

# Strategic Investment Board

## Interim Chief Executive's Report – December 2010

### ISNI 3

Martin Spollen will provide a full update at the meeting.

A full analysis, down to project level, has been carried out of the differences between SIB's proposals and DFP's draft budget. Martin and Patrick have discussed these with Mike Brennan and each of the Departmental Supply Officers. DFP accepts that our assessment is impartial and systematic. The differences between DFP's proposals for capital allocations and our own are essentially that SIB has taken an objective and dispassionate view while DFP's budget reflects the political realities and pragmatic compromises required to achieve an agreed budget acceptable to the Executive.

The Chairman and the ISNI team met the Finance Minister. Although he accepted the force of many of our arguments, he also recognised that the necessity to agree a budget means that many compromises will be necessary.

### Projects & Programmes

#### *Asset Management Team (formerly CART)*

Ed Vernon has briefed the First Minister and his advisors again. He has been asked whether it would be possible to achieve £100m from asset management and asset sales over the CSR period. We have provided the following advice:

- Raising £100m in the current climate will be exceptionally difficult.
- To have any chance of success, the programme would require a fully resourced Asset Management Unit; backing from DFP; an incentivisation scheme that encouraged departments to work with the AMU and strong political support
- There will be issues relating to Value for Money that will cause Accounting Officers and the NIAO difficulty.

The Executive will consider the proposal for the formal establishment, with policy cover, of the AMU at its next meeting.

The iAMU is continuing its work with DCAL, where some 50% of its assets have been entered onto the ePIMS asset register.

DFP's estates strategy has now been completed and is being reviewed.

#### *Department of Justice*

Progress with DoJ was slowed by the need to obtain security clearances. However, advances have been made on the NI Prisons project. An expert from NOMS has agreed to review the specification and running costs of the NIPS proposal, which we believe could be improved upon. Patrick McMeekin has constructed an interactive staffing model which demonstrates the impact of differing policy decisions. This has been extremely well received by the department and is informing a range of decisions.

#### *Education*

The Ashfield and North Belfast Schools were classed in the top 100 projects in the world this year at the World Infrastructure Conference in Barcelona. They were the only schools to be considered to have a wider social significance. This is because of their close integration with the local community.

The Grosvenor School has been formally opened and work has begun in South Belfast on the Taughmonagh School. Work will begin shortly on three new libraries: Falls Road, Shankhill and Whiterock. The Belfast Central Library project has been slowed by the need to consider a range of other sites across the region.

A new project manager has managed to drive out some £3m in costs from the Belfast Metropolitan College contract. The project is now 4 weeks ahead of schedule.

#### *TQSP*

The project remains on budget and schedule. The project is awaiting the final bid for the operator contract.

#### *DVA Contract Renegotiation*

The business case for this work is progressing through the approvals process. As pointed out last month, we have had to progressively reduce our commitment to providing legal support as there will be insufficient time to complete the work in this financial year.

### *Maze/Long Kesh*

Work on remediation continues and should be complete by May/June. A meeting has been held with the South Eastern Regional College who are exploring the possibility of using part of the site. A Gateway Review of the project is planned for February.

Work is reaching a peak on preparing the bid for European funds to support the Conflict Transformation Centre. Meetings with the reference groups have continued, most recently with ex-prisoners. The exemplar designs will be ready before Christmas and the draft business plan by early January. The submission must be made before January 17<sup>th</sup>.

### *Desertcreat*

DoJ has renewed its support for the project, which the Minister sees as a key enabler of organisational change. Affordability remains the key issue and the project is the subject of much discussion in budget negotiations.

### *Lisanelly*

The Stage B design is still awaiting Departmental approval. The launch of the second consultation exercise received a large amount of publicity, including extended coverage on local BBC and ITV news. Loreto College's judicial review has again been put back and will not now be heard until the New Year.

### *Waste Programme*

Arc21 and SWAMP continue their bid evaluations. The problems caused by the change of ownership of one member of a consortium bidding for the NWRWMG contract rumble on. More detailed legal advice has been sought by both sides.

I met with senior officials in DoE to discuss the medium and long-term future of the Waste PDSU. Unlike most projects, reaching financial closure does not signify the end of the procurement as there will still be much work to do on obtaining planning permission. It seems likely that the Department will ask us to continue our support, albeit at a reduced cost, until 2014.

### *Rapid Transit*

There was a good response to the consultation on the City Centre Plan.

The Public Transport Reform Bill, which is central to providing the legislative cover required by the project, is one month behind schedule and there is a risk that it will not be passed

before the election. There has also been a delay in progressing the procurement of support for the Business Case. However, this is now moving again.

The Rapid Transit Team has been asked to advise the Department on a range of additional issues including transport modelling and integrated ticketing.

#### *New Work*

David Sterling has written to me asking for support for the Matrix programme, which seeks to boost the region's performance in key sectors. Pat O'Neill will be running two pilot projects: Digital 2010 and the Global Maritime Alliance.

## **Governance, Finance & Administration**

### *Staffing*

Following an open recruitment competition, Paul Kernan has been appointed on a temporary contract as the ePIMS coordinator.

### *Liaison*

SIB has been asked to host a visit from the Moroccan Ministry of Finance in mid-2011. The visitors wish to see examples of successful PPP projects.

### *Internal Audit*

Two out of the three Internal Audit reports have been received. One obtained a 'Satisfactory' and the other a 'Substantial' grading. These will be discussed at the January Audit Committee meeting.

### *Budget*

OFMDFM have commissioned a draft budget for the period 2011/12 to 2015/16. It has asked us to plan for two scenarios: 5% and 7% year on year reductions to both the enabling and operations budgets.