



Gníomhaireacht Bainistíochta an Chisteáin Náisiúnta
National Treasury Management Agency

2015

National Treasury
Management Agency
Annual Report & Accounts



National Treasury Management Agency Annual Report & Accounts

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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. Businesses managed by the NTMA include borrowing for the Exchequer and management of the National Debt, the Ireland Strategic Investment Fund (ISIF), the National Development Finance Agency (NDFA), NewERA and the State Claims Agency (SCA).

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 optimise the interest burden over the medium term.

Ireland Strategic Investment Fund

The NTMA controls and manages the Ireland Strategic Investment Fund, which was established in December 2014 with a statutory mandate to invest on a commercial basis in a manner designed to support economic activity and employment in the State. The ISIF is the successor to the National Pensions Reserve Fund.

National Development Finance Agency

Acting as the National Development Finance Agency, the NTMA is the statutory financial advisor to State authorities in respect of all public investment projects with a capital value over €20m. It also has full responsibility for the procurement and delivery of Public Private Partnership (PPP) projects in sectors other than transport and the local authorities and for the traditional procurement and construction of schools as instructed by the Department of Education and Skills.

NewERA

Acting as NewERA, the NTMA provides a dedicated centre of corporate finance expertise to Government, in particular in relation to commercial oversight of certain State bodies. It provides financial and commercial advisory services to Government Ministers including in relation to financial performance, corporate strategy, capital and investment plans, proposed acquisitions or disposals, restructuring and board appointments. In addition, NewERA may, in consultation with the relevant Minister, develop proposals for investment in the energy, water, telecommunications and forestry sectors to support economic activity and employment.

State Claims Agency

Acting as the State Claims Agency, the NTMA manages personal injury, property damage and clinical negligence claims brought against 129 State authorities, including the State itself, Government Ministers, the Attorney General, the Health Service Executive, the voluntary healthcare sector, an Garda Síochána, the Irish Prison Service, the Defence Forces and community and comprehensive schools. It also has a risk management role, advising and assisting State authorities in minimising their claim exposures. In addition, it manages third-party costs arising from certain Tribunals of Inquiry and claims for legal costs by parties who have successfully sued the State in respect of personal injury and other non-personal injury related actions.

In addition to the above functions, the NTMA assigns staff to the National Asset Management Agency (NAMA) and the Strategic Banking Corporation of Ireland (SBCI) and also provides them with business and support services and systems. Both NAMA and the SBCI have their own separate boards.



Key Business Highlights

Funding & Debt Management

Bond Issuance



1.5%

The NTMA issued €13bn of bonds during 2015 at a weighted average yield of 1.5% and a weighted average maturity of just under 18 years.



30 year

In February 2015 the NTMA issued Ireland's first 30 year benchmark bond raising €4bn at a yield of 2.1%.

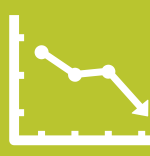
IMF Repayment



€1.5bn

Just over €18bn in IMF loans have been repaid early and replaced with cheaper market funding generating interest savings in excess of €1.5bn over the original lifetime of the loans.

Reducing Interest Costs



€7bn

Interest on the National Debt fell to just below €7bn in 2015, from almost €7.5bn in 2014 – the first year-on-year decline since 2008.

NewERA

Formal Financial Targets



NewERA is working with commercial State bodies on the development of formal financial targets and dividend policies.

Dividends

€475m

Combined dividends of €475m were paid by bodies within NewERA's remit for 2014/15.

Financial & Commercial Advice



NewERA provided commercial and financial advice to Government across a broad range of sectors including energy, transport, biomass and telecommunications during 2015.

Ireland Strategic Investment Fund

Investing in Ireland



€759m

The ISIF committed €759m to Irish investments during 2015 bringing the total ISIF commitment in Ireland to €2.2bn.



2.5x

Co-investment from private sector partners increases the total committed to Ireland to €5.4bn – a multiple of 2.5 times the ISIF commitment.

Significant Economic Impact



108 Irish Companies

During 2015 ISIF investments supported 108 Irish companies /projects generating:



€1,229m
combined revenues



€538m

ISIF investment contributed Gross Value Added of €538m to the Irish economy in 2015.



€505m

in wages and salaries



€358m

in exports



Almost

18,000

jobs are supported directly and indirectly by ISIF investments

National Development Finance Agency

Government PPP Programme



€1bn

The NDFA is delivering a range of education, health, justice and housing PPP projects with an estimated total capital value of €1bn.



3,000

Significant progress was made on the construction of Schools PPP Bundle 4 providing 3,000 pupil places in Tipperary, Clare, Louth and Cork, which is scheduled for completion in mid-2016.



Courts

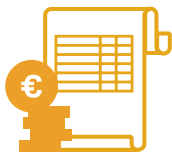
The Courts Bundle PPP has reached financial close and construction is progressing at all seven site locations.



M11

The M11 road project, to which the NDFA was financial advisor, has reached financial close and is under construction.

Working with EIB



€750m

The NDFA continues to engage with the EIB to maximise the availability of cost effective funding for Irish infrastructure. The EIB has provided €750m in direct Exchequer loans since 2012 to support the delivery of education and environmental infrastructure.

State Claims Agency



€1.79bn

The State Claim Agency was managing 8,275 active claims with an estimated outstanding liability of €1.79bn at end-2015.

Settling Claims



97%

97% of clinical negligence cases handled by the SCA are settled without the necessity for a contested court hearing.

Reducing Legal Costs



42%

In 2015 the SCA settled bills of cost received from third parties for €18.1m - a saving of 42% on costs claimed.

NIMS

Enhancing Risk Management

Following the roll-out of the National Incident Management System (NIMS), Ireland is the first country worldwide to have implemented a single ICT system to support the management of risk across its public service, including the healthcare sector.

Chairperson's Statement



Willie Walsh | Chairperson

2015 was a year of major change for the NTMA as our new integrated governance structure bedded down and the Ireland Strategic Investment Fund commenced operations. It was also a year of strong achievement across our business mandates. We issued €13bn of bonds at low yields and a long average maturity, putting our debt burden on a more sustainable footing. In its first year the ISIF committed €759m to Irish investments and has developed an active pipeline of commercial investment opportunities that will support economic activity and employment. Through early 2016 we have worked on the development of a corporate strategy to ensure the NTMA continues to deliver long-term value for the State.

December 2014 saw significant changes in the NTMA's governance structure as a new over-arching board structure with responsibility for the NTMA's funding, investment, project finance and delivery, corporate finance and claims and risk management functions was put in place. One of the purposes of this simplified organisational structure was to facilitate a more integrated approach to the performance of the NTMA's functions. I and my fellow board members have worked closely with the Chief Executive and management team over our first year to achieve this. The benefits have been reflected not only in our business mandates but also in our corporate functions which act as the NTMA's operating engine and are essential to the successful execution of our mandates.

One of the first tasks for the new Board was the finalisation of the ISIF investment strategy, in consultation with the Minister for Finance and the Minister for Public Expenditure and Reform, to implement its double bottom-line investment mandate of generating a commercial return and supporting economic activity and employment. The strategy takes account of the ISIF's long-term perspective, flexibility and ability to leverage additional investment from global and Irish co-investment partners in order to target investments that achieve economic impact. We have also put in place rigorous assessment criteria for potential ISIF investments to ensure that they have a demonstrable economic impact and do not simply displace other investment that would have occurred in any event.

In the early months of 2016 we have been focusing on the development of the NTMA's corporate strategy to complement and support our business mandates and their strategic business objectives. The unifying purpose across our varied mandates is to manage public assets and liabilities commercially and prudently. Our work on the corporate strategy is based on identifying the common goals critical to the fulfilment of this purpose and ensuring that these common goals inform everything we do. The strategy has now been finalised and, consistent with the NTMA's new governance structure, will ensure that clear strategic direction and guidance is provided across the organisation.

The strategy commits the organisation to four strategic goals in support of its business mandates. The primary goal of the NTMA is to deliver long-term value to the State. Three supporting goals – maintaining and enhancing our reputation, developing our capabilities as an adaptive organisation, and enabling our people to reach their potential – will enable delivery of long-term value while building sustainable business performance. These goals will inform our objective setting as part of our annual planning process and will also provide focus and drive in positioning the NTMA for the future.

2015 marked the 25th anniversary of the NTMA's establishment. In 1990 the NTMA started out as a small, specialist agency managing the National Debt. In the years since it has grown significantly as it has been asked by Government to perform a range of additional commercial market-facing functions on behalf of the State. The NTMA's results-oriented, adaptable and flexible approach has been central to the successful delivery of its mandates in the past and forms one of our key strengths as we develop the organisation to meet the different challenges facing it over the coming years.

Establishing a new governance structure in a fully functioning organisation requires a major time commitment and I would like to thank my fellow Board and committee members for their work during 2015. I would also like to thank the management team and staff for their contribution to what was a very successful year. I look forward in 2016 to building on the strong progress we have made over the last 12 months and continuing to deliver on our business mandates to achieve long-term value for the State.

Willie Walsh
Chairperson

Introduction

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Portfolio of Investments – ISIF



Chief Executive's Review



Conor O'Kelly | Chief Executive

In 2015 the NTMA made a significant contribution to Ireland's economic growth and recovery. We took the opportunity presented by strong investor demand to issue €13bn of bonds at a weighted average yield of 1.51% and a weighted average maturity of just under 18 years. In its first year the ISIF committed €759m to commercial Irish investments that will also support economic activity and employment. The NDFA made substantial progress in delivering a range of infrastructure projects while the breadth of issues on which NewERA is asked to provide corporate finance advice continues to grow. The SCA rolled out its new end-to-end risk management system, which will significantly enhance the safety of service users, patients and employees, across the public healthcare sector and larger State authorities.

During 2015 Ireland's public debt dynamics continued to improve, reflecting a combination of strong economic growth and further improvements in the public finances. Ireland's General Government Debt dropped to below 94% of GDP at end-2015 and is projected to fall to below 90% of GDP by end-2016. One of the themes of the year was a tightening in Ireland's spreads to core European markets as Ireland's recovery and robust growth were reflected in Irish bond prices.

Against this backdrop the NTMA took the opportunity to lock in lower interest rates and longer maturities, issuing €13bn of bonds at a weighted average yield of 1.51% and a weighted average maturity of just under 18 years. This compares with a weighted average yield of 2.84% and a weighted average maturity of just under 12 years on the €11.75bn 2014 bond issuance. In February 2015 a significant milestone was reached as strong investor demand enabled us to issue Ireland's first ever 30 year benchmark bond in an amount of €4bn. In March we completed the early repayment of just over €18bn of Ireland's IMF loan facility using cheaper market funding and generating interest savings of over €1.5bn over the original lifetime of the IMF loans.

These lower rates have had a positive impact on the debt service burden with the interest on the National Debt falling to just below €7bn in 2015, from almost €7.5bn the previous year.

While our debt dynamics are currently favourable, we do face challenges. The supportive environment provided by the ECB's quantitative easing programme should not be underestimated. Our debt, at €201bn, remains very high in absolute terms. In addition, we have over €47bn of maturing debt to refinance in the markets between 2018 and 2020. For as long as our debt remains at elevated levels, we are extremely vulnerable to adverse economic developments whether domestically, at European level or globally.

The ISIF's first full year of operations has been a productive one as it has made commitments of €759m to investment opportunities that meet its dual mandate of investing in Ireland on a commercial basis in a manner designed to support economic activity and employment. Including previous NPRF investments, the ISIF's commitments in Ireland totalled €2.2bn at end-2015.

The major differentiators of the ISIF compared with other forms of available funding are its ability to provide long-term "patient capital" and being able to invest as required across the capital structure. It is also an attractive local partner for third-party investors. Indeed, the ISIF's investment model of seeking co-investment from private sector capital has resulted in a total of €5.4bn being committed to Ireland at end-2015 – a multiple of 2.5 times the ISIF commitment.

The ISIF undertook an intensive market awareness and engagement programme in 2015 that has laid the necessary groundwork for an investment programme that will span several years. Arising from this it now has a strong and active pipeline of potential investments designed to deliver both a commercial return and economic impact.

The delivery of PPP projects, including those within the Infrastructure Stimulus Programme 2012, was the main focus of NDFA activity in 2015. The NDFA is responsible for delivering education, health, justice and housing PPP projects with an estimated total capital value of €1bn. Schools Bundle 4 providing 3,000 pupil places is close to completion while construction on the Courts PPP has commenced with all seven projects involved scheduled to be fully operational by December next year. The NDFA also continues to work closely with the EIB to maximise the availability of cost effective funding for Irish infrastructure – both through provision of funding and credit enhancement for PPPs and direct Exchequer loans, most recently through the provision of €200m for flood protection projects in December 2015.

NewERA continues to develop its capabilities as a dedicated centre of corporate finance expertise to Government and the range of issues referred to it, including in relation to bodies outside its core remit, continues to grow. During 2015 NewERA provided commercial and financial advice to Government across a broad range of sectors including energy, transport, biomass and telecommunications. These issues included the reorganisation of Ervia with the operational establishment of Gas Networks Ireland, the Bord na Móna and Coillte joint venture, the IAG offer for Aer Lingus and ownership and financing options for the National Broadband Plan.

NewERA also continues to work with the commercial State bodies within its remit on the enhancement of the

Shareholder Expectations Framework setting out the Government's strategic priorities, policy objectives, financial performance, and reporting requirements for each body. Work in 2015 has focused on the development of formal financial targets and dividend policies.

The work of the State Claims Agency continues to expand. From April 2014 to June 2015 the number of State authorities within its remit more than doubled from 56 to 129. The SCA was managing 8,275 active claims with an estimated outstanding liability of €1.79bn at end-2015. Maternity services comprised €0.9bn of this estimated liability and are a risk management priority. In 2015 the SCA published a five year review of clinical incidents and claims in maternity and gynaecology services and also carried out a series of detailed site visits in order to identify national and site specific risks.

In 2015 the SCA commenced the rollout of the National Incident Management System (NIMS) across the healthcare sector and larger State authorities. Ireland is the first country worldwide to have implemented a single ICT system to support the management of risk across its public service, including the healthcare sector. NIMS was selected by Marsh ClearSight, a US based global leader in risk management solutions, as the winner of its 2015 Excellence in Innovation award. NIMS will enable risk management and mitigation responses that will both ensure the safety of service users, patients and State employees and ultimately reduce the cost of claims against the State in the future.

In my comments in last year's Annual Report I said the NTMA's focus was switching from crisis management to economic growth and recovery. I believe we have made a very strong start in this regard and I look forward to continuing our progress through 2016. The Chairperson referred in his remarks to the work we have done in developing the NTMA corporate strategy. At the centre of this strategy is recognition of the critical importance of our people and the need to offer a working environment that allows NTMA employees to reach their full potential. As Chief Executive, I am committed to developing an open and transparent corporate culture based on self-leadership, collaboration and learning. I want to take this opportunity to thank my colleagues in the NTMA for the support they have offered me during what has been a very interesting first year as Chief Executive. On behalf of the employees of the NTMA, I would also like to thank the Chairperson and the Board for their support and commitment in helping us achieve our objectives.

Conor O'Kelly
Chief Executive



Corporate Strategy

One of the purposes of the new, simplified NTMA governance structure is to facilitate a more integrated approach to the execution of the NTMA's business mandates. In support of this objective, the NTMA has developed an over-arching *Corporate Strategy 2016-2018* to support its business units in the fulfilment of their mandates.

The corporate strategy is based on identifying the common goals critical to the achievement of the NTMA's business objectives. It commits the organisation to four strategic goals. These goals are about achieving long-term value for the State by being adaptive and leveraging the power of the NTMA's people and reputation.

Our Purpose

To manage public assets and liabilities commercially and prudently

We deliver value for the State today by focusing our skills, resources and efforts on fulfilling our mandates as currently assigned by Government.


We will also deliver value for the State by ensuring we have the right capabilities to respond to future challenges as they arise. Recognising that change is inevitable and being adaptive allows us to respond quickly and decisively.

Our Goals



We will deliver long-term value to the State

The nature of our mandates demands a long-term focus in all our activities. It is this distinct characteristic which informs our business planning and decision making.



We will maintain and enhance our reputation in delivering value to the State

The NTMA represents the State in financial markets and a strong reputation among our stakeholders is vital to enable us to achieve better outcomes for the State.



We will develop our capabilities as an adaptive organisation

Being adaptive allows the NTMA to respond to new challenges and opportunities while providing continuous professional services and expertise to our key stakeholders.



We will enable our people to reach their potential - individually and collectively

The key to the NTMA's success has been - and will continue to be - its people and culture. We believe in an organisation where delivery against objectives is supported by a culture of self-leadership, collaboration and learning.

The primary goal of the NTMA is to deliver long-term value to the State. The three supporting goals - maintaining and enhancing our reputation, developing our capabilities as an adaptive organisation, and enabling our people to reach their potential - will enable delivery of long-term value while building sustainable business performance. The NTMA has adopted a rolling three-year plan and performance measures, integrated into its annual planning process, to facilitate this long-term focus.

Further information on the *Corporate Strategy 2016-2018* is available at ntma.ie/publications.

State Claims Agency

MANAGING A COMPLEX AND DIVERSE CLAIMS PORTFOLIO

- The SCA was managing 8,275 active claims with an estimated outstanding liability of €1.79bn across 129 State authorities at end 2015.
- The net cost of resolving and managing ongoing active claims in 2015 was €221.7m – a saving of 18% against the independent actuarial assessment of €271.7m.
- The SCA resolves the majority of claims by negotiating a settlement, either directly with the plaintiff's legal advisors or through a process of mediation. 97% of clinical negligence cases handled by the SCA are settled without the necessity for a contested court hearing.

MATERNITY SERVICES ARE A RISK MANAGEMENT PRIORITY

- Maternity services claims comprised €0.9bn of the estimated outstanding liability. In October 2015 the SCA published a five year review of clinical incidents and claims in maternity and gynaecology services.

REDUCING LEGAL COSTS

- In 2015 the SCA settled 112 bills of cost received from third parties for €18.1m – a saving of 42% on the €31.3m claimed.

NEW ICT SYSTEM TO ENHANCE RISK MANAGEMENT AND MANAGE CLAIMS

- In 2015 the SCA commenced the rollout of the National Incident Management System (NIMS) across the public healthcare sector and other larger State authorities.
- Ireland is the first country worldwide to have implemented a single ICT system to support the management of risk across its public service, including the healthcare sector.

The NTMA is designated as the State Claims Agency (SCA) when managing claims against the State and State authorities and carrying out related risk management functions 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 129 State authorities including the State itself, Government Ministers, the Attorney General, the Health Service Executive, the voluntary healthcare sector, An Garda Síochána, the Irish Prison Service, the Defence Forces and community and comprehensive schools. It also manages third-party costs arising from certain Tribunals of Inquiry and claims for legal costs by parties who have successfully sued the State in respect of personal injury and other non-personal injury related actions.

Claims and Litigation Management

The SCA's claims management objective is, while acting in the best interest of taxpayers in matters of personal injury and property damage litigation, to act fairly and ethically in its dealings with people who have suffered injuries and/or damage and who take legal actions against the State or State bodies, and the families of these people. In cases where the SCA investigation concludes that the relevant State authority bears some or all liability, it seeks to settle claims expeditiously and on fair and reasonable terms. If it considers that the State is not liable, the SCA's policy is to apply all necessary resources to defend the claims.

Active Claims End-2015

The SCA managed 8,275 active claims with an estimated outstanding liability of €1.79bn at end 2015.

Active Claims at End-2015

	Claims	Estimated Outstanding Liability €m
Clinical	3,000	1,353
General	5,275	436
Total	8,275	1,789

Maternity services claims comprised €0.9bn of the estimated outstanding liability at end-2015. The high estimated liability associated with maternity services claims relates to the high costs of settling catastrophic brain-damaged infant cases.

The estimated outstanding liability of €1.79bn does not take account of the Court of Appeal Decision in *Gill Russell v HSE*, which is currently on appeal to the Supreme Court. The Court of Appeal held that the Real Rate of Return (RRR) in respect of the calculation of future care special damages should be 1%. It also held that the RRR in respect of all pecuniary losses should be 1.5%. The effect of the decision, if applied to the estimated outstanding liability, would be to increase it by c.€300m.

The SCA received 2,943 claims and resolved 1,863 claims in 2015. The volume of new claims received has been driven by mass action claims and, principally, the high number of in-cell-sanitation claims taken by current and former prisoners against the Irish Prison Service.

An independent actuarial assessment projected that €271.7m would be required in 2015 to cover the cost of resolving and managing ongoing active claims. The net cost was €221.7m – a saving of €50m or 18%.

Resolving Clinical Claims

The SCA resolves the majority of claims by negotiating a settlement, either directly with the plaintiff's legal advisors or through a process of mediation: 97% of clinical negligence cases handled by the SCA are settled without the necessity for a court hearing.

Business Review [continued]

How Clinical Claims are Resolved

97%

of claims are resolved without a contested court hearing.

75%

of cases where liability is contested result in the courts finding in the SCA's favour.

100%

of claims are resolved within 3 years of the start of legal proceedings.

The *Legal Services Regulation Act 2015* includes three significant provisions which should further assist in the management of clinical negligence cases and reduce the number of cases that go to trial. These are:

- Provision for Ministerial power to make regulations for Pre-Action Protocols to facilitate timely communication between plaintiff and defendant and early identification of issues in dispute and to encourage early settlement.
- An apology by a medical practitioner shall not constitute an admission of liability.
- The Statute of Limitations period for the making of a clinical claim is increased from two to three years from the date of incident giving rise to the claim or the date of knowledge (if later).

Cost of Claims Resolved

The SCA has taken a number of measures to reduce legal costs associated with claims. These include:

- The putting in place of SCA barrister and solicitor panels to provide for competitive tendering of legal services to the SCA.
- Close examination of costs of plaintiffs' legal representatives and seeking the maximum possible reduction through negotiation or if necessary by determination of a Taxing Master.
- Seeking of third party/co-defendant contributions.

These measures have resulted in a significant reduction in the average costs associated with clinical claims in 2014 and 2015 compared with the previous three years. The settlement of a certain number of infant catastrophic injury cases by means of Periodic Payment Orders has also been a significant factor in the fall in average costs of clinical claims in cash terms over this period – of course, in these cases, there will be ongoing payments to the plaintiffs in future years.

The average cost of general claims has increased over the five year period since 2011, notwithstanding the measures taken by the SCA to reduce legal costs. This is due to the increase in the greater number of more serious claims being settled, having regard to the aging effect of the portfolio, particularly HSE-related claims.

Cost of Claims Resolved 2011 to 2015

Clinical Claims					
	2011	2012	2013	2014	2015
	€000	€000	€000	€000	€000
Cost for all claims resolved					
Awards/Settlements	33,512	35,357	36,104	45,033	44,578
Legal Fees - SCA	7,086	8,607	9,571	8,989	8,438
Legal Fees - Plaintiff	12,527	12,964	15,551	14,126	14,718
Other	849	959	1,251	1,244	1,445
Total	53,974	57,887	62,477	69,392	69,178
Average cost per claim resolved					
Awards/Settlements	103	100	102	92	91
Legal Fees - SCA	22	24	27	18	17
Legal Fees - Plaintiff	39	37	44	29	30
Other	3	3	4	3	3
Overall Average	166	164	176	142	141
General Claims					
	2011	2012	2013	2014	2015
	€000	€000	€000	€000	€000
Cost for all claims resolved					
Awards/Settlements	8,045	8,262	11,197	16,247	16,904
Legal Fees - SCA	2,825	2,505	2,893	3,165	3,618
Legal Fees - Plaintiff	3,919	3,468	4,245	5,721	6,293
Other	643	563	831	874	1,013
Total	15,433	14,797	19,165	26,007	27,827
Average cost per claim resolved					
Awards/Settlements	6	5	8	11	12
Legal Fees - SCA	2	2	2	2	3
Legal Fees - Plaintiff	3	2	3	4	5
Other	1	0	1	1	1
Overall Average	12	9	13	18	20

Figures may not total due to rounding.

Business Review (continued)

Mass Actions

The SCA is managing a number of different mass actions against the State. Each mass action is managed by reference to a specific legal strategy to ensure that the State's liabilities are contained at the lowest achievable level.

Active Mass Action Claims

Mass Action	No. of Claims End-2015
In-Cell Sanitation These are cases taken by prisoners (current and former) against the Irish Prison Service alleging inter alia, breach of their constitutional rights due to lack of in-cell sanitation.	1,011
Day School Abuse These are cases taken by persons who allege they were physically and/or sexually abused by persons whilst at school. Most of the cases were initiated following the ECHR Judgment in <i>Louise O'Keeffe v Ireland</i> .	233
Metal-on-Metal Orthopaedic Implants These are cases taken by persons alleging personal injury having been surgically fitted with orthopaedic hip implants.	226
Symphysiotomy These are cases taken by certain women who had a surgical, obstetrical procedure to widen their pelvis.	130
Prison Based TB These are cases taken by current and former prisoners and prison officers alleging testing positive for and/or contracting TB.	77
Pandemrix/Narcolepsy These are cases taken by mostly infant plaintiffs alleging the development of narcolepsy and cataplexy following vaccination against the H1N1 flu virus.	40
Lariam These are cases taken by current and former members of the Defence Forces, alleging severe psychosis type symptoms, following their ingestion of Lariam, an anti-malarial prophylactic drug prescribed for their use whilst on duty in sub-Saharan Africa.	40
Thalidomide These are cases taken by persons born with physical disabilities whose mothers had ingested the Thalidomide preparation during pregnancy.	25

Legal Costs Unit

In 2012 the Government decided to establish a Legal Costs Unit (LCU) within the SCA to deal with third-party costs arising from certain Tribunals of Inquiry (the Mahon, Moriarty, Morris and Smithwick Tribunals). In 2015 the Government extended the LCU responsibilities to management of all legal costs claims against the State.

The level of legal costs paid to plaintiffs' legal representatives is carefully examined 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 a Taxing Master.

In 2015 the SCA settled 112 bills of cost received from third parties for €18.1m – a saving of 42% on the €31.3m claimed. All of these claims were agreed without the necessity for taxation, thus avoiding delays in settlements and stamp duty charges at 8% of the taxed award.

Risk Management

The SCA's risk management objective is 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 "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 clinical risk management programme focuses on collaboration with risk managers and other personnel in healthcare enterprises to support patient safety. The enterprise 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.

Legal Costs Claims Settled 2015

	Number of Cost Claims Negotiated	Value €m	Cost Claims Agreed €m	Legal Cost Saving %
Mahon Tribunal	32	7.3	4.0	45
Moriarty Tribunal	8	2.8	1.6	43
Morris Tribunal	3	0.8	0.4	53
Smithwick Tribunal	6	9.0	5.0	45
Other Claims	63	11.5	7.2	37
Total	112	31.3	18.1	42

Figures may not total due to rounding

Clinical Risk

Maternity services are a priority area within the clinical risk management programme. During 2015 the SCA published a five year review of clinical incidents and claims in maternity and gynaecology services. It also carried out a series of detailed hospital site visits in order to identify national and site specific risks. It will publish a report in 2016 detailing its analysis of these site visits. The report will include recommendations to ensure optimal care.

Other significant clinical risk management activities in 2015 included:

- Establishment of a clinical risk forum with the national directorate of the HSE, and regular meetings with other key stakeholders including HIQA, post graduate training bodies, senior executive management and front line hospital staff.
- Formulation and delivery of clinical risk courses at undergraduate level for the Royal College of Physicians of Ireland and Trinity College Medical School.
- Analysis of closed medico-legal claims was performed across multiple topics: Paediatrics, Mental Health, Emergency Medicine, Slips/Trips/Falls, Maternity and Gynaecology services. The results of this analysis were made available, on a "lessons learnt" basis, to relevant stakeholders to enable appropriate learnings to be applied to prevent, in so far as is possible, recurrence of similar events giving rise to future claims.

Enterprise Risk

Each year the SCA devises a risk management work programme to assist State authorities with the development and implementation of risk management policies and procedures. Significant enterprise risk management activities in 2015 included:

- Design of an eight day certificate course for the Irish Prison Service to provide managers and health and safety risk management personnel with best practice risk management tools to enable them to carry out their duties optimally.
- Carrying out a review on behalf of the Office of Public Works of the completion of recommendations arising out of a number of reports in respect of visitor safety on Skellig Michael.
- Publication of new guidelines, entitled *Managing Visitor Safety in the Historic Built Environment – Principles & Practice*, on behalf of the Visitor Safety in the Countryside Group [of which the SCA is a member]. The guidelines set out the guiding health and safety management principles for managers of historic sites.
- Working with the Defence Forces to update procedures and processes to ensure that the work of the Defence Forces is carried out in accordance with the *Safety, Health and Welfare at Work Act 2005* and associated regulations.
- Launch of a number of guidance documents for State authorities in respect of their activities carried out under a State indemnity.

Business Review [continued]



Clinical Incidents and Claims Report in Maternity and Gynaecology Services: a Five Year Review - 2010 to 2014.

In October 2015 the SCA published a national report: *Clinical Incidents and Claims Report in Maternity and Gynaecology Services: a Five Year Review - 2010 to 2014* [available at stateclaims.ie]. The data set out in the report will enable services to benchmark themselves against both the median and other services of similar activity in relation to incident reporting and claims. The report's key findings are:

- The national incident rates in Irish maternity services are not dissimilar to international figures where comparisons are available.
- While 75 clinical incidents [out of a total of 9,787 incidents] rated as extreme in severity were reported by maternity services to NIMS in 2014, not all of these were avoidable clinical incidents causing harm. Some related to unavoidable natural events, significant congenital anomalies or mis-categorisation regarding severity factor.
- The five most common maternity claims were categorised as: cerebral irritability/neonatal seizure; perineal tear; shoulder dystocia; stillbirth and unexpected neonatal death. The claim count has remained either static or has reduced since 2012 for these categories.
- A high rate of incident reporting in a service is nationally and internationally regarded as being reflective of a culture of strong patient safety. Comparison of the 19 Irish maternity services shows variation exists nationally across maternity services regarding clinical incident reporting.



National Incident Management System

The SCA officially launched the new National Incident Management System (NIMS), the successor to the former STARSWeb system, in June 2014. NIMS is a confidential, highly secure web-based system. It is an end-to-end risk management tool that allows enterprises to manage incidents throughout the incident lifecycle. This includes:

- Reporting of incidents (including Serious Reportable Events).
- Management of investigations.
- Recording of investigation conclusions.
- Recording of recommendations.
- Tracking recommendations to closure.
- Analysis of incident, investigation and recommendations data and other functionality.

In 2015 the SCA commenced the roll-out of NIMS across the public healthcare sector and other larger State authorities. The phased rollout was completed in June 2015, with full implementation across the HSE, 17 voluntary hospitals, the Irish Prison Service, the Defence Forces and nine Government Departments. The system will continue to be rolled-out to the remainder of the State authorities throughout 2016.

Following the rollout of the NIMS project, Ireland is the first country worldwide to have implemented a single ICT system to support the management of risk across its Government and public services, to include the healthcare sector. NIMS provides State authorities' risk managers and the SCA's own risk experts with complex adverse incident data analysis to identify trends, hot spots and lessons learned, thus enabling risk management and mitigation responses that will both ensure the safety of service users, patients and State employees and ultimately reduce the cost of claims against the State in the future.

NIMS was selected by Marsh ClearSight LLC, the US based global leader in technology, analytics and data service solutions across risk, safety and claims management, from amongst its client base of 1,000 international clients, as the winner of its 2015 Excellence in Innovation award. NIMS won the award in recognition of the scale, flexibility and breadth of functionality of the IT solution delivered to a broad and diverse national client base, and through the delivery of IT tools to solve risk management, safety and claims operations challenges.



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