



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

**MINUTES OF MEETING OF THE
NATIONAL TREASURY MANAGEMENT AGENCY
HELD AT 2PM ON 30 MAY 2023 AT
TREASURY DOCK, NORTH WALL QUAY, DUBLIN 1**

PRESENT:

Susan Webb, Chairperson
Brian O'Kelly
Frank O'Connor
Gerardine Jones
John Hogan
John McCormick
David Moloney
Martin Murphy
Rachael Ingle

IN ATTENDANCE:

Elaine Hudson, Agency Secretary
Frank O'Kelly, Associate - Agency Secretariat
Susan O'Halloran, Chief Legal Officer (CLO)
Andrew O'Flanagan, Director NDFA/NewERA (Item 5 only)
John K Dillon, Head of NewERA (Item 5 only)
Rachel Wallace, Corporate Finance Director (Item 5 only)
Ray Mangan, Head of Risk (Items 6.1 and 6.2 only)
Donna Ellanti, Head of Enterprise Risk (Items 6.1 and 6.2 only)
Fergal Power, Deputy Director, Finance (Item 7 only)
Karen Toal, Senior Finance Manager (Item 7 only)
Anthony Linehan, Deputy Director – FDM (Item 8 only)
David Purdue, Chief Economist (Item 8 only)
Nick Ashmore, Director, ISIF (Item 9.2 only)
Ciarán Breen, Director, SCA (Item 9.3 only)
Deirbhile Brennan, Head of Compliance (Item 10.1 only)
Donal Steele, Head of Corporate Procurement and Facilities (Item 10.2 only)
This has been redacted pursuant to Section 37(1) of the FOI Act 2014.

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 session with the Minister for Finance had been informative and 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 meetings of 28 March and 4 May 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. The Agency noted it was satisfied with the proposed minor wording amendment (as requested by the OC&AG) to the Post Office Savings Bank Fund (POSB) financial statements (which had been approved by the Agency at its 4 May meeting).

4. CHIEF EXECUTIVE'S REPORT

The Chief Executive presented his Report and briefed the Agency on a wide range of matters including, *inter alia*, recent Rating Agency upgrades, further Commercial Semi-State Body designations in respect of NewERA, recent developments in the NDFA Higher Education Bundle 2 Project and in relation to the State Claims Agency, progress in relation to the newly established Garda Compensation Scheme. He reported that FDM and ISIF representatives were engaging with the Department of Finance on certain aspects of the planned establishment of a long-term savings fund. He noted that the Director, ISIF and Chief Financial & Operating Officer had appeared before the Oireachtas Committee on Budgetary Oversight on 24 May. It was agreed that a link to the recorded session would be circulated to Agency members [**Action**]. The Chief Executive also provided a number of key personnel updates, noting the recent senior ISIF appointments. He also briefed the Agency on progress in relation to the recruitment process for the Chief People Officer role, noting interviews were scheduled in the coming days.

The Agency discussed the update and questioned the Chief Executive on various aspects of same, including amongst other things, **This has been redacted pursuant to Section 30(1)(b) of the FOI Act 2014**. In response to a question from the Agency, it was noted that the NTMA's Hybrid working arrangements (minimum of two days a week in Treasury Dock) were working well.

5. NewERA BUSINESS UPDATE

The NewERA representatives briefed the Agency on, *inter alia*, the continued growth in NewERA's activities, noting further CSB designations were expected in 2023. In relation to the financial performance of the portfolio, they indicated that 2022 aggregated operating profits had returned to pre-pandemic levels, with significant aggregate gross capital expenditure (of €3.3bn) over the same period, largely driven by expenditure in the water and energy sectors.

The NewERA representatives provided an overview of NewERA's recurring and ad hoc workflows, including a selection of recent activity and a case study on NewERA's role in supporting offshore wind, noting that climate and energy were a prevailing theme. In addition, they noted that an external review of NewERA's advisory reports had completed in Q1 2023 and the feedback was positive overall but also set out some recommendations that NewERA were currently implementing. The presentation concluded with a summary of the current challenges and key areas of focus for NewERA.

The Audit and Risk Committee Chairperson noted the Committee had received a presentation on NewERA's key Strategic and Emerging Risks (including the controls and action plans in place to manage

and mitigate same) at its 23 May meeting which had provided a considerable degree of assurance to the Committee.

The Agency noted the update and discussed various aspects in further detail including, amongst other things, the challenges of ensuring the team continued to be resourced appropriately, with appropriately skilled individuals, and more specifically, the extent to which sector knowledge was required. The Director, NDFA and NewERA advised that certain skillsets (corporate finance, accountancy, actuarial) were generally applicable across the wider portfolio of companies, with individuals with relevant sectoral expertise (e.g., in energy, climate/sustainability, infrastructure) assigned to projects accordingly, but that this was kept under regular review by the NewERA senior management team. The Agency also discussed whether the challenges outlined in the presentation represented common challenges for NewERA and the CSBs. These included the current Board appointments process, working to ensure the Ministerial consenting process ran as efficiently as possible and delivering on respective aspects of the energy/climate agenda.

The Board noted the comprehensive nature of the presentation from the NewERA team.

6. RISK MANAGEMENT

6.1 Risk Management Policy and Framework

The Agency noted the updated Risk Management Policy and Framework, noting the relatively minor nature of the proposed changes and that the Framework had been reviewed and recommended for approval by the Audit and Risk Committee at its 23 May meeting. In response to a question from the Agency, the Head of Enterprise Risk outlined the communication processes by which revised risk management policies were communicated across the organization.

On the recommendation of the Audit and Risk Committee, **IT WAS RESOLVED** to approve the updated Risk Management Policy and Framework as presented.

6.2 Risk Appetite Framework

The Agency noted the updated Risk Appetite Framework, noting that the Framework had been reviewed and recommended for approval by the Audit and Risk Committee.

On the recommendation of the Audit and Risk Committee, **IT WAS RESOLVED** to approve the updated Risk Appetite Framework, as presented.

7. BUDGET OUTTURNS: END-APRIL 2023

The Deputy Director - Finance and the Senior Finance Manager presented the expenditure budget outturns to end-April 2023, as well as the projected full year outturn for 2023, in respect of the NTMA and ISIF, highlighting the reasons for variances against budget as set out in the paper. In relation to the NTMA expenditure budget, they attributed the bulk of the expenditure savings versus budget to savings in staff costs driven by a lower headcount than the budget assumptions due to timing issues around recruitment. It was noted that the forecasted outturn for 2023 was also projected to be under budget primarily due to salary cost savings.

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

In relation to the ISIF expenditure budget it was noted that the outturn for April 2023 was marginally below budget, with the full year forecasted outturn for 2023 also expected to be below budget due to projected savings in Investment Manager fees.

8. MARKET UPDATE

The Agency noted the report, as presented. The Chief Economist informed the Agency that Euro area and US economic growth remained resilient notwithstanding the impact of monetary policy tightening. He noted there were various downside risks which could impact on the modest growth projections. The Deputy Director, Funding and Debt Management briefed the Agency on, inter alia, Ireland's recent Moody's and S&P credit rating upgrades, planned funding activity and potential developments in relation to the NTMA's primary dealer system.

The Agency questioned the Funding and Debt Management team on various aspects of the paper, including, amongst other things, the NTMA's inflation expectations, noting inflation was expected to remain elevated with no indication of the ECB pausing its monetary tightening in the near term. **This has been redacted pursuant to Section 40(1)(a) as it applies to 40(2)(d) of the FOI Act 2014.** In discussing the NTMA's primary dealer model, the Agency noted, inter alia, the rationale for seeking Primary Dealer status (notwithstanding the limited syndications and associated economics etc.) **This has been redacted pursuant to Section 40(1)(a) as it applies to 40(2)(d) of the FOI Act 2014.** The Agency also discussed the State's strong fiscal position and, aside from obvious concentration risks therein, the wider macro risks which could adversely impact Ireland's position. In response to a question from the Agency, the Deputy Director noted that the impact of a worst-case scenario unfolding in relation to the US debt ceiling would be calamitous for the global economy and markets, with some form of policy intervention likely to be forthcoming.

9. COMMITTEE AND OTHER MATTERS

9.1. Audit and Risk Committee

The Audit and Risk Committee Chairperson, Gerardine Jones, presented the Report of the Committee meeting held on 23 May 2023. She noted that the Committee had reviewed and recommended for approval by the Agency the Risk Management Policy and Framework (as presented under agenda item 6.1) and the Risk Appetite Framework (as presented under item 6.2). She reported that the Committee also reviewed and approved proposed updates to the (i) Market and Liquidity Risk Management Policy, and (ii) Counterparty Credit Risk Policy, subject to a number of minor suggested amendments. She advised that the Committee had approved the updated NTMA Protected Disclosures Policy, as presented, noting that no material changes were proposed to same following annual review. She noted that the Committee reviewed NewERA's key strategic and emerging risks and was satisfied with same.

9.2. Investment Committee

The Investment Committee Chairperson, Martin Murphy, presented the reports of the Committee meetings held on 17 April and 29 May 2023 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. **This has been redacted pursuant to Section 30(1)(b) of the FOI Act 2014.**

9.3. State Claims Agency Director Report

The Director, SCA provided an overview to the Agency on key matters across the Business Unit, as part of the interregnum arrangements prior to the commencement of the SCA Advisory Committee. The Agency noted, *inter alia*, recent developments in relation to a number of mass actions against the State including South Kerry Child and Adolescent Mental Health Services, the success of the Pandemrix/Narcolepsy scheme and the implications of a recent Supreme Court judgment in relation to the lack of in-cell sanitation related GIS claims. He also reported that the SCA was in receipt of its first potential Garda Compensation Claim under the new statutory scheme which incepted on the 27 April.

10. GOVERNANCE MATTERS

10.1 Personal Accounts Transaction Policy for Agency/Committee members

The Head of Compliance presented the updated Personal Accounts (PA) Transaction Policy for Agency & Committee members. The Agency discussed the proposed revisions to the Policy (including the proposed extension of the Agency review period from annual to biennial), noting the rationale for same in each case.

Following due consideration, **IT WAS RESOLVED** that the updated Personal Account Transactions Policy for Agency and Committee Members, as presented to the Agency, be approved.

10.2 This has been redacted pursuant to Section 30(1)(b) and 36(1)(b) of the FOI Act 2014.

Head of Corporate Procurement and Facilities updated the Agency on ongoing progress in respect of the Treasury Dock first floor and ground floor west sub-leases and the formal rent review. In relation to the former, and responding to a question from the Agency, he noted that the team was exploring the reconfiguration of accommodation within the building to reflect changing requirements and to identify opportunities for additional sub-lettings.

10.3 SCA Advisory Committee Membership

The Chairperson of the SCA Advisory Committee Working Group informed the Agency that the Working Group¹ had convened on a number of occasions to consider and discuss potential suitable candidates for the new SCA Advisory Committee (“the Committee”), the terms of reference of which were approved by the Agency at its 28 March meeting. He noted that the Remuneration Committee, at its meeting on 29th May, had discussed the potential candidates, and questioned the working group on, *inter alia*, gender diversity within certain categories of experience/expertise and the potential for seeking candidates with international experience in each case. In relation to the former, he noted that it was planned to improve the gender balance of the Committee in due course. He advised that the Remuneration Committee agreed to recommend the proposed candidates to the Agency for approval. He noted that the proposed fee for Committee members was subject to the consent of the Minister for Finance.

¹ comprising the former SCA Strategy Committee Chairperson, the Chief Executive, the Director, SCA and the CLO

After due consideration, the Agency indicated that it was satisfied with the approach proposed in the meeting paper and **RESOLVED** as follows:

- (i) that the following appointments be approved, to take effect on establishment of the Committee:
 - a. appointment of Brian O’Kelly as Chairperson of the Committee, for a period of 3 years from the date of establishment, or until he was no longer an Agency member (whichever was the earlier).
 - b. Appointment of Professor Sabaratnam Arulkumaran, Caroline Crowley, John Eves and Greg Dempsey as members of the Committee, for a period of 3 years from the date of establishment.
- (ii) that an annual fee of up to €12,500 be paid to the members of the Committee who are not members or employees of the Agency, subject to the consent of the Minister for Finance as required under section 5B(6) of the NTMA Act 1990 (as amended).

10.4 Schedule of Matters Reserved to the Board

The Agency reviewed the updated Schedule of Matters Reserved by the Agency and the Delegated Matters Notifiable to the Agency paper, noting a number of minor proposed changes therein.

IT WAS RESOLVED that the Schedule of Matters Reserved for Decision by the Agency and the Delegated Matters Notifiable to the Agency be approved, as presented.

10.5 Delegated Matters Notifiable to the Agency

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

11. AOB

The Agency Chairperson noted the next scheduled meeting was due to take place on 11 July, with a Strategy Workshop for Agency members arranged immediately ahead of the meeting. She also noted that the Annual Report Launch would take place in early July. Referring to certain housekeeping matters she noted that it was proposed to circulate dates for 2024 Agency/Committee meetings in the coming weeks.

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