

Minutes of a Board Meeting of Strategic Investment Board Limited

Held at 10.00am on Tuesday 12th August 2014 at
Carleton House
Gasworks Business Park
1 Cromac Avenue
Belfast

Present: Gerry McGinn (GMcG)(Chairman)
Chris Thompson (CT)
Frank Hewitt (FH)
Bro McFerran (BM)
Brett Hannam (BH)

In attendance: Gregor Hamilton (GH)
Scott Wilson (SW)
Martin Spollen (MS)
Carol Magill (CM)(Items 20,21 only)
Paul Priestly (PP) (Items 22-29 only)

Apologies: Geraldine McAteer (GMcA)
Marie Therese McGivern (MTM)
Duncan McCausland (DMcC)

1. FH specifically noted his interest in NITHCo (in light of potential discussions around the Transport Hub). There were no other interests thought to give rise to a specific need to declare, given the items on the agenda.

2. GMcG explained that DMcC had temporarily stood down from the board. In the meantime CT had agreed to take on the duties of chair of the Audit Committee.

Minutes of Previous Meeting

3. The minutes of the June 2014 board meeting were approved.

Chairman's and Directors' Business

4. GMcG noted the query raised at the June board regarding a meeting with First and deputy First Ministers. He suggested that there was little need for such a meeting for the moment, in the absence of any specific issue which it might resolve. BM agreed, as did FH, subject to any indication from OFMdfM that a meeting was desirable. GMcG noted he was due to meet Mark Brown in the following week.

5. The dates were confirmed for the board away-day (4 December 2014), the next infrastructure dinner (30 September) and the staff away-day (8 October).

6. CT enquired about the directors' appraisals process. GMcG noted that the intention was for the remuneration committee to initiate the necessary processes before the half-year end.

7. FH and BM both expressed concern at the potential reputational risks for SIB from its association with projects which were adversely affected by political and financial circumstances outwith SIB's control.

Chief Executive's Report

8. BH talked the board through the updated budget briefing note which he had circulated after the board papers were issued. He explained that OFMdfM had provided SIB with a revised budget which incorporated a 4.4% reduction (in addition to the 3% required at the start of the financial year). The additional reduction reflected the 2.1% reduction arising from June monitoring and a further 2.3% reduction expected in October. Accordingly the required savings (taking into account the £438K of over-programming) were now £838K.

BH explained that a number of savings were proposed to the staff budget and the enabling budget to meet this target, as set out in the briefing note. He noted that the most significant impact of implementing these savings would be to delay a number of programmes and projects,

and that the financial consequences for the Executive of these delays could be substantial (particularly given construction inflation and the scale of the projects). MS agreed that the costs of delays down the road would greatly exceed the value of savings now.

GMcG invited comments from the board on the measures proposed to make the required savings. BM asked if there was a risk that departments declined to pick up costs of SIB staff working on their projects. BH explained that he had already had, or intended to have, a number of conversations on a case by case basis to ensure that the additional charges would be met. He had also built in a contingency to cover the possibility that such agreement could not be reached. CT agreed with the general approach of delaying but carrying on rather than pulling the plug on any project. GMcG asked if the proposals had been shared or agreed with OFMDFM. BH explained that the department's sole focus was to ensure that the savings could be achieved – it had left it to SIB's discretion to determine the approach. FH agreed with the proposals set out in the paper. He noted that the numbers involved were small in the context of the departmental budgets. BH agreed but said departments were under such pressure that it was difficult to get agreement even to small amounts.

BH obtained the Board's agreement that savings should not be made by not implementing the proposed 1% pay rise; holding back on additional responsibility awards or cutting the travel and subsistence budget. The Board was cognizant of the risks to the recruitment and retention of staff arising from the current economic climate and pay policy.

The board noted with concern the impact the cuts were having on SIB's ability to provide a service. They expressed concern that the necessary resulting delays would in the longer term result in increased costs to the Executive rather than savings. Notwithstanding these concerns, the board formally agreed the approach set out in the briefing note, since there was obviously no choice but to make the savings required.

9. Urban Villages: BH noted that a meeting had been held with ministers and officials on the Urban Villages programme, and that there was political commitment to fund the management of the programme. This had been evidenced by the award of £350k by OFMDFM to fund this work.

10. Desertcreat: BH reported that the Justice Committee hearing had gone well, and members had reiterated their support for the project. However the Fire Brigades Union had formally withdrawn support from the project citing security concerns.

11. Lisanelly: BH reported that a meeting with the Education Minister had been positive. BH explained that the key issues remained agreement of the governance of the campus and the arrangements for sharing it.

12. BH noted that he had met with John Simpson of the Belfast Telegraph. The board noted the content of the subsequent newspaper article.

AMU Report and ISNI Report

13. MS noted that the outturn for 2013/14 had come in as expected at £1.33bn. There was some slippage against budget in the current year, and some projects would be brought forward to make up for this. The overall forecasted outturn was expected to be in line with last year.

14. MS noted that there remained £30m FTC unallocated for this year but the bigger difficulty would be utilizing the £125m available next year. He explained that a number of possible avenues were being explored in this regard.

15. SW spoke to the AMU report. He noted that it was now becoming harder to identify assets for disposal.

16. SW updated the board on progress against a number of key actions:

- Invest to Save- Office Consolidation Programme
- Arms Length Bodies- Property Controls

17. SW updated the board in respect of the Reform of Property Management project.

18. SW reported on the Social Housing Reform programme,

Quarterly Reports and Dashboards

19. BH explained that the quarterly reports had been reformatted to take account of previous comments by FH and MTM. He noted that a greater level of detail on individual projects was available to board members as data sheets held on the portal. He explained that the “red, amber, green” definitions had been recalibrated to match those used by OFMdFM. The board approved the new format.

Report from Communications Committee

20. Carol Magill joined the meeting. She explained that the Communications Committee had recommended to the board (i) the content of the Marketing and Communications Strategy Overview circulated with the board papers, and (ii) the branding exercise. She explained how the branding exercise had been carried out, and gave a short slide presentation of the result. She explained that the next step would be to develop marketing collateral reflecting the brand, for both internal and external use.

21. The board approved the new brand and the proposed future actions.

Strategic Review of Commissioning and Procurement

22. Paul Priestly joined the meeting. He explained that the Procurement Board had accepted a number of the recommendations in his report, but expressed disappointment that some key recommendations had been rejected or only partially accepted. However he was of the view that the current position should be seen as part of a process rather than an end point.

23. GMcG asked if the recommendations that had been accepted would put in place a better structure than previously. PP thought that there had been some incremental improvement (eg around business case processes), although there was still a lack of clarity around implementation in some areas. 24. CT asked if there were agreed timescales ascribed to those actions which had been agreed. BH explained that these would follow once the approval of the Finance Minister had been obtained.

25. CT, BM and FH all shared PP's view that the failure to implement the key recommendation regarding a single procurement body was a mistake, and it was agreed that the Board should make its views known²⁶. SW suggested that there might be opportunities to use a more streamlined procurement approach on some individual projects. PP agreed, and reiterated his view that the position reached would not be the end point, as the issue of delays in procurement would resurface.

OFMdfM Review of SIB

27. BH explained that OFMdfM no longer had funding to conduct the SIB Review in the current financial year, and that it had been put back until next year. He explained that PP had drafted alternative terms of reference for the review which he believed to be more appropriate and specific to SIB than the generic terms proposed by the department. The board endorsed the revised terms of reference.

28. The board also considered PP's paper on value added by SIB. CT said it was an exercise which SIB should be carrying out anyway, but would be particularly useful in the context of the SIB review. He suggested that in the light of his experience it would also be worthwhile preparing short notes in advance of the review demonstrating (i) how the governance arrangements and board challenge function worked in practice; and (ii) how stakeholder engagement worked in practice. GMcG agreed.

29. BM asked whether PP's paper was too modest as to the extent of value added by the organisation. PP suggested the paper should be submitted to an independent third party for review. FH agreed this would be a good idea, and suggested a peer review by SFT would be more useful and informative than the sort of exercise that consultants were likely to carry out. PP agreed.

Finance Report

30. The finance report was noted (the most pressing issues having already been discussed under 8 above).

Media Pack

31. The content of the media pack was noted.

Other business

32. GMcG said board self assessment forms would be issued at the next board meeting.