Gerardine Jones, presented the Report of the Committee meeting held on 21 March 2023. She briefed the Agency on various matters discussed by the Committee, noting the work being undertaken by the Committee as part of its year-end review of the Governance Statement and various supporting assurances and attestations in respect of the NTMA's system of internal control. She advised that the Committee would be reviewing the 2022 financial statements in detail at its workshop on 4 April. She informed the Agency that the OC&AG had provided initial clearance in respect of the 2022 financial statements for the National Reserve Fund and the Carbon Fund, and had undertaken to adopt a modular approach for clearing the remaining financial statements.

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

10.2. *Investment Committee*

The Investment Committee Chairperson, Martin Murphy, presented the Reports of the Committee meetings held on 27 February and 27 March 2023. The Agency noted, *inter alia*, the brief overview of the transactions approved by the Committee. Referring to two potential pipeline items the value of which were expected to exceed the Committee's delegated authority and would require ultimate Agency approval, the Committee Chairperson noted that the Committee had requested early notification to the Agency of the potential concentration issues arising from each proposal. The Agency noted and discussed the updates in relation to the ISIF's proposed Strategy for Ports & Enablement of Offshore Wind, and certain key transaction updates. **This has been redacted pursuant to Section 30(1)(b) of the FOI Act 2014**

10.3. *Remuneration Committee*

The Remuneration Committee Chairperson, Rachael Ingle, presented the Report of the Committee meetings held on 15 February and 24 March 2023. In relation to the former, she briefed the Agency on the approach to and outcome of the 2023 pay review process. In relation to the 24 March meeting, she noted that the Committee had (i) approved minor changes to the NTMA Remuneration Policy (ii) reviewed Succession plans for each of the EMT members and their respective direct reports and (iii) considered an update on the NTMA's Gender Pay Gap and ongoing and planned activities to address

same. She noted that the Committee also discussed the proposed search process for new external Investment Committee members.

11. GOVERNANCE ITEMS

11.1. *Management Infrastructure Committee Delegation Update*

The Agency Secretary presented a proposed update to the Agency delegation to the NTMA Management Infrastructure Committee (in respect of certain NDFA matters) to ensure consistency with the recent revisions to the legislative remit of the NDFA.

Following discussion, the Agency **RESOLVED TO APPROVE:**

- a. the delegation to the Management Infrastructure Committee as set out above; and
- b. that the Schedule of Delegated Matters notifiable to the Agency be updated by replacement of (e) with the following:

Contracts entered into to procure as agent for the Minister for Education, the Minister for Further and Higher Education, Research, Innovation and Science or for a local authority any public investment project in relation to building or other infrastructure.

11.2. *Delegated Matters Notifiable to the Agency*

The Agency noted the Report on Delegated Matters Notifiable to the Agency, as presented.

This has been redacted pursuant to Section 30(1)(b), 37(1), Schedule 1 (x)(ii) of the FOI Act 2014.

12. AOB

The Chairperson informed the Agency that a briefing on State Savings branding would be presented at the Agency 's 4 May meeting. She noted that the Minister for Finance would attend the Agency's pre-meeting session ahead of its 30 May meeting.

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

13. NON-EXECUTIVE SESSION

The Agency met in Non-Executive session. This item was minuted separately.

Susan Webb
Agency Chairperson
30 May 2023