



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

**MINUTES OF MEETING OF THE
NATIONAL TREASURY MANAGEMENT AGENCY
HELD AT 2.00PM ON 27 NOVEMBER 2018 AT
TREASURY BUILDING, LOWER GRAND CANAL STREET, DUBLIN 2**

PRESENT: Willie Walsh, Chairperson
Maeve Carton
Gerardine Jones
Derek Moran
Martin Murphy
Conor O'Kelly
Mary Walsh
Robert Watt
Susan Webb

IN ATTENDANCE: Adrian O'Donovan, Secretary (except Item 4)
Ian Black, Chief Financial and Operating Officer (CFOO) (except Items 1 to 4)
Andrew O'Flanagan, Chief Legal Officer (CLO) (except Items 1 to 4)
Ciara Lehane, Head of Risk (Item 6.1.1 only)
Eugene O'Callaghan, Director, ISIF (Items 6.3 and 9 only)
Frank O'Connor, Director, Funding and Debt Management (Item 8 only)
Jim Deery, Senior Manager, Corporate Strategy and Development (Item 10 only)
Ciaran Breen, Director, SCA (Item 11 only)
Eileen Fitzpatrick, Director, NewERA (Item 12 only)
Sinead Brennan, Director, HR (Item 12 only)
Cathy Bryce, Director, NDFA (Item 13 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

THIS ITEM HAS BEEN REDACTED IN PART

The Chairperson noted that draft minutes of the meeting of 25 September 2018 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 Secretary updated the Agency on the status of items arising from the minutes. He noted that he had reviewed the “Background and Purpose” section of the Audit and Risk Committee terms of reference and was not proposing any change to the description of the Committee’s purpose. He added that the Audit and Risk Committee had been briefed on this matter at its meeting of 20 November.

The Secretary noted that at its September meeting, where it had approved the provision of a voluntary redundancy scheme from the NTMA 2018 Expenditure Budget,

IT WAS RESOLVED that the provision for the voluntary redundancy scheme to be provided for from the NTMA 2018 Expenditure Budget, as agreed at the Agency’s meeting of 25 September, be increased from €2.0m to €2.5m.

4. PRIVATE SESSION

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

5. NTMA EXPENDITURE BUDGET 2019

THIS ITEM HAS BEEN REDACTED IN PART

The CFOO noted that management had revisited the proposed Expenditure Budget in light of the discussion at the Agency’s September meeting. The Budget presentation also set out the transition from the gross budget (which included NAMA, SBCI and ISIF recharges) to the net budget. As agreed at the Agency’s September meeting, 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.

IT WAS RESOLVED that the NTMA Expenditure Budget 2019 be approved.

6. COMMITTEE REPORTS

6.1 Audit and Risk Committee

THIS ITEM HAS BEEN REDACTED IN PART

The Audit and Risk Committee Chairperson, Martin Murphy, presented and summarised the report of the Committee meeting held on 20 November. He noted that the Committee had approved the 2019 Internal Audit Plan and that an External Quality Assessment of the Internal Audit function would be reported to the Committee’s January meeting. Representatives from the Office of the C&AG had presented the Audit Planning Memorandum in respect of the 2018 audit of the financial statements and discussed their main areas of focus with the Committee. The Committee had reviewed a number of internal audit reports. The Committee had also reviewed and approved the Compliance and Data Protection Framework and Plan as well as the Risk Management Plan 2019.

The Committee Chairperson noted that the Committee had performed its annual review of the Consolidated Delegated Authorities: there were only a small number of amendments to the Delegated Authorities since the Committee's previous review. The Committee had reviewed a paper on the key NTMA-wide risks that had been identified and action plans in the event of a hard Brexit and was satisfied with the approach being taken in this regard. It had also reviewed the procurement update for the nine months to end-September 2018.

The Committee had also reviewed the Strategic Risk Assessment. The Strategic Risks, incorporating the Committee's comments, would be considered under Agenda Item 6.1.1.

6.1.1 Strategic Risk Assessment

The Head of Risk presented the Strategic Risk Assessment (SRA). She noted that, as suggested when the SRA had last been reviewed by the Agency, the document now incorporated a risk trend for each risk identified. Developments in 2018 and planned initiatives for 2019 were also detailed.

The Agency reviewed the principal risks, mitigants, 2018 developments and 2019 focus areas as set out in the SRA. It was satisfied with the revised format of the document. It queried if it was planned to include ratings at a residual risk level in future iterations of the document. The Head of Risk said she was considering this for the next iteration of the document.

6.2 New Premises Working Group

Gerardine Jones reported on the New Premises Working Group meetings held on 15 October and 19 November respectively. She noted that expenditure to end-October was below budget due to later commencement of the fit-out works than originally envisaged. Factoring out the delay in commencement, management was reporting that expenditure was in line with budget. She advised the Agency that a revised contractor programme had been received from mac-interiors with a proposed completion date of 3 May 2019 compared with the current completion date of 12 April 2019. She noted that, subsequent to the November meeting, the additional extension of time claim, referred to in the Working Group's report to the Agency at its September meeting, had been received and was in line with this revised contract completion date. The Working Group had agreed a number of monitoring measures with management to track progress against the revised programme. She noted that the later completion date was not expected to have any material cost implications or implications for the staff move.

6.3 Investment Committee

THIS ITEM HAS BEEN REDACTED IN PART

The Investment Committee Chairperson, Susan Webb, reported on the Committee meetings held on 16 and 22 October and 16 and 26 November. She briefed the Agency on the investment proposals reviewed at these 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 noted that the Committee had held a specific purpose meeting on 16 November to consider the draft revised Investment Strategy prior to its circulation to the Agency. As previously reported, the Committee had reviewed a number of iterations of the Strategy. The Committee was satisfied that the draft Strategy considered at the meeting of 16

November incorporated its prior feedback and, subject to a small number of minor amendments, agreed to recommend it to the Agency. The draft Strategy would be considered under Agenda Item 9.

The Committee Chairperson briefed the Agency on the Committee's quarterly reviews of the Irish Portfolio and the Global Portfolio, the performance of the Global Portfolio year to date and the near-term investment pipeline. She also noted that the Fossil Fuel Divestment Bill had been passed by the Seanad and was scheduled to return to the Dail next week. The ISIF Unit was working to ensure that securities concerned would be removed from the portfolio by year-end.

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.

7. CHIEF EXECUTIVE'S REPORT

The Chief Executive presented his Report. He updated the Agency on the recent Green Bond issuance, noting the amount of new money it had attracted, the fact that the spread was on the benchmark curve and how Green Bonds could act as an effective diversification tool. In response to a query, he updated the Agency on the ongoing reporting requirements to investors in respect of Green Bond commitments and on the annual independent third-party review that would be carried out on behalf of investors. The Chief Executive noted that the Funding Plan, the ISIF investment strategy and the State Claims Agency would be discussed elsewhere on the meeting agenda.

The Chief Executive advised the Agency that the HBFI Bill had been signed by the President and that HBFI would be established shortly as a separate body with its own governance structure to which the NTMA would provide staff and services under a service level agreement. The NTMA's direct involvement in HBFI's operations would then cease. In response to a question from the Agency, he said it was likely that there would be an NTMA representative on the HBFI Board, but there was no provision for NTMA representation on an *ex-officio* basis.

The CLO and the Secretary briefed the Agency on matters set out in the Report on Delegated Matters Notifiable to the Agency.

8. FUNDING PLAN 2019

THIS ITEM HAS BEEN REDACTED IN FULL

9. INVESTMENT STRATEGY REVIEW

THIS ITEM HAS BEEN REDACTED IN PART

The Director, ISIF presented the draft revised ISIF Investment Strategy for the Agency's review and approval. He said the Strategy was focused on investment under the five priority themes set out by the Minister for Finance and Public Expenditure and Reform and based on the reduced amount available for investment due to the reallocation of a portion of ISIF funds to the Rainy Day Fund, HBFI and the Land Development Agency. He noted that the Strategy maintained flexibility for high-impact substantial investments that were compelling at a national level but did not fit under the priority themes. He briefed the Agency on engagement with Government Departments on the draft Strategy but stressed that finalisation of the Strategy was subject to completion of the formal consultation process with the Minister for Finance and Public Expenditure and Reform.

The Investment Committee Chairperson noted that, as she had set out in the Investment Committee Report, the Committee had reviewed a number of iterations of the Strategy and was recommending it to the Agency.

As recommended by the Investment Committee, **IT WAS RESOLVED** that the revised ISIF Investment Strategy, as presented to the Agency, be approved, subject to completion of the formal consultation process with the Minister for Finance and Public Expenditure and Reform as required by Section 40 of the National Treasury Management Agency (Amendment) Act 2014.

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

The Senior Manager, Corporate Strategy and Development presented the NTMA Corporate Strategy Part 2 (NTMA Business Unit and Corporate Function Goals 2019-2021) for the Agency's review and comment. He said that, subject to the Agency's comments, Part 2 would be submitted to the Minister for his views prior to finalisation. As agreed at the Agency's September meeting, Part 1 of the Strategy would be rolled over into 2019 and he would present a working draft of Part 1 to the Agency for further discussion in early 2019. He noted that under Part 2 changes had been made to the 3 year business goals to take account of the Apple Escrow Fund and FDM and ISIF KPIs and targets were subject to finalisation of the Funding Plan and ISIF Investment Strategy respectively.

The Agency reviewed the Business Unit and Corporate Function Goals. It agreed that a summary of the Strategic Risk Assessment should be provided to the Minister along with the Goals and KPIs as this would help set them in context. It noted that a number of the items listed under the 2019 targets were specific actions rather than measurable targets and the description of the section should be amended to recognise this. Subject to incorporation of this point and a small number of other drafting points, the Agency was satisfied for the document to be submitted to the Minister and to be brought back to it prior to finalisation.

11. THIS ITEM HAS BEEN REDACTED IN FULL

12. GENDER BALANCE STRATEGY

The Director, NewERA and the Director, HR presented the Gender Balance Strategy. They noted that the Strategy focused on fostering the promotion of women in financial and professional services, enhancing women's professional growth by providing a supportive environment and improving the NTMA's ability to attract, develop and retain female employees. Specific measures to address the gender pay gap and to seek to increase female participation at senior levels of the organisation formed a critical component of the Strategy. More research was required on the gender pay gap as broadly similar job titles did not always equate to equivalent roles and there was a significant "job-sizing" exercise required. Each Business Unit was being asked to develop specific and tailored plans to achieve gender balance at senior levels within Units and to set out the practical and measurable steps that they would take to develop and maintain strong pipelines of both female and male talent in order to achieve those plans.

The Agency was supportive of the Gender Balance Strategy, in particular the fact that it set out a multi-faceted response to addressing the issues raised. The Agency agreed that management should report back to it regarding progress on the Strategy on an annual basis, and that metrics to measure progress should form part of this presentation.

13. NDFA PRESENTATION

THIS ITEM HAS BEEN REDACTED IN PART

The Director, NDFA updated the Agency on the NDFA's work programme, project timelines and planned future direction. She noted the long lead-time to commencement of projects and said that the NDFA was focused on reducing system blockages where it could. However, the types of issues that arose were not always within the remit of the NDFA or sponsoring Government Department. Another priority area of focus was to ensure the NDFA was proactive and client focused in its approach.

The Agency noted that there had been instances of legal challenges to the award of projects and queried what steps the NDFA could take to avert such challenges. The Director, NDFA said that procurement could be a very litigious area and was one of the biggest risks being managed by the NDFA.

14. AOB

The Chairperson noted that this was his last scheduled meeting as Chairperson and a member of the Agency. He thanked the Agency members for their contribution and wished the incoming Chairperson, Maeve Carton, every success in the role. On behalf of the Agency members, Maeve Carton thanked the Chairperson for his leadership and guidance over the previous four years.

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

Maeve Carton
Chairperson

29 January 2019