

## **Strategic Investment Board Interim Chief**

### **Executive's Report – September 2011**

The Construction Employers' Federation (CEF) asked to see the Junior Ministers, who invited me to attend their meeting. The CEF and CBI will shortly be producing a joint paper on the use of private finance to increase investment. Martin Spollen attended a meeting of the group drafting the proposals, which seem likely to be very similar to our own.

I met the DRD Minister's Special Adviser and discussed how SIB might work further with the Department. Subsequently Martin Spollen and I met the DRD Director Finance to pursue these ideas.

Simon Hamilton is a DUP MLA and has been designated by the party as the next Minister of Finance. I met him and Minister Wilson's Special Adviser Allan Ewart to give them a briefing on the work of SIB and the issues likely to affect infrastructure investment over the coming years. Mr Hamilton is particularly interested in identifying new sources of revenue, in the future of social housing and in driving out value for money from existing spend.

Together with representatives of other devolved administrations, I was invited to a meeting at HM Treasury to discuss Infrastructure UK's plans for a revised National Infrastructure Plan. They would like to include reference to the ISNI and were also interested in our Delivery Tracking System as they are considering setting up something similar. I also discussed the government's attitude to PFI with the head of HMT's PFI Unit. Despite critical reports from the PAC and Treasury Select Committees, it seems likely that the government will continue to use private finance to deliver infrastructure – even if under a different name. The Scottish Government has recently appointed a Minister for Infrastructure & Capital Investment while the Welsh Assembly has set up a Strategic Capital Investment Division within its Finance Ministry.

Martin Spollen, Leo McKenna and I met the Chief Executive and Chairman of NI Water and discussed the possibilities for revenue funded projects. These would require a change in the status of the company.

I met the Permanent Secretary at DCAL and discussed a number of projects where she would welcome SIB's support. These include the new stadium projects, the Odyssey Trust Company and a review of arms-length bodies.

At the invitation of Amey, Leo McKenna and I visited their Roads Maintenance and Management operation in Birmingham. This is a very good example of how leveraging private finance can accelerate infrastructure delivery. There were interesting lessons concerning TUPE and the importance of data driven preventative maintenance.

### **ISNI 3**

Discussions with DFP have continued on how best to move forward the ISNI. These ideas have been summarised in a paper that the Board will consider at the meeting. Ministers and Advisers are considering a draft of the Programme for Government with a target publication date of November/December.

### **Projects & Programmes**

#### *Asset Management Unit*

Scott Wilson and Jacqueline Fearon have started work with the AMU. Michael Donnelly will re-join SIB in mid-October.

Scott held a meeting of the AMU Steering Group which Sir Bruce Robinson attended. This gained DFP and OFMDFM support for the unit's programme of work.

A conference will be held to launch the unit formally on 19 October. I will circulate details to Board members separately.

#### *Health Programme*

Leo McKenna has continued to work with the Minister and senior officials to define a new Primary Health Care programme. The Minister has written to his Permanent Secretary establishing a 'Health Infrastructure Board', on which SIB will be represented. As part of the work of this board, he has also asked SIB to review existing work and develop a new Strategic Implementation Plan. Leo will brief the board on his work in November.

I attended a meeting of the Lisanelly Programme Board and saw a presentation on design options. One issue was the question of a joint 'school of making' for art and design. Teachers have set out a list of objections to sharing such facilities which the Board thought disappointing. The project team was therefore instructed to work through such concerns with the aim of ensuring that the benefits of cooperation in this area are not lost.

The Department still intends to submit an outline planning application by the end of the year. There is no further news regarding the appeal against the Judicial Review decision.

#### *DARD HQ*

DARD has written to me asking for SIB support for its project to deliver a new Headquarters outside Belfast. I discussed this with DARD's Permanent Secretary and agreed that, in the first instance, Scott Wilson would sit on the project board.

#### *DVA Contract*

A paper setting out the legal and operational options for the future of the DVA PFI contract has gone to the Minister. It is fair to say that there is no risk or cost-free approach to resolving the existing problems.

#### *Waste Programme*

The status of the three waste projects is as follows:

**Arc21** has been having a series of meetings with the Chief Executives of the 11 councils. The main point of discussion has been the gate fee and associated affordability. The Councils have asked arc21 to go back to their remaining bidder (Greenstar) and determine its ability to offer a solution within this envelope. **NWRWVG** continues to evaluate the final tender (from SBS) with a view to taking a recommendation of a preferred bidder to Councils in November 2011. The main unresolved issue for the NW project is around tonnage and whether Magherafelt DC will/will not commit to the project – work is on-going to resolve this issue. **SWaMP** also finds itself in a single bidder position with the Quinn Group. The final stages of dialogue will commence when Quinn reach agreement with Costain on the structure of an enhanced consortium. This is likely to be at the end of September 2011.

#### *Titanic Quarter*

Brian Gregory and Gregor Hamilton have brokered a deal between DETI, TFL and TQL regarding the future of the drawing offices & slipway.

Brenda Burns has begun work as the Colin Town Centre Project Manager. A business case has been approved that will allow the development of an initial master-plan. Brenda has also been working with local community leaders and organisations to define their needs and aspirations.

#### *NI Prisons Service*

The draft estates strategy is nearly finished. Advertisements have appeared for the posts of Change Manager and Estates Programme Manager.

#### *Holylands*

The report on options for student accommodation in the Belfast area is finished and will be discussed at a meeting of stakeholders arranged by Belfast City Council. It is likely that the Council will ask SIB to continue in its advisory role.

#### *G-Cloud*

The Permanent Secretaries Group considered a paper jointly drafted by Pat O'Neill, ITAssist and the PSNI. Further feasibility work is underway. The current proposal is to build a single government data centre that will deliver economies of scale and reduce costs.

#### *Stadiums*

DCAL have organised a Gateway Review of the Stadiums Programme that will take place this week. DCAL officials have asked SIB for advice on how to respond to the Review's recommendations. Pat O'Neill will take this work forward.

#### *Maze/Long Kesh (MLK) Development Corporation*

OFMDFM has approved the business case for the establishment of the RUAS at MLK and it is now with DFP. The intention is to announce the move of the Balmoral Show and the granting of European funds to the conflict resolution centre on the same day – assuming both deals can be concluded.

Kyle and his team have held a series of meetings with stakeholders, including the DARD Permanent secretary, Lisburn Mayor & Councillors and others with an interest in the proposed spatial framework.

The site was opened for European Heritage Weekend. All the tours were booked well in advance and the event received substantial publicity, most of it supportive.

The Forest Service tender for a strategic partner to support its Wind Farm programme should be published in the OJEU shortly. The programme has the potential to deliver a new multi-million pound income stream to the organisation.

#### *Derry City of Culture*

SIB has continued to advise the Culture Company on its business plan and recruitment programme – both of which are progressing. The biggest issue and risk is the question of funding and whether there is time to raise sufficient money from state and commercial sponsors.

#### *Belfast Metropolitan College (BMC)*

The contractors handed over BMC to the college on 12<sup>th</sup> August. Pat O'Neill and Gregor Hamilton managed to broker a deal with the developers and the bus company to deliver a satisfactory service to the college from central Belfast in time for the opening.

The building has won the 'Sustainable Building Project of the Year' award for 2011.

#### *Social Regeneration*

Following an open competition, suitable candidates have been identified for the Associate Adviser roles working on Social Regeneration. As previously reported, if approved, these appointments will be on the basis of 'zero hours contracts' which will improve our flexibility and reduce our reliance on consultants. Should the approach be successful it could be extended to other areas of SIB work.

Mary McKee and I met the Permanent Secretary of DSD, Will Haire, to discuss how SIB's support for regeneration can be better aligned and prioritised with the work of DSD and OFMDFM. We agreed to revert to DSD with a strategy paper (which will come first to the SIB Board).

#### *Social Clauses*

Central Procurement Directorate (CPD) is once again supportive of SIB's Social Clauses Toolkit. The Junior Ministers will host a launch event for the toolkits in Parliament Buildings. Mary and I met Simon Hamilton to brief him on this work.

### *Recruitment & Staffing*

Following a prolonged series of interviews, DE and SIB have identified a suitable candidate for the position of Strategic Education Adviser. Negotiations are underway regarding an offer of employment.

Interviews are also underway for the position of Associate Legal Counsel. These should be complete by the end of September.

We will advertise the position of Decontamination Adviser (funded by the Environment Agency) shortly.

I have discussed the possibility of an NICS economist being seconded into SIB with the DFP Head of Profession. Pending agreement of a suitable job description, he has agreed to take this idea forward. The intention would be that this role would be devoted to improving the quality of project business cases before they are submitted to departments and DFP (i.e. getting them right first time), thus reducing the time spent on their review and approval.

The interviews for the post of SIB intern did not identify a suitable candidate. We were able, however, to identify two candidates suitable for internships in DoE, with whom we had run the competition.

### *Governance*

OFMDFM has issued a draft revision of the Management Statement and Financial Memorandum (MSFM). It will take some time to work through the implications of the proposed changes but I hope to bring a paper on them to the Board shortly.