

National Treasury Management Agency
Annual Report and Accounts for the year ended
31 December 2012





Gníomhaireacht Bainistíochta an Chisteáin Náisiúnta
National Treasury Management Agency

30 June 2013

Mr Michael Noonan TD
Minister for Finance
Government Buildings
Upper Merrion Street
Dublin 2

Dear Minister

I have the honour to submit to you the Report and Accounts of the National Treasury Management Agency for the year ended 31 December 2012.

Yours sincerely

John C Corrigan
Chief Executive



About the NTMA

The National Treasury Management Agency (NTMA) is a State body which operates with a commercial remit to provide asset and liability management services to Government. It has evolved from a single function agency managing the National Debt to a manager of a complex portfolio of public assets and liabilities. Businesses managed by the NTMA include borrowing for the Exchequer and management of the National Debt, the State Claims Agency, the New Economy and Recovery Authority, the National Pensions Reserve Fund and the National Development Finance Agency. The NTMA assigns staff to the National Asset Management Agency and also provides it with business and support services and systems.

Funding and Debt Management: The NTMA is responsible for borrowing on behalf of the Government and managing the National Debt in order to ensure liquidity for the Exchequer and to minimise the interest burden over the medium-term. The Funding and Debt Management Directorate also performs a number of other functions including executing NAMA and NPRF treasury transactions, providing a Central Treasury Service for State bodies and local authorities and managing the assets of the Dormant Accounts Fund. The NTMA is also the Scheme Operator of the Credit Institutions (Eligible Liabilities Guarantee) Scheme 2009.

State Claims Agency (SCA): Acting as the State Claims Agency, the NTMA manages personal injury, property damage and clinical negligence claims brought against certain State authorities, including Government ministers and health enterprises. It also has a risk management role, advising and assisting State authorities in minimising their claim exposures. In 2012 the Government decided to establish a Legal Costs Unit within the SCA to deal with third-party costs arising from certain Tribunals of Inquiry.

New Economy and Recovery Authority (NewERA): In September 2011 the Government announced the establishment of NewERA, initially on a non-statutory basis, within the NTMA. The core role of NewERA involves the oversight of the financial performance, corporate strategy, capital and investment plans of the five commercial semi-state companies within its remit - ESB, Bord Gáis Éireann, EirGrid, Bord na Móna and Coillte - and working with stakeholders to develop and structure proposals for investment in energy, broadband and water to support economic activity. NewERA's role also involves, where requested, advising on the disposal or restructuring of State assets.

National Pensions Reserve Fund (NPRF): The NTMA is Manager of the National Pensions Reserve Fund which was established with the objective of meeting as much as possible of the costs of social welfare and public service pensions from 2025 onwards. The Fund's investments comprise a globally diversified portfolio of equities, bonds and alternative assets and the public policy investments in Irish banks made at the direction of the Minister for Finance. In June 2013 the Government announced its intention to reorient the NPRF to the Ireland Strategic Investment Fund with a mandate focused on commercial investment in Ireland.

National Development Finance Agency (NDFA): The National Development Finance Agency is the statutory financial advisor to State authorities in respect of all public investment projects with a capital value over €20 million. The NDFA also has full responsibility for the procurement and delivery of Public Private Partnership (PPP) projects in sectors other than transport and the local authorities. It performs its functions through the NTMA.

National Asset Management Agency (NAMA): The National Asset Management Agency was established in 2009 as one of a number of initiatives taken by the Government to address the serious crisis in Irish banking which had developed as a result of excessive lending to the property sector. It has acquired certain loan assets (land and development and associated loans) with a nominal value of €74.2 billion for a consideration of €31.8 billion paid in the form of Government-guaranteed securities issued directly to the institutions. Its mandate is to manage acquired assets to obtain the best achievable financial return for the State. The NTMA assigns staff to NAMA and provides NAMA with business and support services and systems.

The NTMA reports directly to the Minister for Finance in the performance of its funding and debt management, State Claims Agency and NewERA functions. The National Pensions Reserve Fund, the National Development Finance Agency and the National Asset Management Agency each has its own board. The NTMA has an Advisory Committee to assist and advise on such matters as are referred to the Committee by the NTMA.

The information contained in this annual report is primarily in respect of those functions where the NTMA reports directly to the Minister for Finance. Separate annual reports are published by the National Pensions Reserve Fund Commission, the National Development Finance Agency and the National Asset Management Agency.

Further information on the NTMA is available at www.ntma.ie.

NTMA

Report & Accounts

For the year ended 31 December 2012

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Chief Executive's Review



The NTMA made substantial progress across the range of its asset and liability management activities during 2012 and into 2013. It re-engaged with the international debt markets with Ireland's first issuance of new debt since its entry into the EU/IMF programme in November 2010 and Ireland is now well

positioned to exit from the programme on schedule at the end of this year. Significant investment commitments were made in line with the Government's intention of reorienting the National Pensions Reserve Fund (NPRF) into an Ireland focused strategic investment fund and the National Development Finance Agency (NDFA) is playing a key role in the delivery of the Government's Infrastructure Stimulus Programme. NewERA is up and running and providing independent corporate finance advice and financial analysis to Government on the commercial semi-state sector while a Legal Costs Unit dealing with third-party costs arising from certain Tribunals of Inquiry has been established in the State Claims Agency (SCA). In addition, in June 2013, the Government announced legislative proposals for the establishment of NewERA on a statutory basis, reorienting the NPRF into the Ireland Strategic Investment Fund (ISIF) and streamlining the NTMA's governance structure.

Managing Ireland's return to the international debt markets is a priority for the NTMA. To this end, the NTMA has continued with the intensive investor relations programme which it commenced in 2011. This has involved a structured programme of face-to-face meetings putting the investment case for Ireland to investors in Europe, the US, the Middle East, Asia and to the domestic market. These presentations are based on three simple principles: tell investors the facts, do not over-promise, and return regularly with a progress update. It is a slow and deliberate process, but one which has helped generate renewed interest among institutional investors in Irish Government bonds.

Increased international investor confidence in Ireland has been reflected in the steep falls in Government bond yields from their peak in mid 2011. The various domestic and external factors driving this are discussed in more detail in the body of this Report. Key among the domestic drivers, however, is the Government's continued success in meeting fiscal targets, while, externally, a

number of supportive developments at a European level have had a very significant impact. Ireland does remain vulnerable, however, to international developments and, indeed, volatility increased in global bond markets in May and June 2013, driven primarily by concerns around the future path of quantitative easing policies in the US and Japan.

A key goal for the NTMA in 2012 was to reduce the challenging "funding cliff" presented by a bond repayment of almost €12 billion due in mid January 2014 and which was seen by investors as a major obstacle to Ireland's smooth exit from the EU/IMF programme.

The NTMA progressively reduced and eliminated this funding cliff through a series of bond switches and the issuance of new bonds. A significant landmark was reached in March 2013 with the first new 10-year issuance since January 2010. The transaction, which attracted strong international interest and was heavily oversubscribed, confirmed Ireland's ability to access long-term market funding on sustainable terms. The NTMA's focus over the remainder of the year will be on continuing its market funding programme so that Ireland has the comfort of having 12-15 months' advance funding in place when the EU/IMF programme reaches its scheduled end. Such funding "visibility" is vital if Ireland is to successfully exit the programme at the end of this year.

Turning to the NPRF, during 2012 and the early part of 2013 the Fund took a number of important strides towards refocusing its investments on commercial investment in Ireland in keeping with Government's declared intention of channelling NPRF resources towards productive investment in the Irish economy. It has announced investment commitments to three SME-focused funds that will provide €850 million of equity, credit and restructuring / recovery investment for Irish small and medium-sized enterprises. The NPRF played a significant role in the development of these funds and will be a cornerstone investor in each. By committing its resources as a cornerstone minority investor, the NPRF's assets can be leveraged and act as a catalyst for attracting additional investment from third-party investors into funds targeted at areas of strategic importance and that fill financing gaps in the economy.

The NPRF has also provided funding support to two recent significant Public Private Partnership (PPP) projects (the Schools Bundle 3 and N11/N7 road projects) and the ISIF is expected to play a significant role in the financing of the Government's multi-year €1.4 billion PPP programme which forms part of its €2.25 billion Infrastructure Stimulus Programme.

The NTMA is also playing a key role in the delivery of the Infrastructure Stimulus Programme through its NDFA function. The NDFA is carrying out a comprehensive engagement programme with potential project funders who have been absent from the Irish market since the financial crisis first took hold and continues to seek both traditional and alternative funding sources for capital investment. As we have had to do as part of our debt management function, Ireland needs to rebuild the trust and confidence of investors in our PPP programme and an active investor engagement programme is a key part of that. In addition to putting together financing packages for the Schools Bundle 3 and N11/N7 road projects – the first PPP contracts signed since Ireland's entry into the EU/IMF programme – the NDFA has played a lead role in sourcing some €340 million in funding for capital projects from the European Investment Bank and the Council of Europe Development Bank.

2012 was the first full year of operations for NewERA. It provided financial advice and analysis to Government on a broad range of issues, including funding, capital expenditure, corporate plans and the establishment of Irish Water. It has also been providing assistance and advice on potential State asset disposals and is project-managing the disposal of Bord Gáis Éireann's energy business. Looking beyond these immediate projects, however, the longer-term value for the State arises from having its own dedicated corporate finance expertise with an emphasis on return on capital and on dividend policy.

During 2012 the State Claims Agency maintained its focus on minimising the State's exposure to claims, whether through its ongoing risk management advice to clinicians, schools and State authorities, through its careful and proactive management of almost 6,000 claims, or indeed via its innovative new procurement initiative that aims to secure significant reductions in legal costs. In 2012 the Government decided to establish a Legal Costs Unit within the SCA to deal with third-party costs arising from certain Tribunals of Inquiry – initially the Mahon and Moriarty Tribunals. The Legal Costs Unit is now up and running and is already making significant savings for the State.

The National Asset Management Agency (NAMA) draws on the NTMA for its staff and for a range of corporate support services. By end June 2012 NAMA had assessed all debtor business plans and its focus moved to maximising its return on the acquired loans and on the property assets securing them. In that respect,

NAMA has made substantial progress in generating cash flows from its debtors' loans and underlying assets and in repaying the bonds it issued as consideration. Some €10.6 billion in debtor receipts was generated in the period from its inception to end December 2012, allowing NAMA to redeem, over the same period, €4.75 billion of senior bonds and placing it firmly on course to meet its end-2013 target of redeeming €7.5 billion of senior bonds.

In June 2013 the Government announced legislative proposals to establish NewERA on a statutory basis and reorient the NPRF into the Ireland Strategic Investment Fund focused on investment in Ireland on commercial terms that will contribute to economic activity and employment. While the ISIF will build on investment initiatives taken by the NPRF, legislative change is required as the NPRF's statutory investment policy limits the amount of investment in Ireland due to the concentration risk this would entail.

The Government also announced legislative changes – based on proposals put forward by the NTMA – to establish an overarching NTMA Board to oversee all of the NTMA's functions, other than NAMA which will continue to have its own separate governance structure, and which will replace the various boards and committees currently in place. The NTMA has taken on a range of additional responsibilities over the years since its original establishment as a single function debt management agency and this is an opportune moment to streamline the various boards and committees that currently oversee its various functions. I believe the new governance structure will greatly assist in the delivery of the NTMA's objectives in an integrated and coherent manner.

I would like to thank the members of the NTMA Advisory Committee for their assistance and advice during the year. In particular, I wish to acknowledge the invaluable contribution of David Byrne, the Committee Chairperson, and Hugh Cooney, who served as a Committee member and Chairperson of the Audit Committee, both of whose appointments expired at end 2012, and to express my thanks for their service to the Committee.

Finally, I wish to thank management and staff for their continued professionalism and commitment without which the NTMA could not deliver on its challenging mandate.

John Corrigan
Chief Executive

Executive and Advisory Committee

Senior Management Team



John Corrigan
Chief Executive



Ciarán Breen
Director, State Claims Agency



Eileen Fitzpatrick
Director, NewERA



Brendan McDonagh
Director, NTMA and Chief Executive, National Asset Management Agency



Brendan Murphy
Director, Finance, Technology and Risk



Brian Murphy
Director, NTMA and Chief Executive, National Development Finance Agency



Eugene O'Callaghan
Director, National Pensions Reserve Fund



Andrew O'Flanagan
Head of Legal, Control and Compliance



Oliver Whelan
Director, Funding and Debt Management

Our Mission and Values

The NTMA has formulated a mission statement to encapsulate the central purpose of the organisation across its business areas and a set of core values to guide staff behaviour and decision-making.

Mission Statement

To manage public assets and liabilities commercially and prudently.

Core Values

We act commercially while fulfilling our public service responsibilities.

We act with honesty and integrity.

We are results focused and are each accountable for the work we do.

We are adaptable and proactive.

We value our people and treat each other with dignity and respect.

Advisory Committee

(as of 28 June 2013)



Brendan McDonagh

Brendan McDonagh is Chairman and Chief Executive Officer of the Bank of N.T. Butterfield & Son Limited, Hamilton, Bermuda. He is a former CEO of HSBC North America Holdings Inc with responsibility for the Group's banking and consumer finance operations in the US and Canada. He was also Group Managing Director for HSBC Holdings Inc and a member of the HSBC Group Management Board.



Tytti Noras

Tytti Noras is Legal Counsellor, Financial Markets Department, Ministry of Finance, Finland and a Member of the Board of Directors of the European Investment Fund.



John Moran

John Moran is Secretary General of the Department of Finance. Previously he served as Second Secretary General at the Department of Finance where he was Head of Banking and responsible for all banking policy matters, management of the State's shareholding in banks and reform and reorganisation of the Irish banking sector. Formerly, he was Head of Wholesale Bank Supervision in the Central Bank of Ireland and worked with Zurich Capital Markets, McCann FitzGerald, GE Capital Aviation Services, GPA Group and Sullivan & Cromwell.



Donald C Roth

Donald C Roth is Managing Partner of EMP Global LLC and former Vice President and Treasurer of the World Bank.

State Claims Agency

The NTMA is designated as the State Claims Agency (SCA) when performing the claims management and risk management functions delegated to it under the *National Treasury Management Agency (Amendment) Act 2000*. The SCA's principal objectives are:

- To ensure that the State's liabilities in relation to personal injury and property damage claims, and the expenses of the SCA in relation to their management, are contained at the lowest achievable level.
- To implement targeted personal injury and property damage risk work programmes to mitigate litigation risk, in State authorities and healthcare enterprises, in order to reduce the costs of future litigation against the State.

The SCA's remit covers personal injury and third-party property damage risks and claims relating to certain State authorities including the State itself, Government ministers, the Attorney General, healthcare enterprises, the Commissioner of An Garda Síochána, prison governors, community and comprehensive schools and various other bodies. There are 54 State authorities within the SCA's remit. The SCA's remit was further extended in April 2012 with the delegation to it by Government of the management of claims in respect of the medicinal products Thalidomide and Nimesulide (Aulin).

In 2012 the Government decided to establish a Legal Costs Unit within the SCA to deal with third-party costs arising from certain Tribunals of Inquiry. The Legal Costs Unit will initially handle claims from parties awarded their legal costs in connection with their attendance at the Mahon and Moriarty tribunals. The third parties will first have been awarded their costs, wholly or partially, by the respective tribunal chairpersons, prior to submitting their costs to the Legal Costs Unit for examination and adjudication. It is expected that the functions of the Legal Costs Unit will be placed on a statutory footing in 2013.

The Minister for Justice, Equality and Defence intends to introduce a new compensation scheme for members of An Garda Síochána maliciously injured in the course of their duties. Under the new proposals, Garda cases seeking compensation for personal injury will no longer be referred to the High Court for adjudication but will instead be managed by the SCA on behalf of the Minister. Savings of €3 million per annum are expected, mainly associated with the speedier delivery of compensation together with reduced legal fees and administrative costs.

Claims Management

The SCA's claims management objective in relation to personal injury and third-party property damage claims is that such claims should be managed so as to ensure the State's liability is contained at the lowest achievable level. This has the following practical implications:

- In cases where the State is considered liable or which involve an apportionment of liability, the SCA's approach is to settle such claims expeditiously, in so far as it is possible to do so, on reasonable terms; and
- In cases where liability is fully disputed by the State, all necessary resources are applied in the defence of such claims.

The SCA manages claims from their initial notification through to final resolution. Claims are investigated in a thorough and timely fashion in order to facilitate early decision-making in relation to liability and strategy.

At end 2012 the SCA had 5,755 claims under management. The estimated liability against all active claims was €1.1 billion, broken down as follows:

Active Claims at End 2012		
	Claims	Estimated Outstanding Liability €m
Personal injury (non-clinical) and third-party property damage	3,103	157.1
Personal injury (clinical)	2,652	969.8
Total	5,755	1,126.9

Source: NTMA

As a result of the delegation of management of claims against new authorities and additional classes of claims, the number of claims under the SCA's active management at end 2012 had increased by 8 per cent when compared with end 2011. In 2012 the SCA received 2,276 new claims and resolved 1,951 claims.

The higher number of personal injury (non-clinical) and third-party property damage claims received in 2011 is due to a large number of in-cell sanitation claims against the Irish Prison Service. The higher number of clinical claims received in 2012 is due to a large number of claims alleging defects in orthopaedic implants manufactured by DePuy Orthopaedics, Inc. The higher number of resolved claims in 2012 is due to the resolution of in-cell sanitation claims.

Claims by Year Received			
	2010	2011	2012
Personal injury (non-clinical) and third-party property damage	1,262	2,156	1,449
Personal injury (clinical)	544	597	827
Total	1,806	2,753	2,276

Source: NTMA

Claims by Year Resolved			
	2010	2011	2012
Personal injury (non-clinical) and third-party property damage	1,324	1,218	1,535
Personal injury (clinical)	450	431	416
Total	1,774	1,649	1,951

Source: NTMA

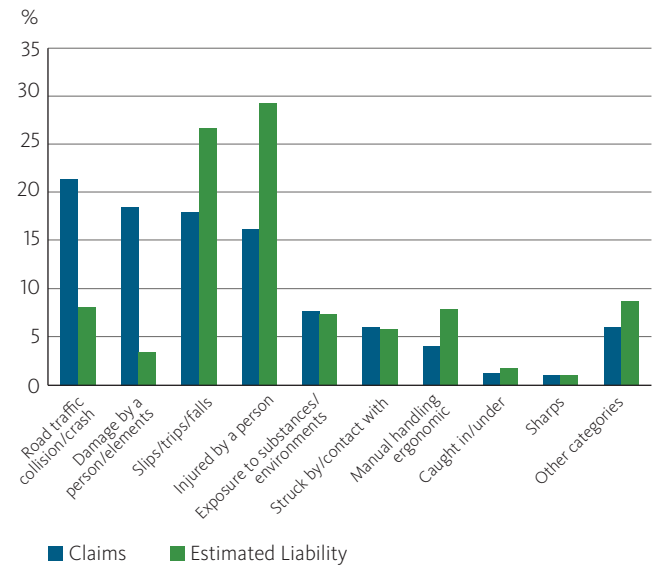
Personal Injury (Non-Clinical) and Third-Party Property Damage

At end 2012 the SCA had 3,103 personal injury (non-clinical) and third-party property damage claims under management, with an estimated liability of €157.1 million. The total paid out in respect of such claims in 2012 amounted to €13 million.

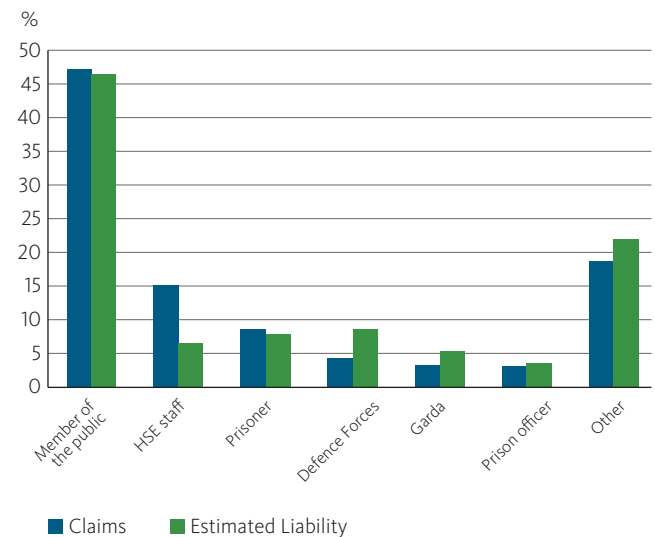
The Health Service Executive (HSE) no longer purchases commercial insurance to cover its personal injury (non-clinical) and third-party property damage exposures. Instead, these claims are managed on a "pay-as-you-go" basis by the SCA.

When the HSE commercially insured the above categories of risk, it paid in excess of €21 million in insurance premia per annum. This means the HSE would have paid approximately €63 million over the past 3 years (2010-2012 inclusive) in dealing with claims which have occurred since 2010. By the end of 2012 only €1.9 million had been expended by the SCA on behalf of the HSE in the management of claims which occurred since 2010, yielding an immediate cash flow saving of approximately €61 million. Based on the current estimated outstanding liability associated with these claims, a long-term saving of at least €30 million is expected to be achieved for the State from their management by the SCA.

Personal Injury (Non-Clinical) and Third-Party Property Damage Claims Received in 2012 by Event Type



Personal Injury (Non-Clinical) and Third-Party Property Damage Claims Received in 2012 by Injured Party



Source: NTMA

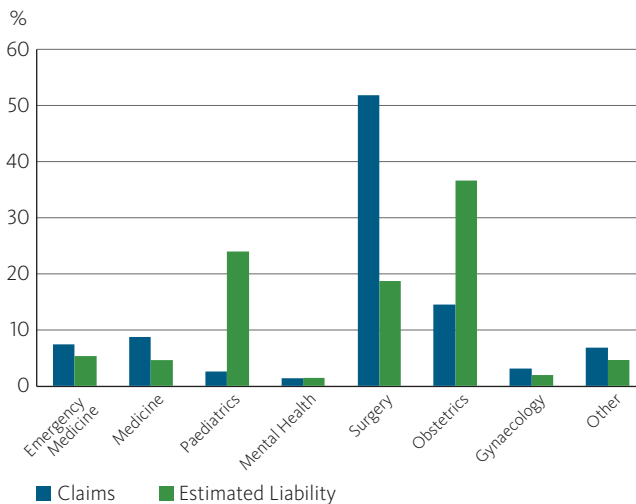
Personal Injury (Clinical)

Clinical claims are managed under a number of separate schemes operated by the SCA. Under the main scheme – the Clinical Indemnity Scheme – the SCA has responsibility for the management of all clinical claims taken against public healthcare enterprises and their clinical, nursing and allied healthcare practitioners.

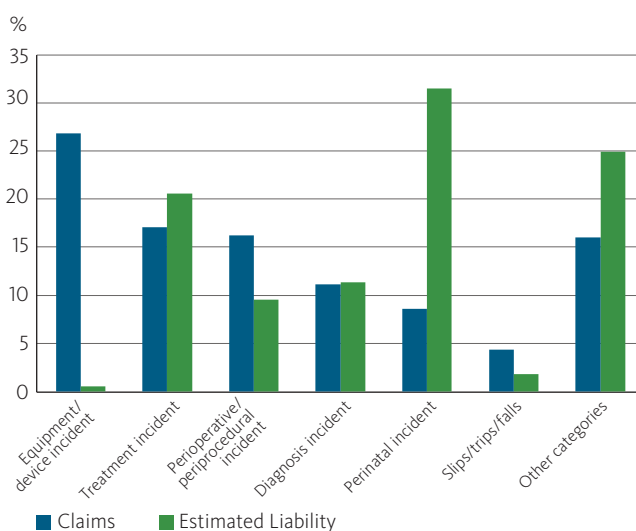
The SCA achieved significant savings on claims and related legal costs associated with the management of clinical claims in 2012. An independent actuarial assessment projected that €127.5 million would be required to satisfy clinical claims and related costs during the year. The net cost, taking account of successful recoveries from third parties, was €84 million – a saving of €43.5 million or 34 per cent.

At end 2012 the SCA had 2,652 clinical claims under management, with an estimated liability of €969.8 million.

Clinical Claims Received in 2012 by Speciality



Clinical Claims Received in 2012 by Event Type



Source: NTMA

Cost Saving Initiatives

The SCA is mandated to ensure that the liability of the State in relation to the management of claims, including the SCA's own expenses, is contained at the lowest achievable level. The SCA has taken a number of cost savings initiatives in recent years as set out below.

Solicitors' Fees

In 2010/2011 the SCA invited tenders in respect of the provision of legal services by solicitors firms for its personal injury (non-clinical), third-party property damage and clinical claims portfolios. Following the tender, the SCA reduced the level of fees paid to its retained solicitors firms by approximately 25 per cent.

In addition the SCA imposed caps on the levels of the fees paid to its panel solicitors in respect of catastrophic injury.

Barristers' Fees

In 2012 the SCA announced a new procurement structure requiring barristers to engage in a competitive tendering process under which their fees were capped at up to 25 per cent below existing levels. This was the first time a State agency had procured barristers for personal injury litigation in this way. Under the new procurement process, barristers were required to set out their fees - subject to the respective caps specified by the SCA - for a wide range of legal services in respect of personal injury actions in the District, Circuit and High Courts. The new procurement structure also provided for a panel of barristers, to provide services to the SCA, who had less than five years practice/experience, so they could gain relevant experience in the area of personal injury actions. This was an initiative by the SCA to encourage younger barristers and to create greater competition at the Irish Bar by increasing the pool of barristers available to it. The barristers procurement initiative attracted approximately 1,000 applications.

Optimal Claims Management and use of the SCA

In-House Legal Team

The SCA claims management teams endeavour, wherever possible, and in the appropriate cases, to settle claims prior to the issue and service of legal proceedings, thus reducing the State's overall legal costs bill. In addition, a proportion of litigated claims are handled by the SCA's in-house legal team, thereby reducing the outsourcing costs in respect of legal services. In 2012 the in-house legal team was expanded and a separate, dedicated legal team was established to deal with clinical claims. When fully established it is estimated that an annual saving of approximately €4 million can be achieved.

Claimant Legal Costs

The level of legal costs paid to plaintiffs' legal representatives is carefully reviewed and, wherever possible and by means of negotiations, the SCA seeks to achieve the maximum possible reduction in legal costs. If the SCA cannot successfully agree the level of legal costs to be paid to plaintiffs' legal representatives, the matter is determined by the Taxing Master.

Negotiated Legal Cost Savings			
	2010	2011	2012
Total negotiated savings	€5.5m	€7.1m	€8.0m

Source: NTMA

Money Recoveries/Third-Party Contributions

The SCA vigorously pursues all available money recoveries in accordance with best claim practices and as permitted by law. One such example is the recovery of moneys by means of third party/co-defendant contributions. Whether by adjudication of the court or agreement with the third party/co-defendant, a specified percentage contribution in relation to a particular claim may be paid by the third party/co-defendant to the SCA. Additionally, in certain cases, an indemnity in full may be received from a third party/co-defendant.

Recoveries			
	2010	2011	2012
Total recoveries	€6.1m	€15.2m	€3.9m

Source: NTMA

Risk Management

The "risk universe" indemnified by the State and managed by the SCA is extensive. For example, it includes over 200,000 State employees and all public healthcare service users (public healthcare has approximately 7 million contacts with members of the public per annum). It also includes public services that, by their nature, constitute higher risk activities such as the provision of clinical care in hospitals, Defence Forces personnel on operations overseas, members of An Garda Síochána on operational duty, customs inspections, emergency response services and custody of prisoners.

The SCA's risk management objective, and statutory duty, is to advise and assist State authorities and healthcare enterprises on measures to be taken to prevent the occurrence, or to reduce the incidence, of acts or omissions that may give rise to personal injury, property damage or medical negligence adverse events that could subsequently result in claims. The SCA's clinical risk management programme focuses on collaboration with risk managers and other personnel in healthcare enterprises to support patient safety. The personal injury and property damage risk management programme focuses on providing advice and support to State

authorities and healthcare enterprises within its remit in relation to risk management structures, maintenance of buildings, fire safety, health and safety and environmental management.

Specifically, the SCA provides a range of practical risk management services and advice to include:

- The hosting of the National Adverse Events Management Systems (NAEMS), a web-based database which facilitates direct reporting of adverse events by State authorities and healthcare enterprises;
- The analysis of adverse events and claims data and the provision of this analysis to State authorities and healthcare enterprises in order to identify risk clusters;
- Publication of risk management guidance and the provision of practical risk management tools;
- The provision of information and training by means of seminars and publications, including the SCA website and newsletters;
- The provision of risk management solutions directly to State authorities and healthcare enterprises in respect of specific risk issues;
- Carrying out risk management reviews and assisting with the development and implementation of State authorities' risk management policies and procedures;
- Supporting the implementation of SCA's recommendations issued to State authorities; and
- The provision of insurance, indemnity and liability advices to state authorities and healthcare enterprises.

Each year, the SCA carries out litigation risk management work programmes in association with client State authorities and healthcare enterprises. State authorities and healthcare enterprises who have actively engaged in SCA supported programmes have shown a significant reduction in the numbers and costs of adverse events and a consequent reduction in the numbers and costs of the claims.

Some significant risk management projects completed during 2012 are summarised below.

Child Protection

The SCA and Association of Community and Comprehensive Schools published the findings of their *Survey of the Management of Child Protection and Welfare in Community and Comprehensive Schools* in November 2012. The survey sought to evaluate the current practices and arrangements in place to manage child protection and welfare and included responses from 56 community and comprehensive schools.

Schools were benchmarked against the current national guidance *Children First: National Guidance for the Protection and Welfare of Children* and the Department of Education and Skills'

associated procedures and circulars. The survey results were presented to community and comprehensive schools together with findings and recommendations.

The survey represented an important step in enabling schools to meet the legal requirements set out in the Government's proposed *Children First Bill* aimed at providing a safe environment for children. It provided a clear assessment of the strength of child protection and welfare measures currently in place and identified further measures which could be applied across the community and comprehensive schools sector.

Fire Safety

In 2009 and 2010 the SCA carried out a survey, supported by sample verification audits, of the management of fire safety across State authorities' buildings. Over 730 buildings were included in the survey and individualised reports were sent to each State authority. One of the key recommendations of the survey report was that 'State authorities should ensure all buildings have fire risk assessments which are building specific and in line with best practice requirements.' Following this survey, and to assist in the implementation of this recommendation, the SCA held a series of seminars in 2012 designed to provide practical guidance to State authorities on fire safety management.

The seminars were attended by representatives from almost 40 State authorities. In addition to the SCA speakers there were guest speakers from the Office of Public Works and Dublin Fire Brigade. Key elements of fire safety management and the requirements for and methodology for carrying out fire risk assessments were provided to attendees. In preparation for the seminars the SCA, in conjunction with a number of State authorities, developed and trialled a simplified approach to fire risk assessment appropriate to State authority type fire risks that meets the requirements set out in legislation as well as meeting the duty of care under common law. The fire safety management tools and emergency plans were provided to all State authorities.

Open Disclosure

The SCA, in conjunction with the HSE and the Medical Protection Society, completed a pilot project at the Mater Misericordiae and Cork University hospitals with the objective of providing training and support for doctors and other healthcare professionals to enable them to engage in the open disclosure process in the case of an adverse clinical event.

Traditionally, the generally held view was that an acknowledgement regarding an adverse clinical event, or an apology, would be frowned upon by indemnifiers.

However, there is compelling international evidence to support the concept that open disclosure actually leads to a reduction in the number and cost of claims. Many former litigants report that

they had sued because they felt they were not getting honest answers, or because the healthcare professionals and hospital managers failed to apologise for the injury caused to the patient.

This project has informed the wider adoption of open disclosure throughout the country.

National Adverse Events Management System

All State authorities and healthcare enterprises within the SCA's remit are legally obliged to comprehensively report all adverse events that have occurred to the SCA. To facilitate this, all adverse personal injury, clinical and third party property damage adverse events can be reported by means of the web-based National Adverse Events Management System (NAEMS) which is hosted by the SCA for the benefit of State authorities and healthcare enterprises under its remit. The Department of Health has recently reaffirmed that the database is the primary recording and management system for all adverse events that occur throughout the public healthcare system.

The NAEMS database provides key information at national and local level to assist in identifying and managing personal injury, clinical and third-party property damage risks. It helps the SCA to identify and analyse developing trends and patterns and assists with claims investigation and management and is also used by the SCA's actuaries to calculate the current and future monetary liabilities of the claims it handles. State authorities and healthcare enterprises with access to the NAEMS web portal use the system to identify clusters of adverse events and perform root-cause analysis at a local level.

The NAEMS underpinned the establishment of the SCA and its various indemnity schemes and provided a national clinical adverse event reporting and management system that was the first of its kind in Europe. To meet the changing needs of its client State authorities, and the public healthcare system, the SCA, in conjunction with these key stakeholders, is carrying out a major upgrade of the system to better meet the requirements of its client users and to improve its adverse event entry and reporting capabilities and enable its end-to-end adverse event management, policy management and audit tool functionality.

Phase 1 of the upgrade, which will deliver upgraded and intelligent data entry forms and significantly enhanced end user reporting capabilities, was commenced in late 2012 and will be completed and rolled out nationwide by the end of 2013. Phase 2, involving end-to-end adverse event management and enhanced root-cause analysis tools, will commence in 2014. Once completed, it is envisaged that all Government Departments, healthcare enterprises and the large number of agencies under the remit of the SCA will use this cost effective solution to report and manage adverse events.

National Treasury Management Agency
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