

Minutes of a Board Meeting of Strategic Investment Board Limited

Held at 10.00am on Tuesday 11th June 2013 at
Clare House,
303 Airport Road West, Belfast

Present: David Dobbin (DD) (Chairman)
Frank Hewitt (FH)
Brett Hannam (BH)
Chris Thompson (CT)
Bro McFerran (BM)

In attendance: Gregor Hamilton (GH)
Scott Wilson (SW)
Mark Browne (OFMdFM)
Brena Burns (BB) (Item 6 only)
Angela Reavey (AR) (Item 6 only)
Wesley Emmett (WE) (Item 6 only)
Leo McKenna (Item 7 only)
Paul Priestly (Item 7 only)
Wesley Emmett (Item 7 only)

Apologies: Geraldine McAteer
Martin Spollen

Declarations of Interest: FH noted interests in respect of his involvement with ILEX, NI Transport Holding Company, NI Science Park and the Big Lottery Fund (last of which has investment in Connswater Community Greenway). DD noted his interests in Ulster Rugby and Belfast Harbour Commissioners. CT noted interest in G4S(NI). BM noted interest in Danske Bank.

1. Minutes of Previous Meeting

The minutes of the May 2013 board meeting were approved.

2. Chairman's Business

DD asked MB for an update on progress with the appointment of the new chairman and non-executives. MB explained that a submission had gone to ministers and that he was not aware of

any difficulties. DD expressed view of the board that it would be preferable (particularly from the perspective of the audit committee) if a third non- executive with financial background were also appointed, and suggested this would be a good opportunity to do so. MB explained that increasing the size of the board would require additional process – it was not simply a matter of selecting an additional name from the current shortlist. MB was unable to confirm a specific date by which appointments would be made. DD noted that his own term as chairman would end at the end of July, and emphasised the importance of a quick decision in respect of his successor. It was agreed that any further “roundtable” events should be delayed until August when the new Chairman and directors would be in place.

DD noted that the first such event had attracted a reasonable attendance and gone well, although he questioned whether too much time had been taken with SIB presenting rather than affording other attendees the opportunity to state their views. CT said he didn’t share this criticism and thought that the exercise had been worthwhile – not only for SIB attendees to appreciate certain issues in greater detail but also for others to get a better understanding of what SIB does (and what it doesn’t do).

3. Chief Executive’s Report

BH spoke to the chief executive’s report. In particular he noted:

Lisanelly: BH noted with satisfaction that the Governors of Loreto College had now committed fully to the project. CT welcomed this news and emphasized the importance of pushing on with delivery as quickly as possible. DD queried whether there was funding in place to progress the matter. BH explained that he was already engaged in discussions with DE to ensure that they would fund the necessary work.

Primary Care: BH noted that the balance sheet treatment for the 3PD contracts had been signed off, and that OJEUs were expected to be issued shortly.

SIB Budget: BH noted that SIB faced costs of £50K in respect of the move to Carleton House, and a probable VAT liability of £27K pa in respect of rent, together with a an additional charge of £65K from IT Assist. Taking into account the additional 1.5% budget cut previously advised, there was now a £575K over-commitment. Subject to the outcome of June monitoring, it might be necessary to cut spending, most likely by trimming the consultancy budget. Going forward, it

would not be possible to carry out any recruitment without 100% funding. In response to a query from DD he confirmed that current practice was to charge a 2.5% overhead in addition to the funding for the post itself. DD suggested this should be increased and the board agreed. DD noted that ensuring DE funding for Lisanelly (as already discussed) would be important in this context. He suggested that Patricia Mallon be asked to inform the board of the proportion of staff costs to other costs.

BH tabled the ISNI report in MS's absence. There were no issues arising from it.

4. AMU Report

SW reported on the AMU. He explained that the potential disposals of £17.1m had already been identified. He noted that final draft asset management plans were expected from each of the Departments before the end of June and that an additional member of staff had been taken on to assist in the preparation and monitoring of plans for the AMU.

SW noted that a plan for collection of further data for ePIMS had been put in place, with information on offices and land a priority. SW noted that the administration of ePIMS had become resource intensive and suggested that that it should eventually be transferred to DFP Properties Division where it more naturally would reside.

SW updated the board on progress with the Asset Management Strategy. He explained that he had held a number of meetings with SPADs. A full EQIA was required (in addition to the screening already carried out) and there was also an outstanding issue in connection with co-ordination procedures between DFP and other departments. The AMS was expected to go before the Executive meeting on 27th June.

Social Housing: SW explained that adverts had been sent out for four posts, and that it was hoped the staff would be able to commence work in September. Two Grade 7 secondees were also being sought, and progress made with a view to appointment of lead consultants, property consultants and legal consultants.

5. Report from Audit Committee

CT noted that the audit report to those charged with governance was completely clear, and that this was a tribute to the work carried out by the finance staff.

He noted that there had been no change in the annual report and accounts from the draft previously circulated with the board papers, and on behalf of the Audit Committee recommended their adoption.

The board formally approved the Annual Report and Accounts.

MB left the meeting.

6. HEaT Project

BB, AR and WE joined the meeting. AR and BB gave a short presentation explaining the background to the HEaT project, the proposed structure of the scheme, and the potential economic, social and environmental benefits to be derived from it. BB and AR explained that there was very strong political support for the project but also drew attention to a number of issues which would require to be resolved in order to implement the scheme. BH noted that the target of making the first loans through the scheme by September 2014 appeared very ambitious in the light of experience of similar schemes in GB.

7. Procurement Study Update and Report from Ontario Trip

PP and LM joined the meeting. They gave a short presentation on findings from their recent visit to Invest Ontario, explaining the model used in Ontario (widely regarded as an exemplar in the field of infrastructure procurement) and suggesting a number of areas where lessons could be learnt for NI. PP said there were three key prerequisites for delivery of infrastructure: a political structure which set clear targets, an engine to drive projects on, and a clear pipeline of projects which would create confidence in the market. Regarding the last of these, although the ISNI set out a plan for infrastructure investment, it was lacking in commitment to specifics. BH explained that departments had been reluctant to include firm commitments in the ISNI. CT suggested it would nevertheless be fairly easy to distil from ISNI a list of projects and target dates. BM queried whether there was a “socialism or capitalism” issue to be resolved but LM explained

that it was a much more basic matter of clearly setting out a list of projects to be delivered, a timescale for doing so, and then delivering. There was not in practice any great opposition to particular models such as RFI in principle. Nor was there any lack of capacity or understanding of the various delivery models available. Rather the problem was in the pre-procurement stage, irrespective of the delivery model. DD asked if any particular recommendations would arise out of the visit, and PP explained that the recommendations would be reflected in the report of the Procurement Study.

PP then gave a brief progress report on the Strategic Review, including the methodology which had been applied and an outline of the major recommendations to improve the procurement process. He expressed view that procurement timescales could be reduced by more than 50% by a combination of measures including: fast tracking projects identified on a regional infrastructure plan; reforming the business case process; making greater use of existing available procurement routes (eg frameworks, strategic partnering); and standardisation of specifications. BM noted that improving the process would also attract more private investment, and that this aspect should be explicitly stated. There was general agreement that the business case process required simplification – there were too many gates and gatekeepers.

DD noted that the devil would be in the detail and asked for the board to be provided with the completed report. PP anticipated end August for the completed report. There was general agreement that tactics and presentation would be very important in overcoming departmental and political opposition, though CT noted that the measures could be politically attractive if presented correctly. DD suggested that the changes should be presented as common sense improvements to the existing system, not as a radical change. BH noted that CPD were generally in agreement as to the direction of travel. It was agreed that HOCS should be brought on board as early as possible.

8. Risk Review

The updated risk register was discussed. DD expressed surprise that the risks identified largely related to SIB's internal activities and processes, rather than external factors. BH explained that many external risks had been consciously deleted from the register on the basis that individual projects each had their own risk register, and the risks arising from these were consolidated under the heading of "failure of projects as a result of inadequate management of operational

risk". FH noted that Translink used a slightly different process whereby they "horizon scanned" for emerging risks, and suggested this might be worth adopting. CT agreed and suggested this could be added to the remit of the Audit Committee. Otherwise, the risk register was adopted.

9. Finance Report

The Finance Report was noted.

9. Media Pack

The contents of the media pack were noted, including in particular the coverage of MLK and the City of Culture.

10. AOB

DD enquired as to timetable for board/staff awaydays. BH said current intention was to hold these in September, once new board members and chairman were in place.

Next meeting: August

Chairman