

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

Held at 9.30am on Tuesday 27<sup>th</sup> November 2012 at  
Clare House,  
303 Airport Road West, Belfast

**Present:** David Dobbin (DD) (Chairman)  
Frank Hewitt (FH)  
Brett Hannam (BH)  
Geraldine McAteer (DR)  
Bro McFerran (BM)  
Chris Thompson (CT)

**In attendance:** Martin Spollen (MS)  
Scott Wilson (SW)  
Gregor Hamilton (GH)

**Declarations of Interest:** FH declared interests in respect of his involvement with ILEX, NI Transport Holding Company and NI Science Park. DD noted his interests in Ulster Rugby and Belfast Harbour Commissioners. BM noted interest in Culture Company 2013. It was noted that no discussion relevant to these interests was anticipated although some were referred to in the Chief Executive's report.

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

The minutes of the October 2012 board meeting were approved.

## **2. Chairman's Business**

DD explained that he would circulate Board appraisal documents within the next two weeks.

BH explained that the submission regarding appointment of a new Chairman and non-executive board members was still with ministers. DD undertook to raise the matter when he met with HOCS.

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

BH noted that the Chancellor was expected to make an announcement on 5<sup>th</sup> December regarding the future of PFI. He explained that SIB had had a useful discussion with Treasury on this topic, and that the PFI model was expected to remain substantially unchanged subject to exclusion of soft services, increased standardisation of terms, increased use of public equity and improved risk allocation. It was not expected that Treasury would seek to place a cap on IRR, or propose that government would underwrite any element of refinancing risk. BH also drew attention to the Prime Minister's recent statement on procurement and the goal of reducing the time taken for procurement by 50%.

CT requested that PPP/RFI be put on the agenda for a board meeting and that Leo McKenna be invited to explain it in the context of the work he was doing.

BH drew attention to the position in relation to the City of Culture project. He noted that the position had improved recently and that additional staff had been appointed (employed by the council and funded by DCAL). He noted the strong political mandate for SIB's continued support of the project.

BH noted that the Health Infrastructure Board had approved the business case for the new primary care facility in Lisburn.

DD queried whether SIB had involvement in the proposal to extend the natural gas supply to the west of NI. BH confirmed that SIB had very recently become involved in this.

SW drew attention to the potential buy out of the INI Headquarters PPP building. He explained how this might be appropriate in the context of this year's capital spending, there being surplus capital in the system – a position which is unlikely to recur over the next few years. He reported on progress with the asset disposal programme and that the intention was not to pursue further sales this financial year if the capital could not be utilised.

SW explained all Asset Management Plans were now complete and that that AMU was working with departments (particularly DARD and DoJ) to deliver the outcomes set out in their plans.

SW also updated the board on progress with ePIMS.

SW then explained the content of an executive paper prepared in respect of the NIHE review. He explained that a conflict had been identified between the role of NIHE as a social landlord and

its role as a strategic housing agency and that in the long term the current model was not considered to be sustainable. The likely outcome would be stock transfers from NIHE to Housing Associations, who would be able to access private sector funds against the rental income. Long term, rents would converge at Housing Association levels. NIHE would continue to set rents and act as strategic authority. DD wondered if more could be done to address the fundamental inefficiency of social housing provision in NI. SW noted that management costs per house in NIHE were almost double those in housing associations. CT queried whether NIHE or housing associations were sufficiently staffed/skilled for transfers on this scale. GM expressed concern for the implications for those tenants whose rent was not paid entirely by benefits. SW acknowledged this problem had been identified and explained that consideration was being given to ways of addressing it. DD sought clarification of the role played by SIB in this matter, and SW explained that it was a DSD project, and SIB were assisting DSD.

MS updated the board on the ISNI. He noted the continuing improved level of engagement with the DTS by departments – particularly DHSSPS.

MS explained that work had commenced on an Infrastructure Audit which was a stocktake of the Executive's asset base in NI, and which would inform discussion on the ISNI in future.

MS noted that SIB was assisting DETI in relation to a study of access to finance for NI businesses. A survey had been completed and publication of the study itself was expected in January.

MS identified some of the work being done with DEL, PSNI and ESA as part of the SIPM process to ensure that their respective capital budgets were used in such a manner as to encourage resource efficiency. He explained the work being done with Queens University to create a generic model for this type of analysis, and how this was consistent with the intention to work with the departments from the bottom up in preparation of the ISNI.

DD asked for some clarification on the position on prisons, in light of recent statement from the DoJ minister. MS noted that the minister had left the door open on the question of Magilligan, and that a new prison was still in the RFI programme. It was not a priority for NIPS. BH noted that NIPS were conducting a fundamental review of their estates strategy.

#### **4. Implementation of Actions from Board Away Day**

BH circulated a note of actions agreed at the board away day detailing what had been done in respect of each.

In relation to Item 7 on that note he tabled a list of projects grouped into sectoral groups. DD requested that board members contact him if they had any particular interest in taking on the “critical friend” role in relation to any group, failing which he would allocate them.

DD asked whether the possibility that projects would be procured through RFI was now in the public domain. BH confirmed that it was, insofar as it had been referred to in the text of the ISNI and had featured in a briefing given to the CBI, but it was not yet widely discussed.

SW suggested that housing be added to the “social” group of projects on the list.

GM queried whether SIB was involved in the Sally Gardens project. BH confirmed that David Gilmour was involved as an adviser on this project.

GM asked what role, if any, SIB had in relation to the G8 conference in Fermanagh. BH said he would look into the matter.

## **5. Strategic Planning Models**

MS gave a presentation on Strategic Infrastructure Planning Models. He explained that conventional practice had been to spend capital on infrastructure on a piecemeal project by project basis, allocating money between “rival” projects. The aim of SIPM was to look at the efficiency of overall resource allocation in a more joined up manner.

MS explained using the example of education how SIPM could be used as a support tool to inform decisions. He explained that it was being used in relation to schools, police and further education, and that the ISNI anticipated it being rolled out across all sectors. He emphasised that it did not produce a single “right” answer – rather it produced the best answer within whichever policy constraints were specified.

BM queried whether it was possible to carry out an efficient strategic planning exercise in the education sector while the system remained fragmented among different types of school. MS agreed that this fragmentation was an impediment to efficient resource allocation, but noted that SIPM could still be used to get the optimum allocation within whatever type of system was dictated by policy requirements, and could be a useful tool in contributing to the arguments over changing those requirements.

GM asked whether the SIPM took broader community use of school facilities into account. MS explained that the model takes into account only factors relating to the core educational

purposes of the school (e.g. teaching space, pupil travel distances). However information from the estates office was available in respect of after school use etc. BH noted the community consultation work being done by SIB to ensure that broader community benefit was designed into projects from the outset. In view of shortage of time DD suggested the matter could be discussed further at the Strategy Committee.

## **6. Draft Letter of Expectation**

BH explained the purpose of the Letter of Expectation. He noted that Ministers currently had little input into SIB's business planning process until it was complete. The Letter of Expectation could provide a high level statement from ministers that would provide a foundation for the business plan and a basis for the assessment of SIB's performance. DD complimented BH on the quality of the draft and the board agreed that it was very comprehensive and should be approved.

## **7. Reports from Audit Committee and Remuneration Committee**

CT had nothing significant to report from the Audit Committee. He noted that SIB's governance arrangements were considered to be at the better end of current practice among OFMDFM NDPBs.

DD proposed that the board should discuss the risk register at the next or following board meeting.

FH reported that the Remuneration Committee's main business had been the validation of appointments already agreed in correspondence. A report on pay structures would come to the board in due course.

## **8. Management Statement and Financial Memorandum; Revised Equality Scheme**

BH noted that that the MSFM had now been signed off by all relevant parties and that it would be revisited annually.

The Board approved SIB's Equality Scheme, which is to be signed formally by the Chair and Chief Executive.

## **9. Finance Report**

BH noted that expenditure continued on target to match budget.

## **10. Other Business**

BH noted that there had been occasional media references to SIB but nothing noteworthy.

DD indicated his intention to circulate dates for 2013 board meetings. It was generally agreed that earlier starts were preferable (except on days when Audit Committee required to meet in advance to approve recommendations to the board).

The next board meeting will be on 18 December.