Gníomhaireacht Bainistíochta an Chisteáin Náisiúnta
National Treasury Management Agency

Margaret Falsey
Committee of Public Accounts Secretariat
Leinster House
Dublin 2

3 August 2018

Ref: PAC32-I-1031

Dear Ms Falsey,

I refer to your correspondence of 23 July 2018 on behalf of the Committee of Public Accounts.

The attached document sets out the NTMA's responses to the information sought in that correspondence. For ease of reference, we have grouped the responses by NTMA business unit.

I would ask that you bring the correspondence to the attention of the Committee's members on our behalf.

Yours sincerely,

Martin Whelan
Head of Public Affairs and Communications

Gníomhaireacht Bainistíochta an Chisteáin Náisiúnta
National Treasury Management Agency

NTMA SUBMISSION TO THE

COMMITTEE OF PUBLIC ACCOUNTS

(as sought in PAC Correspondence - Ref: PAC32-I-1031
- of 23 July 2018)

Submitted: Friday, 3 August 2018

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1 Funding and Debt Management

1.1 An explanatory note on the chart on page 13 of the Annual Report, outlining net debt, cash balances/other assets and gross government debt, with particular reference to other assets

The chart on page 13 of the NTMA's 2017 Annual Report shows Gross and Net General Government Debt – as compiled and reported by the CSO – for the period 2004-2017. The difference between the two debt measures is the cash and financial assets[1] of the entire General Government sector. These are known as EDP[2] debt instrument assets. These are also compiled and reported by the CSO. At end-2012, total EDP assets totalled just under €58bn.

<u>**End-2012**</u>
Gross General Government Debt: €210bn
***Less* EDP Assets: €57.9bn**
= Net General Government Debt: €152.1bn

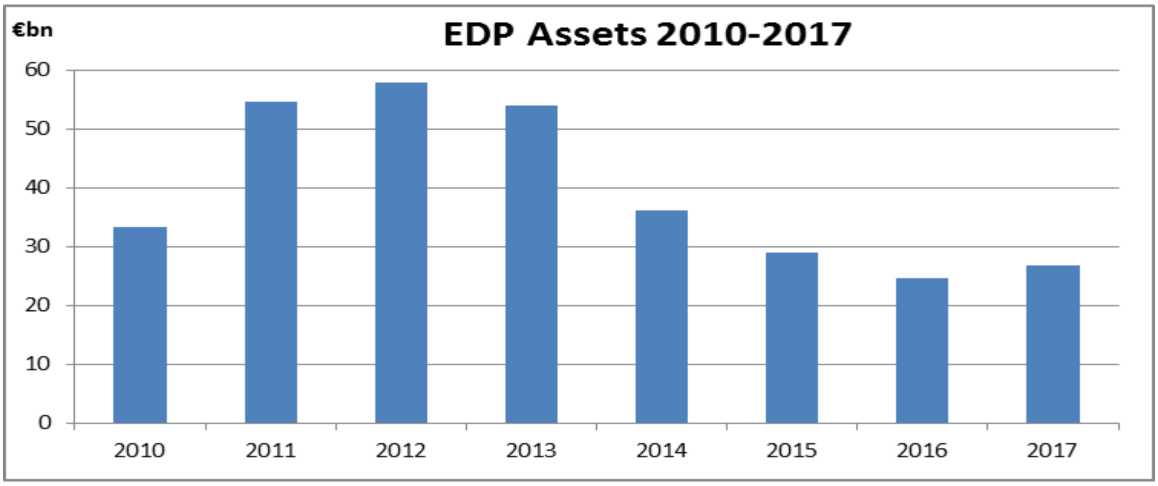
EDP assets are the assets of all of the bodies classified within General Government. They include Exchequer cash/liquid assets – which are the responsibility of the NTMA. They also include NPRF/ISIF cash and non-equity investments and Local Government loans and deposits – see detailed breakdown below for end-2012. This data has been provided by the CSO; it may be subject to revision.

<u>**EDP Assets end-2012**</u>

	€bn
• Exchequer cash/liquid assets	19.3
• IBRC* loans and other assets	17.8
• NPRF preference shares in AIB/BOI	4.0
• Contingent Capital Notes (CoCos) in AIB/BOI/PTSB	3.0
• Gross collateral	2.0
• NPRF cash	0.9
• Other NPRF investments	0.9
• POSB cash	0.8
• EFSF pre-paid margin	0.5
• Non-Commercial Semi-State Bodies (NCSSBs)	0.3
• Local Government deposits and loans	4.0
• Social Insurance Fund deposits	0.1
• Other budgetary Central Government	3.9
• Other Central Government bodies and agencies	0.5

* It is important to recognise that the inclusion of IBRCs assets greatly inflated the overall level of EDP assets between 2011 and 2013 (see chart below).

[1] In the instrument classes: deposits, bonds and loans but excluding equity and other financial assets.
[2] EDP = Excessive Deficit Procedure.



A new framework for national accounts statistics (ESA2010) entered into force into 2014. One of the main impacts of this change was that IBRC was reclassified into the General Government sector retrospectively from mid-2011.

Gross General Government Debt increased by just over €45bn in the year to end-2011, growing from €144bn to €190bn. The inclusion of IBRC's liabilities to entities outside General Government was a significant contributory factor in this increase. The July 2011 recapitalisation of the Irish banking sector was another factor.

Following the 2014 statistical change, IBRCs entire balance sheet was brought into the General Government sector. Therefore, IBRCs claims on entities outside of General Government became part of EDP assets. As the impact of IBRC on Government's liabilities and assets was broadly equal, IBRCs reclassification effectively had no material impact on Net General Government Debt.

Since its liquidation in 2013, the impact of IBRC on EDP assets has significantly diminished. By end-2017 EDP assets largely consisted of cash held by all arms of Government (including the Exchequer), ISIF non-equity investments, and deposits and loans by Government bodies such as SBCI. This is more typical of the EDP asset structure that pertained pre-financial crisis.

Year-end Gross General Government Debt peaked in 2013 at €215bn and has since fallen by €14bn. Net General Government Debt however has continued to increase. At end-2017, it was €174bn, some €13bn higher than at end-2013. This increase primarily reflects the public finance deficits over that period.

For information – the €30.6bn Promissory Note issued to IBRCs predecessors (Anglo/INBS) in 2010 was added in full to Gross General Government Debt at the time. The Promissory Note was a liability of General Government but an asset of IBRC (which was still classified outside General Government at that point).

Although IBRC was reclassified inside General Government in 2014, retrospectively from mid-2011, the Promissory Note was not part of IBRCs assets brought within the EDP asset category. This is because General Government Debt (and EDP assets) is reported on a consolidated basis meaning any intra-General Government liabilities/assets are excluded from these measures.

Appendix 1 provides some further detail on the two public debt measures: General Government Debt and National Debt.

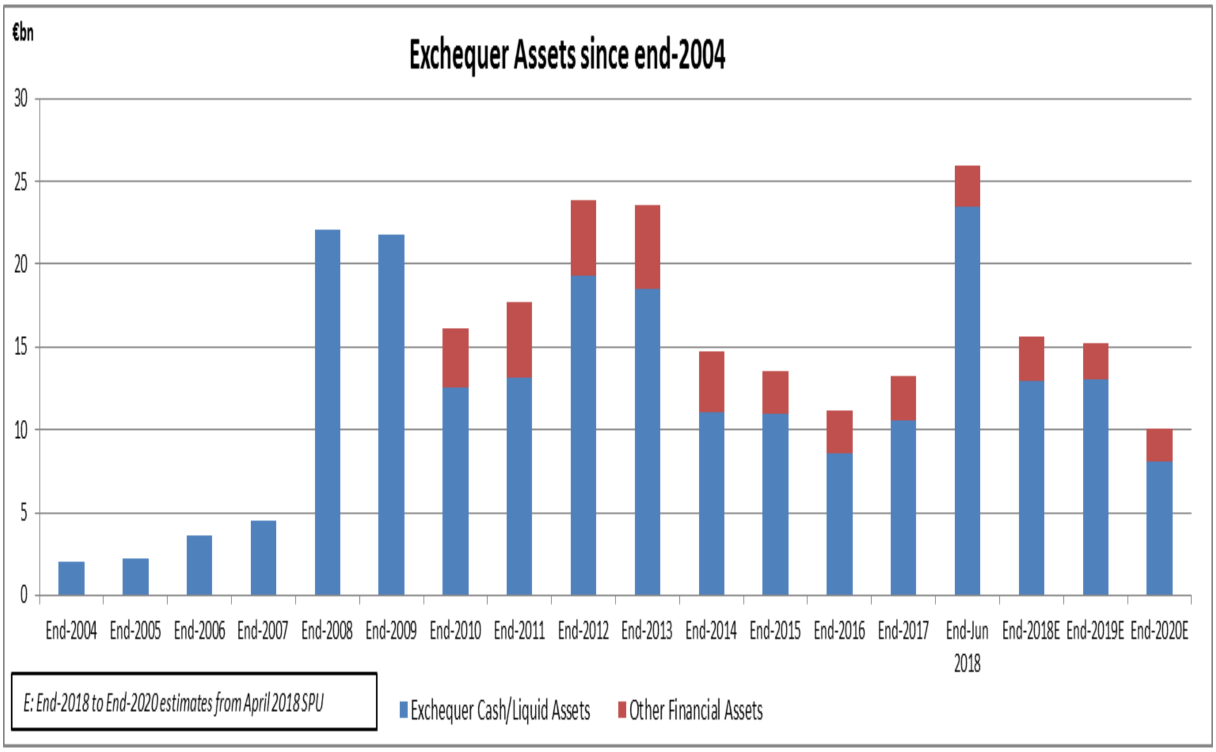
1.2 A chart containing the cash balances from 2004 to present and the projected levels until 2020

The chart below shows Exchequer cash/liquid assets and other financial assets – which are the responsibility of the NTMA – from end-2004 to end-June 2018 as well as estimates for each year-end 2018 to 2020.

As the chart shows, and reflecting the onset of the financial crisis, there was a considerable increase in Exchequer cash balances in 2008. The aim of this increase was to provide flexibility to the NTMA in timing its funding operations in 2009. Balances were maintained at a high level – in a historical context – throughout the EU-IMF Programme period, including at end-2013 when Ireland exited the Programme.

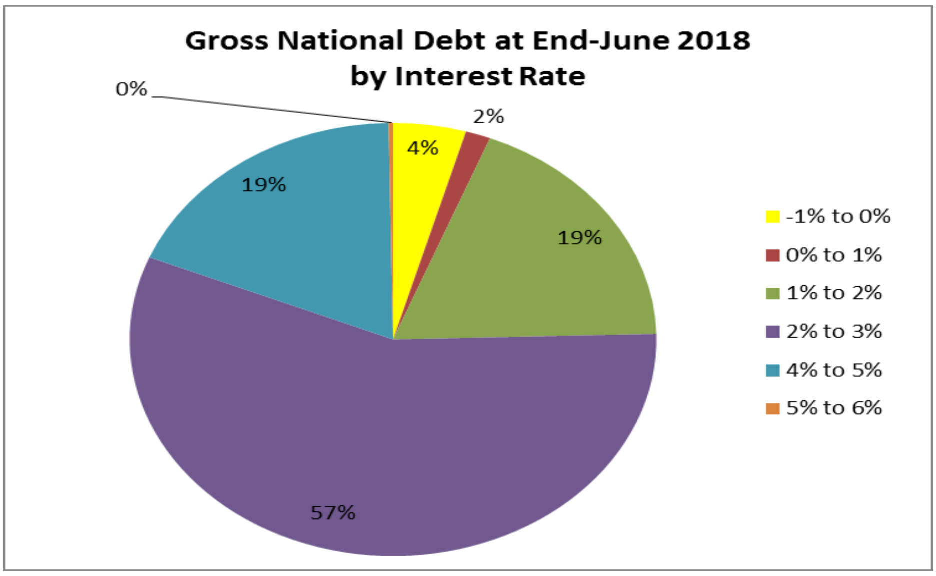
At end-June 2018, total Exchequer assets stood at just under €26 billion. Of this total, close to €23.5bn was in the form of liquid Exchequer cash. This is almost €13bn higher than at end-2017 and largely reflects the NTMA's pre-funding strategy. Over €11bn of new bond funding was raised in the first half of 2018. It is important to note that approximately 40 per cent of the end-June cash/liquid asset balance was funded from short-term markets. Cash balances will decline before year-end, primarily due to the €8.8bn bond maturity in October but also short-term debt redemptions. The NTMA expects to hold c. €13bn in cash/liquid assets at year-end.

The balance of Exchequer assets is in other non-liquid, financial assets, principally loans to the Housing Finance Agency (HFA). The balance in this category peaked in 2013 before declining to €2.7bn at end-2017. It is broadly unchanged so far this year.



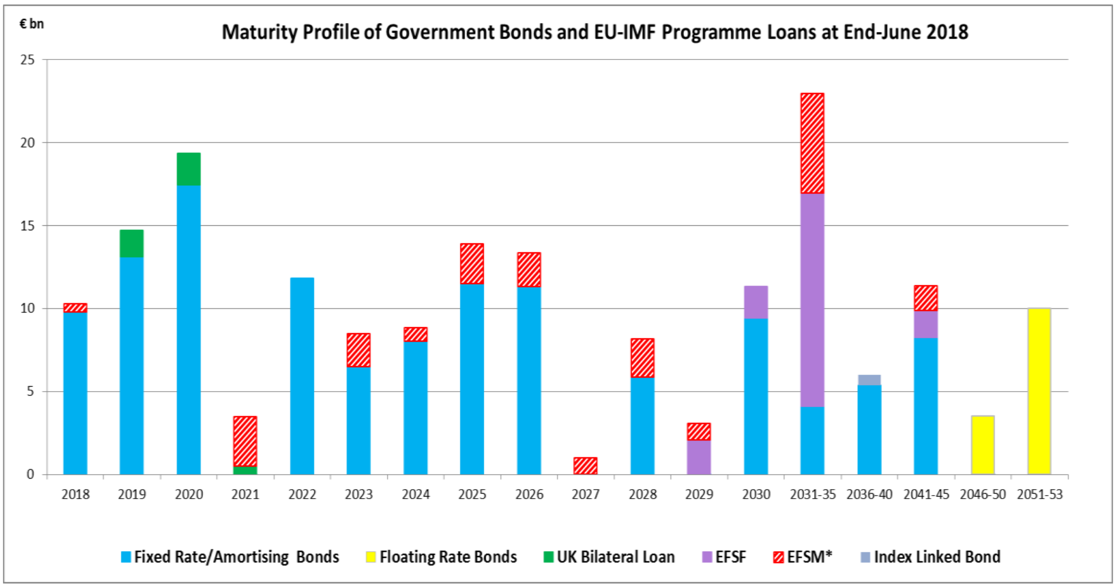
1.3 A note on the €200 billion debt broken down by % of how much of it is financed by

The pie-chart below shows a breakdown of the Gross National Debt outstanding at end-June 2018 by weighted average interest rate.



The majority of the debt has an average rate in the *2% to 3%* cohort. This cohort includes the floating rate bonds, EU-IMF Programme loans from the EFSM, and all fixed-rate benchmark Treasury bonds maturing post 2020. The *4% to 5%* bucket consists of the five fixed-rate bonds maturing before end-2020. Those bonds have a weighted average coupon of 4.8%. The weighted average rate on the Irish Amortising Bonds is in the *5% to 6%* category. This category of debt accounts for less than half of one percent of total debt outstanding.

<u>For information</u>: The chart below shows the maturity profile of Irish Government bonds and EU/IMF programme loans at end-June 2018. Together, these categories account for 85% of Gross National Debt. The aggregate estimated weighted average maturity of these categories of debt is 10.6 years.



**Current contractual maturities of EFSM loans are shown in the chart above. Owing to maturity extensions granted in mid-2013 it is not expected that Ireland will have to refinance any of its EFSM loans before 2027. However the revised maturity dates of individual EFSM loans will only be determined as they approach their original maturity date.*

2 Ireland Strategic Investment Fund (ISIF)

2.1 A note on the 16 stocks on the excluded list

Ireland Strategic Investment Fund (ISIF) works with *ISS-oekom* and *ISS-Ethix Climate Solutions* with regards to portfolio analytics across the Fund's Global Portfolio. Together both companies provide an integrated service combining the analysis of a portfolio's environmental, social and governance (ESG) quality and carbon risk/performance. Portfolio analysis to inform and to monitor ISIF's Oil Sands and Coal based exclusions is provided by *ISS-oekom*.

The 16 excluded stocks are as follows:

#	Name	ISIN (or other identifier)
1.	AES CORP/VA	US00130H1059
2.	AGL Energy	AU000000AGL7
3.	ALLIANT ENERGY CORP	US0188021085
4.	AMEREN CORP	US0236081024
5.	CANADIAN NATURAL RESOURCES LTD	CA1363851017
6.	CENOVUS ENERGY INC	CA15135U1093
7.	CNX RESOURCES CORP	US12653C1080
8.	CONSOL ENERGY INC	US20854L1089
9.	MARATHON OIL CORP	US5658491064
10.	NRG ENERGY INC	US6293775085
11.	OGE ENERGY CORP	US6708371033
12.	RWE AG	DE0007037129
13.	TECK RESOURCES LTD	CA8787422044
14.	WEC ENERGY GROUP INC	US92939U1060
15.	WESTAR ENERGY INC	US95709T1007
16.	XCEL ENERGY INC	US98389B1008

2.2 Re €526m for residential housing, a note on the number of houses delivered by end of 2017 and the projected number each year until 2021 from this investment

Through the €526m referred to in the Annual Report for residential housing, 1,747 units have been completed to date.

	Expected Annual Completions - Estimate
Year end 2018	1,500 units
Year end 2019	2,300 units
Year end 2020	2,500 units
Year end 2021	6,953 units

Since end-2017, ISIF has made additional investments in residential housing platforms bringing the total investment in residential housing to €726m. This additional support will bring housing output to 15,000 units by 2021.

2.3 Re the investment portfolio, a comparative note on the market value figures for each of the investment companies for 2015 and 2017 and an explanation for any significant changes

Changes to the market value of the assets under management of the six managers in question (Goldman Sachs Asset Management, J.P. Morgan Asset Management, Irish Life Investment Managers, Amundi Asset Management, Blackrock Investment Management and Deutsche Asset Management) between end 2015 and end 2017 can be attributed to the following:

- Significant reallocations within the Global Portfolio took place in 2016 as part of the Global Portfolio Transition Strategy which was approved by the NTMA in September 2015 and implemented following a public procurement process in mid-2016.
- Two new managers (Goldman Sachs Asset Management and Irish Life Investment Managers) were added to the list of managers in 2016 (via a EU Procurement process) as a result of the new strategy. Mandates of two other managers (Blackrock Investment Management and JP Morgan Asset Management) changed during this time, again as a result of the new strategy.

- Amundi Asset Management and Deutsche Asset Management manage ‘cash-like’ mandates for ISIF. Changes in market value of these managers’ assets are due to cash requirements of Irish Portfolio investments and as a result of the transition of assets during 2016.
- In addition to the above, changes to market values can occur due to market conditions and portfolio allocation changes as a result of on-going portfolio management.

3 State Claims Agency (SCA)

3.1 A breakdown of the 17 non-national screening service cervical cancer misdiagnosis cases with the SCA including whether confidentiality agreements were in place

Please see Appendix 2 for a breakdown of non-screening cervical cancer cases which was originally provided to the Committee on 22 June 2018.

The only laboratories involved in the non-screening cervical cancer cases are hospitals' own laboratories which tested pathology samples etc. For the avoidance of doubt, Quest and Medlab Laboratories are not involved in these cases.

In relation to cervical cancer non-screening cases, prior to the case of Vicky Phelan, no confidentiality agreements were entered into with plaintiffs.

In relation to the FOI request to the SCA, referred to by Deputy Alan Kelly, from a solicitor acting for the partner of a deceased cervical cancer patient, the SCA confirms that the relevant record was sent to the solicitor on the 17th July 2018.

The SCA's analysis of the 17 non-screening cervical cancer cases will be sent separately to the Committee. A three week response time was agreed by the Committee to provide this analysis.

3.2 A list of the 146 public bodies under the remit of the SCA and any large public organisations that do not fall within the remit of the SCA

Please see Appendix 3 for a list of the 146 State Authorities and Agencies under the SCA's remit.

Significant bodies, inter alia, that do not come under the SCA's remit are as follows:

- The University sector
- Voluntary Secondary School sector
- Primary School sector other than model schools
- Local Authorities' sector
- Teagasc
- Semi-State Bodies

3.3 A copy of the review carried out on insurance policies of public bodies

Please see Appendix 4 - "Value for Money/Due Diligence" Report on a S.38 Body, together with copy of a separate, relevant Government Memorandum.

4 NewERA

4.1 A note on the designated bodies under the NTMA including details on the reasons and time of joining

NewERA's Advisory Role in Relation to Designated and Other State Bodies

Under Part 3 of the National Treasury Management Agency (Amendment) Act 2014 (the "**2014 Act**"), NewERA provides financial and commercial advisory services to Ministers of the Government in relation to the following designated bodies and their subsidiaries:

- ESB;
- Ervia;
- Bord na Móna;
- Coillte;
- EirGrid; and
- Irish Water.

- The financial and commercial advice that NewERA provides to Ministers in relation to the designated bodies includes:

  - The performance of the shareholder function of the relevant Ministers, including advice to Ministers in relation to requests for Ministerial consent made by designated bodies (e.g. regarding borrowings, capital budgets and projects, acquisitions/disposals/restructurings, board appointments);
  - Review of financial performance, corporate strategy and capital and investment plans of designated bodies; and
  - Governance and shareholder expectations in relation to designated bodies, including financial targets and dividend policy.

- Under Part 3 of the 2014 Act, NewERA may also, where requested, provide financial and commercial advisory services to any Minister of the Government in relation to any State body that is not a designated body.

An Post

- During 2017, NewERA was requested to provide financial and commercial advice to relevant Ministers in relation to An Post, including a financial review and analysis of An Post's strategic and funding plan.

- Following this, in April 2018 An Post was added as a designated body for the purpose of Part 3 of the 2014 Act by way of a Ministerial order[3]. Therefore, NewERA's advisory role in relation to An Post is now the same as for the other designated bodies.

State Bodies in Transport Sector

- In recent years, NewERA has, on request, provided ad hoc financial and commercial advice to the Minister for Transport, Tourism and Sport ("**MTTAS**") in relation to a number of State bodies under the remit of the MTTAS, including daa, Irish Aviation Authority, Dublin Port Company, Port of Cork and CIE.

- During 2017, an agreement was put in place with the Department of Transport, Tourism and Sport ("**DTTAS**") whereby, NewERA provides, on request, ongoing financial and commercial advice to the MTTAS in relation to the main commercial State bodies in the transport sector, being:

  - CIE (including Iarnród Éireann, Bus Átha Cliath and Bus Éireann);
  - Dublin Port Company;
  - Port of Cork;
  - Shannon Foynes Port Company;
  - daa;
  - Irish Aviation Authority; and
  - Shannon Group.

- Therefore, NewERA now carries out, by request, a similar advisory role in relation to the main commercial State bodies in the transport sector as for the designated bodies[4].

[3] Section 18(3) of the 2014 Act provides that the Minister for Finance ("**MFIN**") may, following consultation with the NTMA and with the Minister for Public Expenditure and Reform and any other Minister of the Government who holds shares in, has general responsibility for or has any function in relation to a State body, by order provide that the State body shall be a designated body for the purposes of Part 3 of the 2014 Act if the MFIN considers that it is in the financial interests of the State to do so.

[4] The State bodies in the transport sector are not designated bodies for the purpose of Part 3 of the 2014 Act.

Vhi

- During 2017, NewERA was requested to provide financial and commercial advice to the Minister for Health ("**MoH**") in relation to the Voluntary Health Insurance Board ("**Vhi**"), which involved a financial review of Vhi's strategic and financial plan.
- Following this, in 2018 a similar agreement to the one in place with DTTAS has been put in place with the Department of Health ("**DoH**") whereby NewERA provides, on request, ongoing financial and commercial advice to the MoH in relation to Vhi[5].

[5] Vhi is not a designated body for the purpose of Part 3 of the 2014 Act.

5 NTMA Corporate

5.1 A note on the different leases and rent in Treasury Building and a comparative note with the new lease and rent arrangements

What rent is the NTMA paying now?

The leases on Treasury Building are held by NTMA and NAMA under varying durations. The passing rent being paid by the NTMA equates to €48.13 per square foot excluding VAT for its occupation in Treasury Buildings.

Why does it have to leave? What is the cost of that, if any?

In 2015, the NTMA recognised that a number of leases in the Treasury Building were approaching expiry/break decisions in 2016, 2017, 2025 and 2026 which coincided with the wind-down of NAMA in the medium term. A strategic decision was required with regard to the long-term operating premises for the NTMA. On foot of this, the NTMA sought applications from suitable property owners and the current landlord to present properties and lease arrangements for consideration by the NTMA in order to secure its long-term occupancy requirements. In May 2015 the NTMA in conjunction with Savills, issued a Request for Proposal seeking offers from promotors of properties meeting the needs of the NTMA (c. 80,000 sq. ft. available by late 2018). Savills assessed the suitability of these offers and narrowed the selection to a list of 16 properties. In July 2015, the NTMA Premises Project team identified four shortlisted properties (including Treasury Building) from within this pool of properties which were considered suitable and appropriate to meet the occupancy needs of the organisation (comprising NTMA, NAMA and SBCI needs into the future). In August 2015 the promoters of each of the shortlisted properties (including Treasury Building) were invited to make a presentation to the NTMA Premises Project team. A technical appraisal of each of the shortlisted buildings was undertaken by a professional team including architects, quantity surveyors and mechanical & electrical consultants. This team of consultants produced a final report setting out the ranking of the four shortlisted properties (including Treasury Building) across both qualitative and financial criteria.

In September 2015, the NTMA presented the options and recommendation to the Agency. The Dublin Landings building at North Wall Quay was selected as the preferred property for the NTMA's long-term operating premises.

What is the new rent?

The leases on Dublin Landings are held by NTMA. The passing rent to be paid by the NTMA equates to €49.24 per square foot excluding VAT for its occupation in Dublin Landings

What is the figure for the fit-out cost for the new building?

The gross fit out has been budgeted at €24.7m. The NTMA has received a Category A Fit Out contribution from the landlord of €6.6m resulting in a net cost of the fit out of €18.1m excluding VAT.

Please see Appendix 5 for the full fit-out specification.

"Cost neutral"

The passing rent at the Treasury Building of €48.13 per square foot is subject to upwards only rent reviews in 2017, 2020 and 2021. The passing rent at Dublin Landings of €49.24 is subject to market adjusted rent reviews (upwards or downwards depending on market conditions) in 2023. Furthermore, given the age of the Treasury Building and the landlord's planned reinvestment, a similar re fit-out of Treasury Building would be required if it was decided that the NTMA was to remain in this building.

Is the fit out period rent-free? Is the planning correct for the new building?

The lease conditions include an 8-10 months rent-free period commencing in May 2018. The building has been built in accordance with Dublin City Council planning references: DSDZ3350/15, DSDZ4157/17, DSDZ4112/17, DSDZ3291/17.

5.2 A note on the contract with Gordon MRM including the amount and the services provided

The Communications function at the NTMA is supported by an external service provider, Gordon MRM. The NTMA awarded its current contract to Gordon MRM following a competitive public procurement process, on 3 May 2018. The duration of the contract is three years and may be extended by the NTMA for a further period or periods in aggregate of up to two years. The value of the contract is €480,000 based on the maximum contract duration of five years.

Gordon MRM provide a 24/7 press office service for domestic and international press including specialist financial, markets and business media.

5.3 A table outlining the number of female employees in the various salary bands

As requested by the Committee, please see below a table outlining the number of female employees in each salary band.

Female Salaries as at July 2018	
RANGE	**NTMA**
under 50,000	109
50,001 - 75,000	66
75,001 - 100,000	59
100,001 - 125,000	17
125,001 - 150,000	9
150,000 +	10
Total	270

Over the past 2 years the NTMA has implemented a wide range of policies and practices that have been designed to develop and enhance a diverse and inclusive working environment. As part of this, a Gender Balance Steering Committee, chaired by the Director of NewERA, Eileen Fitzpatrick was established to define a gender balance strategy. An internal NTMA women's network was also established to facilitate internal networking and provide an opportunity for role modelling.

Building on various initiatives, we are continually reviewing and enhancing our approach to all aspects of diversity and inclusion, including undertaking specific targeted projects and actions aimed at improving the gender balance at the most senior levels of the Agency.

As outlined by the Chief Executive at the appearance before the Committee on 12 July2018, the NTMA Annual Report 2018 will include disclosure on gender pay.

6 Appendices

6.1 Appendix 1 – Public Debt Measures

- There are two measures of public debt – General Government Debt and National Debt.
- **National Debt** is the net debt incurred by the Exchequer after taking account of Exchequer cash and other financial assets. Gross National Debt is the National Debt before the deduction of these Exchequer assets. National Debt is the responsibility of the NTMA.
- **General Government Debt** is a measure of the total gross consolidated debt of the State. It is compiled and reported by the Central Statistics Office (CSO). It is a broader measure than National Debt and is the measure used for comparative purposes across the European Union. It is reported on a gross basis meaning it does not net off cash balances and other related assets. Gross National Debt is the principal component of General Government Debt.
- The CSO also compiles and reports Net General Government Debt. To do this it deducts the EDP debt instrument assets of the entire General Government sector from the gross debt measure. EDP assets are a far broader measure than the cash and other financial assets of the Exchequer.

Public Debt Measures Summary

General Government Debt	National Debt
✓ **Gross consolidated measure of wider General Government sector**	✓ Gross measure of narrower Exchequer debt concept
✓ Less EDP assets	✓ Less Exchequer cash and financial assets
✓ Equals Net General Government Debt	✓ Equals **National (net) Debt**
✓ Responsibility of CSO to compile and report	✓ Responsibility of NTMA to manage and report

6.2 Appendix 2 – Breakdown of non-screening cervical cancer cases which was originally provided to the Committee on 22 June 2018

NIMS

National Incident Management System

SCA Query Reference	76065
Query Title	PAC June 14th briefing – HSE Misdiagnosis
Requestor	PAC
Report run date	31/05/2018 ; 13/06/2018
Reporting period	All Claims or potential claims notified to SCA prior to 01/06/2018

Query

*"***Vice Chairman:** I ask Mr. Breen to forward his tabular statement with the date to the committee so that we can distribute it"

Response from SCA:

There are multiple methods of classification on NIMS which are in use across the healthcare sector when recording a misdiagnosis incident. This is because of the complex nature of the various incidents that may occur. As such the process of identifying claims relevant to this query was iterative and required manual review of files and was restricted to cancer misdiagnosis in relation to cervical, bowel and breast cancer.

The figures quoted in the PAC briefing on the 14th June were reflective of the 11th May with the exception of the figures for cervical cancer misdiagnosis under the National Screening Service which were as of 13th June. This cohort of claims is evolving day-by-day as new claims are alerted to the Agency and existing claims resolved.

Tables 1, 2 and 3 overleaf are cases as at 31stMay. The additional figures provided in relation to the cervical cancer misdiagnosis claims are as of 13th June 2018.

Criteria used

- As per request, this report shows active, closed, and potential claims arising from an alleged misdiagnosis with respect to cervical, bowel, and breast cancer.
- The location groups below are derived from the physical locations that the claims / potential claims have been assigned to on NIMS.
- This report is correct as of 31/05/2018

Table1: Cervical cancer misdiagnosis as of 31/05/2018

Location Group	Active Claim	Closed Claim	Potential Claim	Grand Total
Non-NSS	12	4	1	**17**
National Screening Service (NSS)	20	1	1	**22**
Grand Total	**32**	**5**	**2**	**39**

Table 2: Bowel cancer misdiagnosis as of 31/05/2018

Location Group	Active Claim	Closed Claim	Potential Claim	Grand Total
Non-NSS	16	6	3	**25**
National Screening Service (NSS)	0	0	0	**0**
Grand Total	**16**	**6**	**3**	**25**

Table 3: Breast cancer misdiagnosis as of 31/05/2018

Location Group	Active Claim	Closed Claim	Potential Claim	Grand Total
Non-NSS	23	19	2	**44**
National Screening Service (NSS)	4	1	0	**5**
Grand Total	**27**	**20**	**2**	**49**

Additional Update - Cervical cancer misdiagnosis as of 13/06/2018

As previously stated, this cohort of claims is evolving day-by-day as new claims are alerted to the Agency and existing claims resolved, accordingly, an additional update has been provided below in relation to the cervical cancer misdiagnosis claims as of the 13th June 2018.

There are 28 active claims, 2 potential claims and 1 closed claim relating to cervical cancer misdiagnosis under the National Screening Service (NSS) as of 13th June 2018.

6.3 Appendix 3 – List of the 146 State Authorities and Agencies under the SCA's remit

DELEGATED STATE AUTHORITIES COVERED UNDER THE GIS OPERATED BY THE SCA*

Bodies that are considered part of their parent Department can be considered to be automatically delegated as part of the relevant Minister's functions.

Minister for/Department of Health

- Health Information & Quality Authority
- Health Services Executive
- Adelaide & Meath incorp. Nat. Children's Hospital
- Beaumont Hospital
- Cappagh National Orthopaedic Hospital
- Central Remedial Clinic
- Coombe Women & Infants University Hospital
- Dublin Dental School & Hospital
- Incorporated Orthopaedic Hospital, Clontarf
- Mercy University Hospital, Cork
- National Rehabilitation Hospital
- Our Lady's Children's Hospital, Crumlin
- Peamount Hospital, Newcastle, Dublin
- Royal Victoria Eye and Ear Hospital
- South Infirmary Victoria Hospital, Cork
- St. James's Hospital, Dublin
- St. John's Hospital, Limerick
- St. Michael's Hospital, Dun Laoghaire
- St. Vincent's University Hospital, Dublin
- The Mater Misericordiae University Hospital
- The National Maternity Hospital, Holles Street
- The Rotunda Hospital, Dublin
- The Children's University Hospital, Temple St.
- The Royal Hospital, Donnybrook, Dublin
- Brothers of Charity Services IRL, incl. Congregation of the BoCS and Blue Teapot Theatre Company Ltd.
- Carriglea Cairde Services CLG
- Cheeverstown House Limited
- Cope Foundation
- KARE Promoting Inclusion for People with Intellectual Disability
- Muiríosa Foundation Limited
- St. John of God Community Services CLG
- Stewarts Care Limited
- Sunbeam House Services CLG
- The Children's Sunshine Home
- Daughters of Charity Disability Support Services Ltd.
- Leopardstown Park Hospital Board

Minister for/Department of Justice and Equality

- Commissioner of An Garda Síochána
- Governor of a Prison (Irish Prison Service)
- Courts Service
- Probation Service
- Charities Regulatory Authority
- Criminal Assets Bureau
- Data Protection Commissioner
- Garda Síochána Ombudsman Commission
- Garda Síochána Inspectorate
- Irish Film Classification Office
- Insolvency Service of Ireland
- Legal Aid Board
- Private Security Authority
- Private Security Appeal Board
- Property Registration Authority
- Property Services Appeal Board
- Property Services Regulatory Authority
- The MacLochlainn Commission of Investigation
- The O'Higgins Commission of Investigation

Minister for/Department of Education and Skills

- Boards of Community & Comprehensive Schools
- Chomhairle Oideachais Gaeltachta & Gaelscolaíochta
- Commission to Inquire into Child Abuse
- Grangegorman Development Agency
- Higher Education Authority
- Irish Research Council
- National Council for Curriculum & Assessment
- National Council for Special Education
- Qualifications & Quality Assurance Authority
- Seirbhís Oideachais Leanúnaigh &

Minister for/Department of Finance

- Revenue Commissioners
- Appeal Commissioners
- Comptroller & Auditor General
- Credit Union Restructuring Board
- Irish Fiscal Advisory Council
- National Asset Management Agency
- National Treasury Management Agency

Minister for/Department of Public Expenditure and Reform

- Commissioners of Public Works in Ireland
- Commissioners for Public Service Appointments
- Commissioner of Valuation
- Houses of the Oireachtas Commission
- Houses of the Oireachtas Service
- Office of the Ombudsman
- Public Appointments Service
- State Laboratory
- Valuation Tribunal

Taoiseach/Department of An Taoiseach

- Central Statistics Office
- Law Reform Commission
- National Economic & Social Council
- National Economic & Social Development Office
- Office of the Attorney General
- Office of the Director of Public Prosecutions
- President's Establishment
- The Fennelly Commission of Investigation

- Our Lady's Hospice and Care Services
- St. Patrick's Centre Kilkenny
- St. Michaels House
- The Trustees and Governors of St. Vincent's Hospital Fairview

Scileanna (SOLAS)
- State Examinations Commission
- Teaching Council
- Residential Institutions Redress Board
- Residential Institutions Redress Review Committee
- Residential Institutions Statutory Fund (Caranua)

Minister for/Department of Business, Enterprise and Innovation

- Companies Registration Office
- Controller of Patents, Designs & Trade Marks
- Director of Corporate Enforcement
- Employment Appeal Tribunal
- Equality Tribunal
- Labour Court
- Labour Relations Commission
- National Employment Rights Authority
- Registrar of Friendly Societies

Minister for / Department of Communications Climate Action and Environment

Minister for/Department of Foreign Affairs and Trade

Minister for/Department of Rural and Community Development

Minister for/Department of Employment Affairs and Social Protection

- Office of Pensions Ombudsman
- Social Welfare Tribunal

Minister for/Department of Defence

- Defence Forces
- Office of the Ombudsman for the Defence Forces

Minister for/Department of Children and Youth Affairs

- Adoption Authority of Ireland
- Children Detention Schools
- Child and Family Agency (TUSLA)
- Office of the Ombudsman for Children

Minister for/Department of Agriculture, Food and the Marine

- Aquaculture Licence Appeals Board
- Bord Iascaigh Mhara
- Marine Institute
- Sea Fisheries Protection Authority

Minister for/Department of Housing, Planning and Local Government

- Housing & Sustainable Communities Agency
- Pyrite Resolution Board
- Returning Officer (RO), Deputy RO, Assistant RO & Local RO, Deputy Local RO & Assistant RO, at all National elections & referendums

Minister for/Department of Culture, Heritage and the Gaeltacht

- National Gallery of Ireland
- National Library of Ireland
- National Museum of Ireland
- Oifig Choimisnéir na dTeangacha Oifigiúla
- Waterways Ireland

Minister for/Department of Transport, Tourism and Sport

- Marine Casualty Investigation Board
- Road Safety Authority

*** Legislation that applies: National Treasury Management Agency (Amendment) Act, 2000, 2014 and subsequent orders.**

6.4 Appendix 4 - Sample "Value for Money/Due Diligence" Report on a S.38 Body together with copy of a separate, relevant Government Memorandum

Gníomhaireacht Bainistíochta an Chisteáin Náisiúnta
National Treasury Management Agency

An Ghníomhaireacht Stáit um Éilimh
State Claims Agency

FILE NOTE

Details:	Due diligence review of claim activity - delegation of claims management functions order
Agencies reviewed:	KARE
Reviewed By:	Ciarán Breen, Director, State Claims Agency Pat Kirwan, Deputy Director, State Claims Agency Brian Larkin, Enterprise Risk Manager, State Claims Agency
Date:	06.10.2016

Background

State guidance in relation to the purchase of insurance is set out in Section C8 – 'International Agreements and Contingent Liabilities' of the 'Procedure and Practices in Government Accounting'.

"The general rule is that no insurance should be effected against the risk of any loss which, if it arose, would fall wholly and directly on public funds. This is based on the understanding that the risks for which the Government is liable are innumerable and widely distributed, and that losses maturing in any one year are never so large as to materially disturb the financial position of the year, so that it is cheaper in the long term for the Exchequer to 'carry its own insurance'."

A number of Section 38 (non-acute) agencies are due to form part of the General Indemnity Scheme (GIS) in the next NTMA Delegation of Claims Management Functions Order. Due to obvious cash flow savings (pay as you go versus insurance), DPER policy has been to delegate Section 38 agencies to the GIS. State indemnity provides greater scope and flexibility to an organisation in performing its statutory obligations. These agencies will also benefit from access to SCA claims and risk management services.

This due diligence review focused on the following Section 38 agency:

1) **KARE**

- **Number of locations:** 31
- **Number of employees:** 419
- **Number of agency vehicles:** 30

Brief overview of activities: Offices, day centre and residential properties. Support to people who have an intellectual disability.

A summary of the premium indications (current quoted premium cost to renew) for renewal of Employers Liability and Public Liability for the period 2016/2017 is outlined below:

- Premium indication for employers liability is €134,533 which represents a monetary increase of €62,185 or 86% on the annual premium;
- Premium indication for public liability is €32,043 which represents a monetary increase of €8,339 or 35% on the annual premium.

Analysis has demonstrated that the cost benefit of the State carrying its own insurance/indemnity means that claims are managed directly on behalf of the Delegated State Authority (DSA) and results in a significant cost saving when compared to the premium cost of insuring the risk. Considering premium paid against claims made for the above Section 38 agency and taking into account the significant increase in premiums which may be repeated over a number of years, together with *optimal* best practice claims and risk management services the State is expected to make savings following delegation of this agency to the GIS.

Rising costs

In respect of the significant rise in insurance costs and the reasoning behind this, it is the opinion of the broker that:

- Insurers are aware that Section 38 healthcare agencies are due to be delegated and as such have no issues with submitting high premium costs;
- The insurers are applying a technical pricing to the risk. This is an actuarial view of the risk whilst ignoring other factors;
- Opportunities to negotiate are not arising. Normally the insurer would develop a relationship with the client and negotiate a pricing down;
- Incurred but not reported (IBNR) claims are arising;
- Typically the disability sector, in particular the Section 38 agencies consist of staff with a higher age profile that may have a higher tendency to claim.

Letters of Comfort

Existing commercial policies for KARE are due to expire on the 12th October 2016. The Department of Health (DOH) will be required to determine if they are satisfied to proceed with the delegation of this agency to the GIS. There may be a requirement to obtain a "Letter of Comfort" from the Department of Public Expenditure and Reform (DPER) outlining that the SCA, by reference to the National Treasury Management Agency (Amendment) Act, 2000 will manage claims, consequent upon State Indemnity, which are made after or before the commencement of the Delegation Order.

Notification of incidents (likely to give rise to claims) to insurer

The Section 38 agency must ensure that incidents are reported to the relevant insurer prior to the expiration of existing commercial policies and/or within the late notification period.

Cost benefit analysis

A cost benefit analysis exercise on incident and claim activity was carried out by the SCA via an online survey, namely the "*Insurance and Risk Review GIS Questionnaire"* in addition to supplementary documentation provided by both agencies.

The following documentation formed part of the due diligence review:

- Insurance and Risk Review GIS Questionnaire for KARE
- Claims experience as at 22/08/2016 for 2013/2014
- Claims experience as at 22/08/2016 for 2012/2013
- Claims development triangulation as at 22/08/2016

Claims made/occurrence policy

- It is important to note that the employers liability insurance policy is on an 'occurrence' basis;
- Both the public liability and the motor insurance policies are on a 'claims made' basis.

A summary of the data (grouped under incident/hazard category) is outlined below:

Category	No. claims	Paid Total (€)	O/S reserve (€)	Total reserve (€)
Slips, Trips, Falls	3	4,245	90,261	94,506
Violence, Harassment, Aggression	1	553	124,446	125,000
Manual Handling	1	197,597	203,324	400,922
Total	**5**	**202,395**	**418,031**	**620,428**

Following formal delegation, the SCA's approach would be to focus on these areas of risk via the implementation of appropriate risk management programmes.

Key findings of the review

- Considering premium paid against claims made for the above Section 38 agency, the SCA feel that there are potential savings to be made for this particular agency following delegation to the General Indemnity Scheme.

- The categories of risk which stand out and merit attention are Violence/Harassment/Aggression, Slips/Trips/Falls and Manual Handling. Following formal delegation, the SCA's approach would be to focus on these areas of risk via the implementation of appropriate risk management programmes.

- The Section 38 agency must ensure that incidents are reported to the relevant insurer prior to the expiration of relevant policies and/or within the late notification period.

- Although costs are currently managed for the GIS and CIS through a central fund via the HSE, a premium based mechanism or a charge in relation to expenditure may be introduced in the future for Section 38 agencies.

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6.5 Appendix 5 – Fit out specifications for the NTMA's new offices at No.1 Dublin Landings

The gross fit out has been budgeted at €24.7m. The NTMA has received a Category A Fit Out contribution from the landlord of €6.6m resulting in a net cost of the fit out of €18.1m excluding VAT.

Fit out specification for NTMA office workspaces and ancillary areas

NOTE: The core areas of the building – building structure, basement, façade, air handling plant, heating plant, entrance, reception area, toilets, lifts, showers/changing rooms, bicycle storage – have been designed, built & funded by the Landlord, therefore these are not part of NTMA fit-out .

Sustainability Specification

- BER A3 energy rating
- LEED platinum certification
- Highly efficient gas powered combined heat and power (CHP) unit (by landlord)

Office Seating Areas

Ceiling	• Suspended painted plasterboard ceiling • Suspended metal tile ceiling system
Floor Finishes	• Raised access floor system • Carpet tiles
Wall Finishes	• Painted plasterboard solid partitions • Glazed system partitions • Wall linings in some areas: acoustic panels & white boards
Equipment	• Loose furniture including desks, chairs & meeting tables

Office support areas

Ceiling	• Suspended painted plasterboard ceiling • Suspended metal tile ceiling system • Suspended acoustic fabric membrane ceiling system
Floor Finishes	• Raised access floor system • Vinyl tiles • Linoleum sheeting
Wall Finishes	• Painted plasterboard solid partitions • Wall linings in some areas: linoleum panels & timber cladding
Equipment	• Loose furniture including chairs & tables • Wooden cupboards in tea stations & copy/print areas

External Meeting Rooms

Ceiling	• Suspended painted plasterboard ceiling • Suspended metal tile ceiling system • Wood slated acoustic suspended ceiling
Floor Finishes	• Raised access floor system • Carpet tiles • Stone tiles in corridors only
Wall Finishes	• Painted plasterboard solid partitions • Glazed system partitions

	• Wall linings in some areas: acoustic panels, timber cladding & white boards	
Equipment	• Loose furniture including chairs & meeting tables	

Back of the House Areas

Ceiling	• Suspended painted plasterboard ceiling • Suspended metal tile ceiling system
Floor Finishes	• Raised access floor system • Linoleum sheeting
Wall Finishes	• Painted plasterboard solid partitions • Glazed system partitions
Equipment	• Loose furniture including desks, chairs & storage units

Staff Canteen

Ceiling	• Suspended painted plasterboard ceiling • Suspended open cell metal ceiling system • Suspended acoustic baffle
Floor Finishes	• Raised access floor system • Vinyl tiles • Linoleum sheeting
Wall Finishes	• Painted plasterboard solid partitions • Wall lining in some areas: glass, ceramic tiles & timber cladding
Kitchen equipment	• Ventilation canopies, cookers, dishwashers, refrigerators & coldrooms • Stainless steel storage units and worktops in kitchen preparation & servery area
Equipment	• Loose furniture including chairs & tables

Fitness Rooms (No gym or gym equipment is provided as part fit out)

Ceiling	• Suspended painted plasterboard ceiling • Metal suspended ceiling system
Floor Finishes	• Raised access floor system • Linoleum sheeting
Wall Finishes	• Painted plasterboard solid partitions • Wall lining in some areas: veneered wood panel system & mirrors

Mechanical Specification

- Air-conditioning system: 4-pipe fan coil system with variable valve control
- Mechanical controls: temperature & CO2 sensors
- Water services: Potable and hot water and drainage to tea stations and kitchen.
- Wet pipe sprinkler system
- Building management system

Electrical Specification

- Energy efficient LED general and emergency lighting
- Lighting controls: daylight harvesting and presence detection
- General power and data
- Access control and CCTV systems
- Audio visual screens