

# Strategic Investment Board

## Chief Executive's Report – April 2014

SIB's Programme Directors and Managers have provided quarterly reports that will be discussed at the meeting. This paper therefore concentrates on only the most important issues.

### **PROGRAMMES AND PROJECTS**

#### *STRATEGIC WASTE PROGRAMME: ARC 21*

The arc21 bidder has re-engaged with the project team and work has begun again on the resolution of outstanding issues. The planning application was lodged with Planning Service on 27<sup>th</sup> March. All eleven of arc21's constituent councils and the two relevant statutory transition committees agreed to the principle of a contingent liability arrangement with the bidder. This generated confidence that the public sector is committed to concluding the procurement, signing a contract and delivering the infrastructure.

There has been a negative response to the planning submission from those opposed to incineration. Press reporting indicated that both the technology proposed, a form of incineration, and the proposed site, were contentious.

#### *STRATEGIC WASTE PROGRAMME: NWRWMG*

The NWRWMG's Joint Committee has recommended to its constituent councils not to continue with the procurement of the North West Region Waste Infrastructure Project. The next stage of the process is for individual Councils to consider the recommendation, but this is a formality. The DoE Minister issued a statement supporting the recommendation and committing the department to working with the councils to find an effective approach to waste management in the region.

#### *FINANCIAL TRANSACTIONS CAPITAL (FTC)*

SIB made a loan of £25m to the University of Ulster on 25<sup>th</sup> March. The loan used FTC capital provided by DEL. Prior to transferring the funds to UU, SIB executed a Memorandum of Agreement with DEL, OFMDFM, DFP and DEL, and a loan agreement with UU. The NIAO, in the context of its external audit of SIB, has asked for a range of documentation relating to the organisation's vires to make such a loan. This issue was examined by the DSO, on whose opinion we (and DFP, DEL and OFMDFM) are relying.

*ESA*

Paul Sweeney, Permanent Secretary at DE, will attend the May Board meeting.

#### *URBAN VILLAGES/COLIN TOWN CENTRE (CTC)*

The Urban Villages element of the 'Together: Building a United Community' programme was launched by the First, deputy First and Junior Ministers on 20<sup>th</sup> March. Brenda Burns represented SIB at the event. Two areas were included in the announcement: Colin and the Lower Newtownards Road.

SIB has worked with DSD to develop a bid for the resources required to deliver this programme. The bid has now been submitted by DSD to OFMDFM.

#### *RUC GC MUSEUM*

The DoJ has allocated additional funding to the RUC GC Museum project in order to recognise the contribution made by the RUC Full-Time Reserve.

#### *SOCIAL HOUSING*

Mags Lightbody has been confirmed as the interim Chief Executive of the NI Housing Executive. I have exchanged letters with DSD setting out the revised accountability arrangements consequent to this appointment. These make clear that her reporting line runs through the NIHE Board to the DSD Accounting Officer.

## GOVERNMENT DATA CENTRE

The interviews for the post of Project Manager will be held on 3<sup>rd</sup> April.

## CEF EVIDENCE TO DFP COMMITTEE

The Chief Executive of the Construction Employers' Federation, John Armstrong gave the following evidence to the DFP Assembly Committee on 12<sup>th</sup> March:

### *"ISNI Project Portal*

*The ISNI Project Portal was set up to provide clear information on what publicly funded construction projects were coming to the market and when. CEF has serious concerns about the operation of the portal. To date the portal has failed to be of any particular use to the construction industry in planning ahead.*

*The information on the portal is incomplete and at times unreliable and/or lacking in detail.*

*A copy of the information on the portal from 11 February 2014 showing construction contracts that are pre-procurement is attached. Here are some key points to note:*

- *Of the 51 projects listed only 25 give a date when they are to be 'in procurement'.*
- *31 of the projects listed are schools. Only 20 other projects are listed across all other departments.*
- *Of the 6 DFP projects that are listed only 1 has a date for when it will be 'in procurement' and the date provided has already passed - 'Quarter Ending September 2013'.*
- *Only one NIHE contract is listed. It states that it is due to be 'in procurement' in 'Quarter Ending June 2011'."*

## NIAO REPORT ON BMC

The NIAO has published a critical report on the BMC PPP project. Although it identified a number of weaknesses in the way the project was delivered, it also highlighted many examples of good practice. The Finance Minister wrote to at least one newspaper pointing out the bias in its reporting.

## G8 AWARD

The Chief Executive of Fermanagh District Council has written to thank David Gilmour for his input into the G8 Summit. The council recently won a NILGA Local Government Award for the Best Joint Initiative in 2013 in respect of its work on the project.

*MEETING WITH SFT, IUK, EIB AND WELSH INFRASTRUCTURE GROUP*

I met the Chief Executive of the Scottish Futures Trust, the COO of Infrastructure UK; the Head of PPP Policy at HMT and officials from the Welsh Assembly and EIB. The purpose was to brief each other on our work and the challenges we are facing. It was a most interesting and useful discussion, which covered – inter alia - FTC, PF2, the impact of funding constraints and how best to organise for delivery. We agreed that such meetings should continue, with the venue being rotated through each devolved administration.

*MEETING WITH UTILITY REGULATOR*

I paid a courtesy call to the new Utility Regulator, Jenny Pyper (late of DSD). We discussed issues including how the e-car infrastructure could be brought within the Regulated Asset Base (RAB) of NIE; HEaT; Energy from Waste ROCs and water policy. We also covered the problems caused by delays to the N/S Interconnector and the impact of high energy costs on FDI. The discussions were extremely helpful and it is clear that the Regulator is well aware of the positive impact her office could have on the delivery of relevant SIB projects.

*MEETING WITH ILEX*

The Chairman and I held a useful meeting with the Chair, Chief Executive and Executive Director of Ilex. We discussed the work of SIB in Derry~Londonderry and identified a number of areas where further cooperation would be productive.

#### *MEETING WITH PATSY MCGLONE MLA*

I have been invited to a private meeting on 7<sup>th</sup> April with Patsy McGlone MLA (SDLP) and some of his colleagues. He has asked for a briefing on the work of SIB.

#### *BELFAST REGENERATION*

Peter McNaney, Chief Executive of Belfast City Council, has asked SIB to sit on a Steering Group that will help inform the Council's work on regeneration and economic development.

### **RESEARCH & OTHER STUDIES**

#### *REVIEW OF COMMISSIONING AND PROCUREMENT*

The work of the Procurement Board sub-group on Commissioning and Procurement continues, albeit more slowly than hoped. A draft paper has been prepared for consideration by the Finance Minister.

#### *INFRASTRUCTURE AUDIT*

The Communications Committee is to discuss ways in which the output from the Infrastructure Audit could be used to inform a series of SIB stakeholder seminars.

### **GOVERNANCE, FINANCE & ADMINISTRATION**

#### *FINANCE REPORT*

The April Board meeting is being held only a week after year-end, with papers being issued on the first of the month. For this reason, the Finance Report and quarterly report on Resource Usage are not included in the Board papers. I will, however, brief the meeting on the final out-turn for the year at the meeting. The Resource Usage report will follow in due course.

### *SIB REVIEW*

OFMDFM have told me that the review will be carried out in line with DFP's standard procedures for the review of NDPBs. I have attached a copy of the DFP guidance to this paper for the Board's information.

Internally, SIB has considered how best to demonstrate the value of its work. As a result, changes have been made to processes for collecting and analysing data on our work. I am also preparing a submission for the review that will address the issue of pay policy. This will be submitted to the Remuneration Committee in due course.

### *HR MANAGER*

Because of the numbers of well-qualified candidates applying for the HR Manager role, an additional element has been introduced to the recruitment process that will test applicants' reasoning and written communication skills. Final interviews will now be held on 18<sup>th</sup> April.

### *DATA CONNECTION*

The data connection has (finally) been upgraded and line speeds appear to be much faster. Tests continue to check that back-ups to the Opera accounts system are functioning correctly.

### *JOHNNY DAVIS*

DCAL has asked for a further six month extension to Johnny Davis's contract to enable him to do further work on the legacy of the World Police and Fire Games.

### *CARLETON HOUSE*

The announcement that DVLA offices in the region will close in the summer means that SIB will thereafter be the only tenant in Carleton House. Patricia is assessing whether there will be a requirement for more SIB office space that could possibly be met by using part of the floor below.

*ELECTION GUIDANCE*

HOCS has issued guidance on the conduct of public business during an election campaign. If any Director would like to see this, please let me know.