

Minutes of SIB Board meeting

26th March 2013

Clare House Boardroom, 10am

Present: David Dobbin (DD) (Chair) Bro McFerran (BMcF) Chris Thompson (CT)
Frank Hewitt (FH)

In attendance Brett Hannam (BH), Martin Spollen (MS), Joanne Gallagher (Item 4)
Will Haire (Item 6) Geoffrey Spence (for Item 7)

Apologies: Geraldine McAteer

Declarations of Interest

There were no new declarations of interest to report since the last Board meeting.

1) **Minutes of the previous meeting & Matters Arising**

The minutes of the previous meeting were approved and there were no matters arising.

2) **Chairman's Business**

Recruitment of new Board members

- The post of Chairman of the Board has been re-advertised, and Wesley Emmett (SIB) has been sourcing a 'long list' of those who may wish to apply.
- Candidates have been interviewed for non executive directors.

Board and committee meetings schedule

- The next meeting of the Board was scheduled for 9th April, but this will now be cancelled, as it falls too soon after the March meeting.
- The audit committee was also due to convene on 9th April as planned.
- BMcF explained he would have to send apologies, so CT agreed to cancel and re-schedule audit meeting.

Recent press : Desertcreat Police Training College

- The Chairman initiated a discussion around the project management of Desertcreat Police Training College, and invited comments or questions from Board members in relation to recent press coverage.

- BH reiterated to the Board the Finance Minister’s indication that there would be no more funds available, and that the Programme Board has been given direction to reduce the original estimated costs.
- BH drew attention to the robust business case, which stated that 95% of proposed training is for current Police Officers, which would need to be delivered via another mechanism if not through the College.
- CT and Bro McF both asked BH whether the re-bidding or the reduction in funding would alter the project to such a degree that it would significantly change the project outline.
- DD asked BH to keep the Board closely informed of any update to this project, in addition to any press in relation to City of Culture.

3) **SIB Reports**

CEO’s Report

BH highlighted the 4 most significant updates

1. The publication of DETI EAG report – to be discussed in detail under item 4.
2. DSD has asked SIB to undertake work on the reform of social housing (item 6).
3. The AMU has recently surpassed their asset realisation target.
4. The Minister of Health recently set a helpful precedent by advocating that the 3PD model should be used in place of conventional procurement, which would release extra conventional funds..

City of Culture

- BH confirmed to the Board that there is currently a funding gap, which has been identified in relation to the cultural programme.
- A meeting within the next few days will take place between SRO/DCC and parties to address this issue.

Lisanelly Education Campus

- 5 of the 6 schools have now signed an MOU. There is still no indication that Loreto will participate.

State Aid – Waterfront Hall and regional stadia programme

- There is a legal challenge to the Windsor Park project arising based on State Aid concerns. As this is a complex area, SIB’s legal advisors will be providing advice and training to all SIB project managers. BH confirmed that each stadium is a stand alone project within the overarching programme.

ISNI report – Martin Spollen

The outcome of the budget for NI is that, despite reduction by Westminster of 1% in Departments, almost £94m of extra ‘financial transactions capital’ will be available in Northern Ireland, with total CAPEX of £1.1bn (including RFI)

DD suggested it may be helpful to have a list of contingency/’shovel ready’ projects in case of projects which do not materialise.

The current commitments within the ISNI team are:

1. Commitments to PSNI projects;
2. Education sector;
3. Undertaking the Infrastructure audit; and
4. Joanne Gallagher’s production of the Access to Finance report.

AMU Report – Scott Wilson

This report was taken as read, with no comments or questions. SW drew particular attention to three items:

1. AMU has surpassed the target of releasing £1m of assets transfer.
2. Going forward, there will be considerable need for increased resources, given the scale of the Social Housing Reform.
3. The Asset Management Strategy has to date been cleared by the First Minister’s office.

Finance Report

This report was taken as read, and there were no comments arising.

4) Presentation/Discussion of DETI EAG report – Joanne Gallagher

JG began with a short synopsis of the rationale and methodology used in the report, in agreement with DETI. In addition, she pointed out some of the difficulties in obtaining data for Northern Ireland.

Demand Side

Key Finding 1	40% of companies described as ‘struggling’, 40% described as ‘stable’, 16% described as ‘growing’.
Key Finding 2	Use of overdraft facility significantly high – typically used as a working capital mechanism, rather than a business growth product.
Key Finding 3	58% of NI SMEs have some form of external finance in place.
Key Finding 4	Demand for bank loan finance relatively low (8%) of SMEs

Supply Side

Key Finding 1	Credit availability slightly improved in last Q of 2012. Funding for lending scheme has been key driver for change.
Key Finding 2	Credit approval rates high: 80% for small businesses/90% for medium businesses. Significant issue in gathering information for Northern Ireland, due to nature of local reporting from banks.
Key Finding 3	Evidence to show higher borrowing costs nationally and locally.
Key Finding 4	National policy responses not conducive to the business demographics in Northern Ireland.

Feedback/comments from the Board

DD recommended writing to DETI to request whether this type of survey should be regularly undertaken to monitor any relevant changes to the economy.

There were further comments on sectoral data held by local banks, heavy reliance on property as security, energy costs and lack of banking competition within Northern Ireland.

5) Draft Business Plan 2013/14

BH updated the Board on 3 major requests for help which are reflected in the business plan:

1. Delivering the Social Housing Reform Programme
2. Participating in the Delivering Social Change Programme, as requested by OFMDFM
3. Working with ESA.

These three pieces of work could require as many as 40 extra staff, generating increased pressure on SIB HR and Finance, and limiting SIB's capacity to respond to additional requests.

There was a short discussion around the scope of this work, particularly in relation to SIB's input into the Social Change Delivery Unit. BH confirmed that this does not conflict with SIB's guiding principles, adding that the unit will be under OFMDFM's mandate and some key SIB projects (ie Colin Town regeneration) can be delivered through it.

The Board concluded that any additional implications of organisational risk should be taken into account and the expansion of resources was acceptable, so long as the working principles of SIB are not compromised.

The Business Plan was approved by the Board.

6) **Will Haire - Permanent Secretary DSD – Social Housing Reform**

Mr Haire set the context of the reform by outlining some of the cultural and political background to the Housing Executive and how welfare reform will shape the development of the DSD's vision for reforming social housing policy. The vision is to create a more dynamic social housing structure, with better allocation and mix of housing and a much wider awareness of social issues. However, Mr Haire emphasised the complexity of undertaking this without it actually being run by the State.

There are four key areas of responsibility which DSD will work on to reform:

1. *Strategy and policy*: There is a need to create new vehicles/partnerships whilst maintaining services and working with existing housing bodies.
2. *Regulation*: Legislation needs to be updated and de-politicised.
3. *Rent Setting*: There are plans to set up a social housing rent panel.
4. *Building a social enterprise culture*: Does NI have the relevant understanding of these or the necessary skill base?

A key element of the work with SIB will be to examine the landlord structure. This will encompass the need to identify and value existing stock, consider the appropriate number of landlords, and maximise the financial benefits to the state.

The deadline (PfG target) for transfer to be completed is March 2015.

7) **Geoffrey Spence, Chief Executive of Infrastructure UK**

Mr Spence presented the current work of his organisation to the Board under three broad headings:

1. *Structure and Role of Infrastructure UK*

A mixture of commercial specialists and civil servants, IUK is responsible for the strategy and policy, delivery and finance of UK infrastructure. It also programme manages (regulation and monitoring) most of the 'top 40' capital projects.

2. *Infrastructure Investment Pipeline*

The principal areas identified in the investment pipeline were projects related to energy, transport, communications, water, waste and floods. There is minimal interest in social infrastructure from the current government, instead there is increased emphasis on macroeconomic stimulus.

3. *UK Guarantee Scheme and PFI reform*

HM Treasury currently offers the UK guarantee scheme – a revolving credit facility in which the government underwrites various risks. Application is made directly to the Treasury and there is no need to get approval at devolved

government level. Some examples of the possible use of this mechanism in Northern Ireland were discussed. Some of the key reforms to PFI were discussed, such as the objective of improving transparency, making service provision more flexible, sharing of appropriate risks, and encouraging access to capital markets.

AOB: There was no other business.

Date of next meeting: 14th May 2013

Chairman