



**MINUTES OF MEETING OF THE
NATIONAL TREASURY MANAGEMENT AGENCY
HELD AT 2PM ON 28 MAY 2024
AT TREASURY DOCK, NORTH WALL QUAY, DUBLIN 1**

PRESENT: Rachael Ingle, Chairperson
Brian O’Kelly
Fiona Ross
Frank O’Connor
Gerardine Jones
John Hogan
John McCormick
Myra Garrett

APOLOGIES: David Moloney

IN ATTENDANCE: Elaine Hudson, Agency Secretary
Frank O’Kelly, Associate Agency Secretariat
Susan O’Halloran, Chief Legal Officer (CLO)
Ian Black, Chief Financial and Operating Officer (CFOO)
Ray Mangan, Project Director, FIF/ICNF (Item 5 only)
Aisling Synnott, Deputy Director, FDM (Items 5.1 and 5.2 only)
Jim Deery, Programme Director, NAMA Wind-Down (Item 6 only)
Ciarán Breen, Director, SCA (Items 7 and 11.3 only)
Lorraine Sibley, Deputy Director, Operations & Corporate Affairs, SCA (Item 7 only)
Christine O’Rourke, Deputy Director, Claims and Litigation, SCA (Item 7 only)
Deirbhile Brennan, Deputy Director – Head of Compliance/ Risk (Item 8 only)
Donna Ellanti, Head of Enterprise Risk (Item 8 only)
Fergal Power, Deputy Director, Finance (Item 9 only)
Karen Toal, Senior Finance Manager – Reporting (Item 9 only)
Dave McEvoy, Director, FDM (Item 10 only)
David Purdue, NTMA Chief Economist (Item 10 only)
Aisling Redmond, Head of Internal Audit (Item 11.1.1 only)
Nick Ashmore, Director, ISIF (Item 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.

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 30 April 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 highlighting a broad range of matters including, *inter alia*, the recent bond auction in early May and a brief fiscal update, noting the Department of Finance Stability Programme Update (SPU) 2024 Exchequer surplus of €2.5bn was slightly better than the Budget 2024 forecast. He also noted that the Fitch credit rating date was 31 May. In relation to the Ireland Apple Escrow Fund, he noted that arising from the positive income return on the Fund, the Fund Net Asset Value (NAV) was now higher, when adjusted for third country payments, than the net recovery amount transferred at inception. He also noted increased levels of activity in NewERA emanating from the recently designated commercial State entities such as RTÉ and the Land Development Agency. He informed the Agency that the NTMA planned to commit to the Women in Finance Charter in the coming weeks, noting that the NTMA's proposed target for the Charter would be $\geq 30\%$ of roles at combined EMT and EMT-1 levels to be filled by women which reflected the NTMA's prevailing leading KPI for Gender Balance ratio and that consideration would be given to a possible higher target / leading KPI when next reviewed. **THIS HAS BEEN REDACTED IN PART.**

5. FUTURE IRELAND FUND / INFRASTRUCTURE, CLIMATE AND NATURE FUND ("FIF/ICNF") (together the 'New Funds') UPDATE

5.1. FIF/ICNF Project Update

The Project Director, FIF/ICNF briefed the Agency on the progress across various workstreams in relation to the New Funds Project. The Agency discussed the update and questioned the Project Director on various aspects of same including, *inter alia*, the milestone date for completion of the investment strategy, the role of the proposed Investment Committee with respect to review and approval of the strategy and the approach to identifying and engaging investment consultants to review the strategy. The Project Director confirmed the relevant milestone date (to be included in the next update) and also confirmed that it was likely that the new Funds Investment Committee would review the Strategy at its initial meeting, before formally recommending same at a subsequent meeting, with the precise dates and timing to be refined and confirmed in due course. It was also noted that appointment of an investment consultant would be on foot of a competitive process.

5.2. Interim Investment Strategies

5.2.1. FIF Interim Investment Strategy

5.2.2 ICNF Interim Investment Strategy

The Deputy Director, FDM presented the papers for the proposed interim investment strategies for the Future Ireland Fund (FIF) and Infrastructure, Climate and Nature Fund (ICNF) respectively (hereinafter together ‘the Funds’). Noting that the proposed interim Investment strategies for the Funds were similar, notwithstanding the different purposes of each fund, she confirmed that the proposed interim investment strategies, as set out in the Agency papers, addressed the relevant obligations under the draft legislation, and established the risk appetite, and the investment parameters for the Funds for the duration of the interim period. She noted that the Purpose, Objective, Permitted Assets, Benchmark and ESG Matters and Exclusions, as outlined in the interim strategies, reflected a low-risk appetite and permitted only highly rated liquid securities with a low degree of inherent risk. She also noted it was proposed that the Agency delegate authority to the NTMA Chief Executive (or as he may delegate) to determine, monitor and keep under review an investment mandate for the Funds in accordance with which the Funds shall be managed, subject to the principles and parameters of the respective mandates being consistent with the interim investment strategies approved by the Agency in respect of the Funds. In order to provide an indication of the Investment Mandate for the Funds, she outlined an illustrative sample portfolio (separate paper) highlighting the possible asset category, credit rating composition, geographic exposures and relative weights against the proposed Reference Benchmark Index thereof.

The Agency discussed the interim strategies for the Funds in considerable detail. The key areas of focus of the discussion included, *inter alia*, (i) the extent to which amendments to the draft legislation might impact the Funds’ interim and long-term investment strategies; (ii) the likely timelines and expected complexity of the transition from the interim investment strategy to implementation of the Funds’ long-term Investment Strategies and (iii) the governance arrangements to provide oversight of the new Funds. In relation to (iii), it was confirmed that the wider NTMA Risk and Control Framework would apply, with reporting up to the Audit & Risk Committee, and that the various Risk Committee Terms of Reference and Risk Policies would be updated to reflect the new Funds as required, the legislation and Investment Strategy, and to the extent relevant with the updated policies. In response to a follow-on question from the Agency, the Chief Executive confirmed that the Investment Mandates would align with the Agency approved strategies and legislation. The Agency noted that the interim investment strategies were subject to consultation with the Minister for Finance and the Minister for Public Expenditure and Reform, and that further clarification may be required in respect of the approach to ESG related matters as part of the consultation process. The NTMA team confirmed that they would work with the relevant Department officials in that regard **[Action]**. In the course of its discussion, the Agency also explored certain detailed aspects of the papers including the rationale for the proposed Reference Benchmark Index, the nature of the process for monitoring the Funds’ securities’ credit ratings and the escalation process therein in respect of credit downgrades; and proposed single issuer concentration limits.

Following discussion, the Agency **RESOLVED TO APPROVE** the Future Ireland Fund Interim Investment Strategy and the Infrastructure, Climate and Nature Fund Interim Investment Strategy, as set out in the relevant papers, subject to:

- (a) the enactment of the Future Ireland Fund and Infrastructure, Climate and Nature Fund Bill 2024 substantially in the terms of the Bill as initiated in Dáil Éireann on 25 March 2024 (the “Bill”), and
- (b) completion of the consultation process provided for in the Bill with the Minister for Finance and the Minister for Public Expenditure, National Development Plan Delivery and Reform.

It also **RESOLVED TO APPROVE** the delegation to the NTMA Chief Executive (or as he may delegate) of authority to determine, monitor and keep under review an investment mandate for the Funds in accordance with which the Funds shall be managed, subject to the principles and parameters of the mandates being consistent with the interim investment strategies approved by the Agency in respect of the Funds.

5.3. New Funds Business Unit Proposal

Further to the Agency’s discussion at its 30 April meeting and having regard to the recommendations contained in the **THIS HAS BEEN REDACTED IN PART** reports, the Chief Executive presented his recommendation of the establishment of a new dedicated Business Unit to manage the FIF and ICNF and the rationale for same. Subject to the Agency’s approval of same, in terms of key next steps, he noted that approval was also being sought to commence the recruitment of a Director to lead the business unit and an initial headcount of up to 10 additional FTEs, noting that it was proposed that management (the Chief Executive in conjunction with the FIF & ICNF Oversight Committee) would determine the exact specification of these roles (with a mix of senior and junior roles, and front line and corporate support roles envisaged). He advised that any additional recruitment requirements and proposed budgetary outlay would be addressed in ordinary course as part of the NTMA Budget 2025 process later this year. **THIS HAS BEEN REDACTED IN PART.**

The Agency discussed the paper as presented. The Chairperson noted that the Agency, at its 30 April meeting, had **agreed** that it was supportive in principle of the proposal to establish a new dedicated Business Unit to manage the FIF and ICNF. She also noted that the quantum of resources required for the new unit had been previously highlighted to the Board and the present proposals were consistent with same. **THIS HAS BEEN REDACTED IN PART.**

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

- 1) The establishment of a new Business Unit to manage the FIF and ICNF.
- 2) The recruitment of a new Director and initial headcount of up to 10 additional FTEs.

6. NAMA WIND-DOWN AND TRANSFER OF RESIDUAL ACTIVITY TO NTMA

The Programme Director presented the paper to the Agency noting, *inter alia*, that the project to establish a resolution unit, resourced by the NTMA, to manage any NAMA residual activity (including any remaining residual activity from IBRC) from 2026 onwards had been designated as a Tier 1 project. He outlined the seven workstreams established, each with its own workstream leads, noting that there would be close engagement with NAMA in respect of each of same. He reported that NTMA Legal was co-ordinating NTMA engagement with the Department and NAMA on the relevant draft Heads of Bill.

The Agency discussed the update and welcomed the Tier 1 classification of the project. In discussing the update, the Agency noted that the NTMA, should seek to maintain a proactive approach to its engagement with NAMA. **THIS HAS BEEN REDACTED IN PART.**

7. STATE CLAIMS AGENCY BUSINESS UNIT UPDATE

The Director, SCA, the Deputy Director, Claims and Litigation, and the Deputy Director, Operations and Corporate Affairs, presented the SCA's annual business unit update to the Agency providing, *inter alia*, (i) an overview of the SCA team structure, (ii) a review of the numbers of claims received from 2019 to date, (iii) an overview of the active claims, estimated outstanding liabilities; (iv) a summary of legal costs claims and reductions over the last five years, and (v) key activities, legal policy developments, and the outlook for 2024 and beyond.

The Agency discussed the update noting, amongst other things, the steady year on year increase in the Legal Costs Unit's activities. They also questioned the State Claims Agency ("SCA") representatives on various aspects of mass action compensation schemes. The Agency queried the drivers behind the 43% increase in the estimated outstanding liability over the last four years. The SCA representatives advised that the cost of care, reflecting wage inflation, had risen significantly over the period, and plaintiffs' expectations had also increased. In addition, the varying heads of special damages had significantly increased in the same period. They noted however that the introduction of the Pre-action Protocol and Periodic Payment Orders should serve to temper further increases. In response to a question from the Agency, the Director, SCA advised that the Department of Justice was actively engaging on the draft Pre-action Protocol, the statutory index to underpin Periodic Payment Orders and the Real Rate of Return and he remained hopeful there would be progress made on the Pre-action Protocol by end Q1 2025.

THIS HAS BEEN REDACTED IN PART.

The Agency commended the SCA representatives on their presentation and for the significant work being undertaken by the unit.

8. RISK MANAGEMENT

8.1 Risk Management Policy and Framework

The Agency noted the updated Risk Management Policy and Framework (RMPF), noting the relatively minor nature of the proposed changes (largely to align with recent changes to the Strategic Risk Assessment) and that the RMPF had been reviewed and recommended for approval by the Audit and Risk Committee at its 21 May meeting.

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

8.2. Risk Appetite Framework

The Agency noted the updated Risk Appetite Framework, noting the proposed changes therein (mainly to reflect amendments to the RMPF) and that the Framework had been reviewed and recommended for approval by the Audit and Risk Committee. The Agency discussed the process by which Tier 1 projects were considered as part of the Framework and noted recent discussions at the Investment Committee on risk appetite which were on-going.

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

9. BUDGET OUTTURNS: END-APRIL 2024

The Deputy Director, Finance and the Senior Finance Manager presented the expenditure budget outturns to end-April 2024 in respect of the NTMA and ISIF to the Agency. They briefly highlighted the main reasons for variances against budget as set out in the paper.

The Agency reviewed and discussed the report. In response to a question from the Agency it was noted that the forecasted outturn for 2024, based on a number of assumptions, was also projected to come within the budget. The Agency also questioned the team on the ISIF Investment Manager fees noting it was not the complete list of managers and included only those where fees were invoiced directly to the Fund.

10. MARKET UPDATE

The FDM representatives presented the report to the Agency. The Chief Economist provided a brief overview of the global economy, **THIS HAS BEEN REDACTED IN PART.**

11. COMMITTEE REPORTS

11.1. *Audit and Risk Committee*

The Audit and Risk Committee Chairperson, Gerardine Jones, presented the Report of the Committee meeting held on 21 May 2024. She noted, *inter alia*, that the proposal (for Agency approval under Agenda item 11.1.1) to appoint a separate 'big four firm' as co-sourced internal audit service provider to conduct the review of the "NDFAs Contract Management of PPPs During Operations" (the NDFAs review) was recommended by the Committee. She also informed the Agency that the Committee's discussion on the Stress Testing exercise in respect of the Exchequer/National Debt had been helpful. **THIS HAS BEEN REDACTED IN PART.**

The Board discussed NewERA's role and the understanding of same among designated commercial State bodies under its remit. It was noted that NewERA provided independent financial and commercial advice to Government Ministers and Departments in relation to the State's shareholdings in commercial State companies in NewERA's portfolio and that NewERA's expertise and experience was valued by key stakeholders.

11.1.1 *Procurement of Co-Sourced Internal Audit Service Provider for NDFAs Internal Audit Review*

The Head of Internal Audit provided a brief overview of the procurement process (overseen by NTMA Procurement), and the recommendation from the evaluation team to appoint PwC as a co-sourced

internal audit service provider to conduct the NDFA review in the 2024 Internal Audit plan. She briefed the Agency on the high-level qualitative differentiators between the proposed tender and other tenders.

Following discussion and on the recommendation of the Audit and Risk Committee, the Agency **RESOLVED TO APPROVE** the appointment of PwC as co-sourced internal audit service provider in respect of the conduct of the NDFA Review as outlined in the paper presented.

11.2. Investment Committee

The Investment Committee Chairperson, Fiona Ross, presented the report of Committee meetings held on 22 April and 27 May respectively. She advised that the new members were assimilating well into the work of the Committee, with a significant volume of transactions and oversight/monitoring papers being approved and reviewed by the Committee respectively. 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.

THIS HAS BEEN REDACTED IN PART.

[Action].

11.3. SCA Advisory Committee

The SCA Advisory Committee Chairperson, Brian O'Kelly, presented the report of the Committee meetings held on 17 April, noting that the introduction of Pre Action Protocols would represent a significant milestone.

The Director, SCA briefed the Agency on the SCA's improved analysis and interrogation of its data to deliver insights into various patterns of incidents and claims. He noted the new technologies **THIS HAS BEEN REDACTED IN PART** were being leveraged to yield richer, mined data to support this analysis. On a separate note, he informed the Agency of a key judgement expected shortly in relation to Nervous shock claims from relatives of patients who died following a medical negligence event. He advised that it was expected that the judgment would (a) set limits on those that could receive compensation, based on the proximity of relationship and (b) clarify the duty of care owed by doctors i.e. whether it extended beyond the patient to family members.

12. GOVERNANCE ITEMS

12.1. Delegated Matters Notifiable to the Agency

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

13. AOB

The Agency Chairperson noted the next scheduled meeting was due to take place on 9 July. She also noted that the Annual Report Launch would take place on 2 July. She informed the Agency that proposed dates for 2025 Agency/Committee meetings would be circulated to members in the coming weeks.

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

Rachael Ingle
Agency Chairperson
24 September 2024