

Strategic Investment Board

Interim Chief Executive's Report – November 2010

ISNI 3

Martin Spollen will brief the Board in detail. At the time of writing we have, at OFMDFM's request, held off from sending to Ministers the paper that was discussed at the last Board meeting. This is to allow time to reach agreement with DFP on our proposals for capital allocations. There seems to have been some difficulty over the process for creating a draft budget; the first of which was issued to the Executive in error and then withdrawn. We have agreement from DFP that they will work with us to reach the required consensus in advance of the next draft being issued. I shall be meeting Richard Pengelly (DFP) and Noel Lavery (OFMDFM) shortly and hope to agree a more clearly defined process for moving forward.

I met the First Minister at his request on 3 November. He wished to discuss in more detail some of the ideas that had been put forward by, among others, Ed Vernon for increasing the capital available to the Executive following the CSR.

Projects & Programmes

The advisors have provided summary and detailed quarterly reports so this note will only highlight particular issues.

Asset Management Team (formerly CART)

The team worked with Ed Vernon on his presentation to the Budget Review Group (a sub-committee of the Executive) on Asset Management. The presentation went extremely well and the BRG agreed that a paper should go to the whole Executive. This is being drafted by OFMDFM with our help. If agreed, the paper will give the AMU policy cover for its work and the approval necessary to recruit appropriately qualified and experienced staff.

Ed Vernon and I met with representatives from the NIAO who are writing a report on asset management within the public service. Their interim findings are that there is much room for improvement and they are very supportive of the work of the AMU. They have provided a form of words to include in the Executive paper.

The team and I met with the Permanent Secretary of DARD who thanked them for their work. A way forward has been agreed that will see the implementation of the team's proposals.

DVA Contract Renegotiation

The Attorney General has decided that he cannot provide the legal advice required to support this project. The DoE Permanent Secretary is therefore seeking DFP approval to the business case for consultancy spend. SIB offered to fund half of this work, but as the year has progressed progressively more of this commitment has been released as there will be insufficient time to complete the work in this financial year.

Maze/Long Kesh

Kyle Alexander has met (separately) Robin Newton (DUP) and Gerry Kelly (SF) and both have visited the site.

Work continues on the Conflict Resolution Centre bid for €20m from Peace III funds. Three teams of professional advisers have been procured and have started work.

Derry City of Culture Bid

I attended a meeting of the interim Board for the City of Culture. This has been established by Derry City Council to manage all the activities during their year as UK City of Culture. Phil Redmond was present and provided a great deal of useful advice from his experiences as leader of the equivalent company in Liverpool.

Desertcreat

Both the DoJ and DHSSPS have now agreed the business case for the new college, which has been passed to DFP. Assuming that DFP approve the case, the remaining issue is therefore that of affordability. Until the Budget is agreed the Health Minister will not agree to his Department committing to the project.

Lisanelly

The Minister chaired a meeting of the Steering Group at which a set of indicative designs was presented. The Department is now considering a short list of business case options prepared by KPMG. The Chief Executive of the local Education and Library Board thanked SIB for its support and highly commended the work of Hazel Jones.

Waste Programme

Two issues have arisen that have increased the risks to two of the procurements. First, there is now some doubt as to whether the electricity supply market will be required by its regulators to buy energy created from waste in preference to conventional supplies. Without this guarantee arc21's bidders may find it difficult and/or expensive to justify their investment in EFW (energy from waste) plant. Second, United Utilities has sold its waste interests to Shanks. However, the consortium in which United Utilities was bidding for the NWRWVG contract has yet to agree to Shanks taking up United Utilities place. Both sides are consulting their lawyers and there is a risk that this will delay the conclusion of the competition.

New Work

We have been asked to assist with the following new work:

- NITHCO, NIEA and DCAL have (separately) asked for our support to their commercialisation strategies.
- ILEX has asked for our assistance with market testing activities relating to their strategic sites.

Governance, Finance & Administration

Staffing

The FCO has approved the appointment of Leo McKenna as the UK's representative to the United Nations Economic Commission for Europe's Bureau (Board) for PPP. This is a significant honour for Leo and for SIB. There are only six representatives on the Board: USA, Russia, UK, Israel, Bulgaria and Kyrgyzstan. The UK position is highly sought after and several strong candidates were considered for the post, which was previously held by James Stewart, now head of Infrastructure UK. The Bureau meets only a few times a year, so the time commitment will not be onerous.

Kerry Farnsworth has taken over as interim Head of the (interim) AMU.

SIB has been asked to consider providing work to surplus planning staff from DoE. I met with representatives of their HR department and there appear to be areas of work within the AMU where an in-house planning expert could reduce the need for consultancy support. We have provided a job description to DoE and will consider their proposals in due course.