



Gníomhaireacht Bainistíochta an Chisteáin Náisiúnta National Treasury Management Agency

MINUTES OF MEETING OF THE NATIONAL TREASURY MANAGEMENT AGENCY HELD AT TREASURY DOCK, NORTH WALL QUAY, DUBLIN 1 AND VIA ZOOM VIDEO CONFERENCE AT 2PM ON 21 SEPTEMBER 2021

PRESENT: Maeve Carton, Chairperson
Brian O'Kelly
Conor O'Kelly
David Moloney
Gerardine Jones
John Hogan
Martin Murphy
Rachael Ingle
Susan Webb

IN ATTENDANCE: Elaine Hudson, Agency Secretary
Anastasia-Ilektra Sakellariou, Secretariat
Susan O'Halloran, Chief Legal Officer (CLO)
Ian Black, NTMA Chief Financial Operating Officer (CFOO)
Frank O'Connor, Director, FDM (Items 5 and 5.1 only)
David Purdue, Chief Economist (Items 5 and 5.1 only)
Alan Mahon, Head of Fiscal Debt Services (Item 5 only)
Nicola Commins, Senior Treasury Manager (Item 5 only)
Nick Ashmore, Director, ISIF (Items 6 and 10.3 only)
Fergal Power, Head of Finance (Items 7.1 and 7.2 only)
Daniel O'Leary, Senior Finance Manager (Items 7.1 and 7.2 only)
Jim Deery, Senior Corporate Strategy Planning & Development Manager (Item 8 only)
Alex O'Donnell, Manager Corporate Strategy and Development (Item 8 only)
Andrew O'Flanagan, Director, NDFA & NewERA (Item 9 only)
Eavan Crehan, Corporate Finance Director (Item 9 only)
Ciarán Breen, Director, SCA (Item 10.2 only)
Deirbhile Brennan, Head of Compliance (Items 11.1 and 11.2 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. On the occasion of his first meeting as an Agency member, the Chairperson, on behalf of the Agency, welcomed David Moloney to the Agency.

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 13 July 2021 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

The Chief Executive presented his Report. With regard to FDM, the Chief Executive noted that c. 84% of the 2021 mid-range funding target had been completed, with strong cash balances remaining in place. Having regard to the expected Exchequer Borrowing Requirement (EBR), these cash balances would serve to moderate the level of funding required in 2022.

With regard to the ISIF, the Chief Executive noted that the Fund's H1 2021 Report was published in September and highlighted investment returns of 5.2% over the period, representing an increase of €450m. **This has been redacted pursuant to Section 30(1)(b) of the FOI Act 2014.**

5. BUSINESS UNIT UPDATE: FDM

The FDM representatives provided an update to the Agency on the debt management outlook. This included Ireland's relative positioning versus its peers in terms of various debt metrics (e.g Debt to GDP/GNI*; Debt to Revenue; Interest to Revenue etc), the projected increase in the public debt outlined in the Summer Economic Statement (SES) to c. €280bn by 2025, with existing cash balances to be used to smooth the annual bond issuance amounts from 2022 – 2025, keeping them at broadly similar levels to the 2017 – 2021 average.

This has been redacted pursuant to Section 40(1)(a) as it applies to 40(2)(d) of the FOI Act 2014.

5.1 MARKET UPDATE

The Agency noted the report as presented. The NTMA Chief Economist advised that the ECB had announced that the Pandemic Emergency Purchase Programme (PEPP), which was currently due to end in March 2022, would be continued at a moderately lower pace of net asset purchases than in the previous two quarters, with reinvestments continuing to December 2023. He informed the Agency that the economic recovery was underway since mid-May (with a strong rebound in consumption as evidenced by the increase in VAT receipts and corresponding reduction in the Pandemic Unemployment Payment (PUP)) and would positively impact the year-end EBR.

The Director, FDM noted that the NTMA had completed €16bn in nominal benchmark bond issuance in 2021 to date (representing 84% of the mid-point of the approved funding range). **This has been redacted pursuant to Section 40(1)(a) as it applies to 40(2)(d) of the FOI Act 2014.** He also noted the improving EBR would lead to a higher year end cash balance than originally expected (c. €20 billion) and would be utilised to reduce the funding requirements in 2022.

6. ISIF STRATEGY AND RESOURCING UPDATE

The Director, ISIF, presented an update to the Agency on the anticipated direction of ISIF's future strategy, outlining current staffing constraints and near-term and future resourcing requirements to deliver on planned ambitions in a phased, cost effective, and sustainable way.

The Agency discussed the presentation, **This has been redacted pursuant to Section 30(1)(b) of the FOI Act 2014.** The Director, ISIF advised that, with the evolution of the Fund, increasing demands were

being placed on the ISIF team by virtue of the increasingly complex and direct nature of the transactions, and significantly increased portfolio monitoring, active directorship programme and support (systems, reporting etc) activities, which were impacting on the Fund's new deal origination capabilities. In response to a question from the Agency, it was noted that while there were no specific deployment targets, it was anticipated that more transactions would likely be undertaken in key emerging areas of opportunity such the Climate and Regional Priority Themes. It was further noted that attracting co-investment to long-term, scalable opportunities was crucial to developing key ecosystems, and supporting economic and employment growth in Ireland. **This has been redacted pursuant to Section 30(1)(b) of the FOI Act 2014.**

7. EXPENDITURE BUDGET

7.1 Expenditure Budget Outturn and Forecast 2021

The Agency noted the NTMA Administration Account and Ireland Strategic Investment Fund ("ISIF") 2021 expenditure out-turn for Q2 2021 and full year forecast for 2021 versus budget. In response to a question from the Agency, the Head of Finance advised **This has been redacted pursuant to Section 29(1) and 30(1)(b) of the FOI Act 2014.**

7.2 Expenditure Budget 2022 Assumptions (NTMA & ISIF)

The CFOO, Head of Finance and Senior Finance Manager presented, *inter alia*, the initial budget assumptions for the 2022 financial year in respect of the NTMA ex SCA, SCA and ISIF Expenditure budgets. The Head of Finance noted that an in-depth budgetary process 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 2021 meeting.

The Agency reviewed the NTMA Expenditure Budget 2022 budgetary assumptions, including, *inter alia*, staff cost (headcount/remuneration related), non-staff cost and cost recovery assumptions, and questioned the Finance representatives on various aspects of same. Referencing the reduction in NAMA cost recoveries, the Agency queried the potential impact of the planned wind-down on the NTMA. The CFOO indicated that this would be reviewed as part of the budget process but no significant impact on the NTMA Admin Expenditure budget was anticipated at this stage. **This has been redacted pursuant to Section 29(1) and 30(1)(b) of the FOI Act 2014.**

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8 NTMA CORPORATE STRATEGY PART 2 – PREVIEW

The Senior Corporate Strategy, Planning and Development Manager and Manager, Corporate Strategy Planning and Development provided an overview of the Corporate Strategy: (i) Part 1 – KPI Outturns to end-July 2021 and (ii) Part 2 – NTMA Business and Corporate Function Goals 2022 for the Agency's consideration. They noted that the complete KPI Outturns tracker and the detailed 2022 Goals was available to the Agency on BoardPad. It was further noted that, subject to the Agency's comments, Part 2 would be submitted to the Minister for his views prior to finalisation. The Senior Manager stated that the main changes to the NTMA business goals and annual targets / deliverables for 2022 were primarily driven by the response to Covid-19, the integration of NTMA's requirements under the Government's *Climate Action Plan 2019* into business planning, and development of the NTMA's organisational capabilities for the post Covid-19 business environment.

The Agency reviewed the Business Unit and Corporate Function Goals 2022 and KPI out-turns (end July 2021), and queried the operational nature of a number of the KPIs. The Senior Manager advised

that a review of business unit KPIs was underway with a view to ensuring their strategic nature. Following discussion, the Agency agreed that it would consider the specific KPIs of a number of the business units at its Strategy Day in November (with a view to the 2022 review of same) [Action]. The Agency agreed it was satisfied for the Part 2 document to be submitted to the Minister and to be brought back to it for final approval.

9 CLIMATE ACTION FRAMEWORK (NEWERA)

A paper on a framework for the commercial State sector to address climate action objectives was presented by the Director, NDFA & NewERA and Senior Corporate Finance Director, NewERA. The NewERA representatives outlined NewERA's approach to development of the framework, including the engagement with 22 commercial State bodies to better understand each company's approach to sustainability generally and climate related objectives specifically and with Government Departments and the Sustainable Energy Authority of Ireland (SEAI) to understand the approach being taken to key climate-related policy objectives. They explained how this engagement, together with research undertaken on how other countries approach this area with their State owned enterprises, had informed the proposed Climate Action Framework, as envisaged under the Climate Action Plan 2019, in conjunction with the Department of the Environment, Climate and Communications (DECC) and the Department of Public Expenditure and Reform (DPER). The NewERA representatives noted that the Framework consisted of five commitments with a target approach associated with each one that outlined the steps necessary to meet the commitment.

This has been redacted pursuant to Section 29(1) and 30(1)(b) of the FOI Act 2014. In response to a question from the Agency, the Chief Executive noted that the NTMA's climate action objectives would be reflected in the NTMA goals for 2022.

10 COMMITTEE REPORTS

10.1 Audit and Risk Committee

The Audit & Risk Committee Chairperson, Gerardine Jones, presented the report of the Committee meeting held on 14 September. She advised that following the Committee's KRI workshop on 6 September, a revised suite of Operational Risk KRIs had been approved at the meeting, with further development/enhancements of same to be brought back to the Committee for consideration in Q2 2022. The Agency noted that the Committee had reviewed the ISIF top strategic/operational and emerging risks and the action plans in place to manage and mitigate same.

This has been redacted pursuant to Section 29(1) and 30(1)(b) of the FOI Act 2014.

On the recommendation of the Audit & Risk Committee, **IT WAS RESOLVED** that the Terms of Reference of the Audit & Risk Committee, as presented to the Agency, be approved.

10.2 SCA Strategy Committee

The SCA Strategy Committee Chairperson, Martin Murphy, presented the report of the Strategy Committee meeting held on 8 September 2021. He briefed the Agency, amongst other things, on the Committee's focussed discussion on the SCA's risk mandate and role with a particular focus on how it was being implemented and the draft results of Lane Clark & Peacock's (LCP's) cash flow projections for SCA's indemnity schemes for 2022 and 2023. At the request of the Committee Chairperson, the Agency agreed that the relevant Cyber Security reports (as presented to the Agency) could be furnished to the Committee [Action]. The Director, SCA advised the Agency of a further delay in

respect of the implementation of the Pre Action Protocols (now expected towards the end of Q1 2022). He informed the Agency that the ex gratia scheme in respect of Day School Abuse cases was progressing well **This has been redacted pursuant to Section 29(1) and 30(1)(b) of the FOI Act 2014.**

The Agency Chairperson noted that David Moloney had agreed to remain as a member of the SCA Strategy Committee, replacing Derek Moran as the second Agency Member of the SCA Strategy Committee. It was proposed that the Committee's External Member vacancy (arising from David Moloney's formal nomination as Agency member on the Committee) would be filled in due course.

10.3 Investment Committee

The Investment Committee Chairperson, Susan Webb, presented the report of the Committee meetings held on 18 August, 7 September, and 20 September 2021. The Agency noted, inter alia, the brief overview of the transactions approved by the Committee and the summaries of the various reports and investment updates as presented to the Committee.

10.4 Remuneration Committee

The Remuneration Committee Chairperson, Martin Murphy reported on the Remuneration Committee meeting held 14 September. He noted that the Committee had reviewed the Remuneration budget assumptions, succession planning arrangements and received an update on pension scheme arrangements. On the recommendation of the Remuneration Committee, **IT WAS RESOLVED** that the Terms of Reference of the Remuneration Committee, as presented to the Agency, be approved.

11 GOVERNANCE ITEMS

11.1 Code of Conduct for Members of the Agency and its Committees

The Head of Compliance presented proposed minor updates to the Code of Conduct for Members of the Agency and its Committees. **IT WAS RESOLVED** that the updated Code of Conduct for Members of the Agency and its Committees, as presented to the Agency, be approved.

11.2 Code of Conduct for NTMA Employees

The Head of Compliance presented the Code of Conduct for NTMA Employees (ex NAMA) to the Agency outlining proposed changes and the rationale for same. In response to a query from the Agency, the Head of Compliance outlined the proposed approach to communication of the revised Code, noting that a written undertaking was required from each employee that they had read and understood the Code. Subject to (i) the inclusion of additional wording to reflect certain homeworking considerations; and (ii) a clarification in relation to the NTMA's social media policy [**Action**], **IT WAS RESOLVED** that the updated Code of Conduct for NTMA Employees (ex NAMA), as presented to the Agency, be approved.

11.3 Travel and Expenses Policy (Annual Review)

The Travel and Expenses Policy, which applies 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.

11.4 Delegated Matters Notifiable to the Agency

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

12 AOB

The Chairperson briefed the Agency on a small number of housekeeping matters including the upcoming Strategy Day on 23 November, the proposed replacement of the Boardpad solution and the planned external self-assessment evaluation to be undertaken at year-end. There being no other items under AOB, the Chairperson brought the meeting to a close.

13 NON-EXECUTIVE SESSION

The Agency met in private session. This item was minuted separately.