

## **Minutes of a Board Meeting of Strategic Investment Board Limited**

Held at 10.30am on Tuesday 19<sup>th</sup> June 2012 at  
Clare House,  
303 Airport Road West, Belfast

**Present:** David Dobbin (DD) – Chair  
Frank Hewitt (FH)  
Geraldine McAteer (GM)  
Chris Thompson (CT)  
Brett Hannam (BH)

**Apologies:** Bro McFerran  
Denis Rooney

**In attendance:** Scott Wilson (SW)  
Gregor Hamilton (GH)  
Tim Losty (TL) (OFMDFM)  
Alan McVicker (AMcV) (item 4 only)  
Leo McKenna (LMcK) (item 5 only)

### **Declarations of Interest**

There was a brief discussion regarding declarations of interest. CT expressed view that specific declarations should be made when relevant matters were discussed rather than a routine and general declaration at the start of each meeting. DD noted that it was helpful for audit purposes to have a note of the fact that directors had considered any conflicts of interests at every meeting but agreed that specific note should also be taken of where there is a potential conflict of interest on a specific agenda item. DD declared interests in respect of his involvement with Ulster Rugby and Belfast Harbour Commissioners. FH declared interests in respect of his involvement with ILEX and NI Science Park.

## **1. Minutes of Previous Meeting**

The minutes of the May 2012 board meeting were approved (subject to correcting a small typographical error).

## **2. Chairman's Update**

DD reported that an approval request for the recruitment of a new Chair and possible additional non-executive board members was with Ministers and it was expected that this would be signed off by the end of June with a view to completing the recruitment by early autumn.

DD briefed the board on the planned away day and it was agreed that in addition to TL and Noel Lavery that Malcolm McKibben should be invited. DD noted that clearly it would be ideal if the FM and DFM could attend and TL agreed to check their availability, although he thought it unlikely. CT expressed hope that some of the senior staff would also be attending and DD confirmed this was the intention.

GM enquired as to procedure for reappointment of non-executive directors – was there a requirement to reapply? TL indicated that in normal course the department would write out to members in that regard.

## **3. Chief Executive's Report, ISNI Report and AMU Report**

BH noted that Executive approval for publication of the ISNI had still not been obtained.

BH spoke to the Chief Executive's Report He drew the board's attention in particular to the following:

- Enniskillen Acute Hospital: BH noted the hospital had now opened on time and budget and having exceeded all of its "social clause" targets. GM asked BH for a note of showing the relevant figures in relation to social clause targets.

- PbCRC: BH noted that the design team had been selected and that a public announcement would be made imminently. In response to a query from DD, TL confirmed that a list of potential board members for the development corporation had been sent to ministers and that an announcement was expected soon.

- Social Clauses Toolkit: BH noted that a launch event was to be staged. He noted that the social clauses provisions being incorporated into the Ravenhill stadium project were likely to be used as the model for the other stadium projects and for projects more widely.

- City of Culture: BH drew attention to appointment of Martin Turner as project manager for the CoC Venues following departmental request. He noted the high risk nature of the projects and in light of that indicated that Martin would brief the board on the projects in due course.

- Forest Service: BH noted a request from the Forest Service to procure a project manager (to be paid for by Forest Service) for their wind farms project. He noted that this was part of SIB's wider commercialisation project. The board approved in principle SIB providing assistance in this regard.

- IPFA Conference: BH noted the IPFA conference being hosted jointly by SIB and Arthur Cox later in the day and extended an invitation to all members to attend.

GM queried the reference in the CE report to the Police Operational Decision Support System. BH explained that this was essentially similar to work already carried out in relation to ambulance services - the output being a system which would allow suitable police resources to be allocated more efficiently to meet demand.

SW updated the board on the AMU. He explained that progress against targets continued to be very positive and that good feedback had been received from DFP. SW explained the importance of departments providing information early to the AMU in order to allow the eventual disposal of assets within the anticipated timeframe - given the unavoidable delays in the disposal process necessitated by the business case approvals process, due diligence and disposal itself. He noted that he had recently written to DRD to emphasise the importance of prompt provision of information. FH, having declared his interest in Translink, explained that he was aware of some issues which might have contributed to any delay, and offered his assistance. SW indicated that he would allow more time for DRD to respond to his latest letter before seeking assistance from the board.

SW additionally noted that AMU had been asked by DSD to assist in relation to the review and restructuring of the NI Housing Executive. The board noted the scale and importance of this project.

#### **4. Strategic Waste Programme**

Alan McVicker joined the meeting and gave a presentation on the status of the three waste management projects. He drew attention to a number of challenges posed to the projects, in particular the general reduction in waste volumes, the change in the definition of municipal solid waste (MSW) and the 60% recycling target proposed for NI by the environment minister.

He explained that following the change in definition of “municipal waste” the Waste Infrastructure Programme Board had carried out a stocktaking exercise taking account of developments in (1) waste growth (2) recycling rates and (3) biodegradable content, to establish the requirement for additional public sector capacity in order to meet the 2020 statutory landfill obligations. While there were obviously many uncertainties in making this type of forecast (not least the amount of merchant capacity which may be developed) there will be a requirement for some additional public sector capacity. He noted that the Department was continuing to support all three projects for the current financial year.

#### **5. Revenue Financed Investment Programme**

Leo McKenna joined the meeting and gave a presentation on RFI. He explained that an indicative programme of projects had been put forward with a total capital value of £1.2bn.

He set out the advantages of the RFI approach, emphasizing in particular the economic and social savings and benefits to be gained by investing in infrastructure projects now rather than waiting until the capital was available to publicly finance them. BH noted that all of the projects on the indicative programme were of themselves designed to deliver revenue savings – not simply like for like replacement of existing assets.

LMcK identified a number of challenges to implementation, in particular affordability. He noted that the indicative projects would in fact require the commitment of a relatively small proportion of the revenue budget. He noted that it was not logical to measure the cost of an RFI project against a benchmark of a wholly publicly financed option, in the absence of public capital actually available to implement such an option.

LMcK also identified the business case approvals process as an obstacle to progress of the programme, noting that unreasonable or relatively trivial issues were sometimes allowed to impede progress of major projects. There was general agreement among board members that

the business case approvals process had become problem in progressing projects generally – whether this was down to the approach taken by the economists in reviewing the business cases, the unwillingness of officials to support or champion projects or funding initiatives, or a general culture of risk aversion. BH explained that he had met with Bill Pauley to discuss the issue and had suggested that some methodology be adopted to help departments prepare and review RFI business cases.

DD asked if there was a general or average annual revenue impact of procuring capital investment through RFI. LMCK suggested 10% as a very approximate figure but emphasised that it would depend very much on the project and the financing model adopted. He noted that one of the options which had been discussed involved blending EU Structural Funds with EIB debt, by which method the revenue cost could be reduced by up to 50%.

## **5. Audit Committee**

CT reported on the proceedings of the Audit committee. He noted that the committee is content with the report and accounts, a clean audit certificate had been obtained and the NIAO had raised only four very minor issues. The committee had agreed a formal report to the board and recommended that the Annual Report and Accounts be approved.

The Board formally adopted the report of the Audit Committee and approved the Report and Accounts (after a minor correction to the text on pages 23 and 46).

CT noted that it would be helpful if the Audit Committee had an additional member, and suggested this might be a suitably qualified appointee from among the new non executive board members.

## **6. Finance Report**

BH noted a 4% underspend against plan for the two months to date, but indicated that this would be recovered in due course.

## **7. AOB**

The Board noted the media pack.

The date of the next meeting was confirmed as 17<sup>th</sup> July.

**Chairman**

<i>Ref</i>	<i>Action</i>	<i>Owner</i>	<i>Status</i>
1	BH to pass note of “social clause” outputs from Enniskillen Hospital project to GM.	BH	