

Minutes of a Board Meeting of Strategic Investment Board Limited

Held at 10.00am on Tuesday 17th September 2013 at
Clare House,
303 Airport Road West, Belfast

Present: Geraldine McAteer (GM)
Frank Hewitt (FH)
Brett Hannam (BH)
Chris Thompson (CT)
Bro McFerran (BM)

In attendance: Gregor Hamilton (GH)
Scott Wilson (SW)
Martin Spollen (MS)
Mark Wishart (MW)(Item 11 only)

Apologies: None

Declarations of Interest: FH noted interests in respect of his involvement with INI, NI Transport Holding Company, NI Science Park and the Big Lottery Fund. CT noted interest in G4S(NI). BM noted interest in Danske Bank.

Chair: In the absence of a permanent Chairman was agreed that CT should chair the meeting.

1. Minutes of Previous Meeting

The minutes of the August 2013 board meeting were approved (FH noting for the record that notwithstanding those minutes his interest in ILEX had ceased with effect from 30/6/13).

2. Directors' Business

BH noted that letters of appointment had been issued to the selected new Chairman and non-executive directors with a view to their appointment being effective from 23 September 2013. A public announcement would be made once all three had accepted. Planning for their induction was in train and they would be in place for the next board meeting. Once the new chairman was in place arrangements would be made for a Board Away Day.

BH proposed 15 October as date of the dinner with David Dobbin, and this was agreed.

GM noted that she had attended the investor Conference event on 10 September and that it had gone well.

The Board noted the successful move to Carleton House.

3. Chief Executive's Report

BH spoke to the Chief Executive's report. In particular:

Desertcreat: BH noted that a number of papers had been prepared for the Health Minister and that sign off was expected shortly.

Waste Management was discussed.

Education: BH reported on his meeting with Paul Sweeny.

United Communities: BH summarized the posing in relation to the "urban villages" programme. BH noted that DSD had sought further assistance for urban regeneration.

CT queried the position on the Maze Long Kesh. BH said SEUPB was meeting with ministers.

BH drew attention to the high number of AQs relating to SIB.

4. ISNI Report

MS presented his update on progress by departments and related public bodies on delivery of projects and programmes in the Executive's Investment Strategy. There was a discussion about the ongoing capital review commissioned by the Executive earlier in the year and MS reported that the outcome of this is due to be presented by the Finance Minister at an upcoming

Executive meeting in October. There was also a brief discussion on Financial Transaction Capital (FTC) for the upcoming periods.

CT noted that general impression was there was capital available for suitable projects. BH and MS agreed that there was and said the problem was finding procurement ready projects. With specific reference to education, MS noted that the department had been doing a large number of small capital projects and that a renewed focus was now brought to progressing the larger refurbishment and new build schemes announced by the Minister since the publication of ISNI.

In terms of technical advisory work under ISNI, MS noted that the main focus of the ISNI team over the previous month had been on drawing together the Infrastructure Audit to be discussed later in the meeting and completing key stages of the SIPM models for a number of clients.

5. AMU Report

SW reported on the AMU. He explained that the disposal programme was 95% on target for this financial year and that a good pipeline of disposals had been identified for the following year. Work was now underway to identify targets for the additional year of 15/16.

SW noted that final asset management plans were expected from all of the Departments before the end of September and he was chasing these up. Departments were also scheduled to complete their Property Information Management Plans by the end of the month.

SW noted the work being done on a depot rationalization plan to share depots across different public bodies and that an additional member of staff had been taken on to assist in the preparation and monitoring of plans for the AMU.

SW updated the board on progress with the Asset Management Strategy. He explained that a meeting had taken place with DFP to identify roles and responsibilities.

On Social Housing, SW noted that all of the staff for the Landlord Restructuring Project were expected to be appointed formally by mid November, and that until that point SW and Michael Donnelly were progressing matters. However he noted that progress was dependent upon DSD approvals and delays to these risked delaying the project. The next milestone would be the delivery of a Strategic Options paper to the Programme Board in December.

FH took note of the difficulties which SW was experiencing in obtaining DSD approvals.

6. Strategic Review of the Commissioning and Delivery System for Major Infrastructure Projects in Northern Ireland

BH explained that the report issued to the board was a first draft which had been circulated for initial comment to a range of stakeholders in the public and private sectors (including the CBI, the CEF and some permanent secretaries). Initial responses had been generally positive. GM suggested that some community/voluntary sector input would be beneficial, and suggested NICVA or Community Places as consultees. It was generally agreed this was a good idea.

BH explained that the CBI is due shortly to publish their own report on the same subject and that a number of the same recommendations were likely to appear. He invited the views of the board either immediately at the meeting or later in writing.

CT suggested some type of launch event would be helpful and FH agreed with this, although a shorter summary of the document would have to be available. It would also be important to avoid consulting only in Belfast.

GM and BM both welcomed the report.

BM noted that the hard part would be actually getting the recommendations implemented and CT agreed that the element of centralization required by the recommendations might be problematic. BH agreed but emphasized that there would be no attempt to secure the wholesale implementation of the report's recommendations overnight – rather the concept could first be proved in a limited area (eg education projects) before being more widely applied.

GM questioned the wisdom of introducing standard specifications for buildings, but CT noted that very substantial savings could be achieved with this approach.

Generally the board welcomed the report and CT noted that board could play a useful role by taking informal soundings and reporting back.

BH noted that the report was due to be submitted to the procurement Board on 7th November, but that no formal decisions were likely to arise at that stage.

7. Report from Audit Committee

CT reported that the Audit Co had taken reports on (1) recruitment interview processes and (2) the Desertcreat “whistleblowing” allegation as previously discussed.

The committee had also discussed password protection and agreed for the issue of board papers should be revised.

8. Remuneration Committee

FH reported that the Remuneration Committee had approved a number of appointments including in particular those of the Social Housing Unit.

9. Finance Report

The Finance Report was noted.

10. Media Pack

The contents of the media pack were noted

11. Infrastructure Audit

Mark Wishart joined the meeting.

MS explained the context in which the Infrastructure Audit had been commissioned – principally the requirement for a robust evidence base to allow a more holistic and coherent approach to the preparation of the ISNI, rather than simply reacting to a series of departmental requests.

MW then took the board through a slide presentation in which he highlighted a number of different infrastructure related issues for the NI economy and national and international comparisons.

Following the presentation the board discussed a number of issues arising.

FH noted that the Infrastructure Audit would be useful as a basis for discussing future requirements, and in particular the potential to seek alternative sources of funding.

BM agreed it was useful in highlighting various major challenges that the economy could encounter if investment were not made.

GM asked why telecoms had not been referred to in the presentation, and MW explained this was simply a matter of the time available. Telecoms were within the remit of the Infrastructure Audit but were a bright spot relative to some other sectors. CT agreed this sector should be included in the presentation.

CT said it was important not to limit discussion purely to the allocation of a capital budget. It was also necessary to consider alternative ways in which infrastructure could be funded through user charging. The rest of the UK was already further down the road on this.

GM queried the very high capital spend on transport in Scotland in comparison with NI. MW explained that this reflected the Scottish Government's belief that private investment would pick up in this sector, but that government capital be used to smooth the graph in the meantime. MS noted that maintenance in NI in this sector had been somewhat neglected and that eventually this would have adverse consequences.

CT queried the scope of the next ISNI and MS explained it would cover 2015-2025. It would not be published until 2015, so there was effectively an 18 month period to use the learning from the infrastructure audit to inform the next ISNI. BH noted that there will be an additional stage in the ISNI process on this occasion, namely the submission of an initial plan to OFMDFM – again the intention being to achieve a more coherent overall approach rather than just reacting to departments' requests.

BM noted the need to be pragmatic – there would be no sense in recommending things (eg water charging) which were known to be politically unacceptable.

FH said it would be important to set out clearly choices for the Executive so that it could see what could be done and what the costs and benefits would be.

BH accepted the need for pragmatism, but also emphasized that that SIB had to be objective in recommending what the most sensible options. We should not simply propose to the Executive those things which we believed they already wanted to do.

GM noted that there was a wider aspect to many of the issues than the mere provision of buildings – for example it might be that there was an opportunity in lower enrolments to reduce

class sizes, rather than deliver fewer schools, and there were alternative approaches to public transport provision through taxi sharing schemes.

It was generally agreed these matters would be discussed in greater detail at the forthcoming Away Day.

Chairman