

## **CHIEF EXECUTIVE'S REPORT**

**March 2010**

### **ISNI 3 2011-2021**

The workshop arranged for last month with officials in DFP and OFMDFM to agree a modus operandi was postponed.

Martin Spollen and Patrick McMeekin presented the new improved DTS to the OFMDFM Committee in Clare House following the presentation we made to them last year. This was an action minuted in the Committee hearing and was recorded in the BBC video that was circulated to the Board last year. I am delighted to say that it met with universal acclaim from the Committee members and I have heard directly from Naomi Long how impressed she is with the facility. I also believe Martina Anderson saw this as a major step forward in the transparency of the infrastructure programme. Martin will update the Board.

As it happens we were also able to show Sammy Wilson the system when he attended the Infrastructure Conference in Dundalk. He was also impressed but has asked us to look at how we can provide more information to sub-contractors on the projects that are in the pipeline. He was also keen to understand how well populated the database input was being done and it could be that he will ask us to present to the Executive at some point,

Martin and Edgar have been doing a significant amount of work on the funding gap that is already apparent in the infrastructure programme. We had hoped to hold an event this month as the first seminar in the series of seminars that we advised the Board at the last Board meeting. Attached is a note that we have prepared that sets out the context and the Chairman has asked that we table this for discussion with Board members. I have discussed this paper with Noel Lavery (OFMDFM) and Richard Pengelly (DFP) and they are both very supportive of such an event. As Board members might imagine, I am keen to arrange this event before I leave as I think I can make a positive contribution.

### **CENTRAL ASSET REALISATION TEAM (CART)**

Two pilot projects with DFP and DARD are now underway and Scott Wilson now has two people on secondment and can now make some real headway. Ed Vernon has also sought to engage with OFMDFM Ministers to see if we can move his second report for Executive approval. This would be great as it has been in the system for more than six months. It is also worth highlighting that asset values for government backed income is very strong and for the right asset and the right size the values are as good as pre-credit crunch (see Health comment below).

## **PROJECTS/ PROGRAMMES**

**Education** – John McGrath and I have been chatting further about the additional support that we discussed at last month's Board meeting, which he is keen for SIB to provide DE and the ESA in the coming years. In terms of ESA, his current view is that it will remain in its current format for at least another twelve months. He is going to speak to Gavin Boyd about the requirement for our existing support but is now keen that we assist him in drawing up a new job description for this strategic advisory post. We aim to send this to him next week. He has also asked us to formalise the arrangements for Hazel Jones' role as Project Director for Lisanelly and believes that the arrangements we have put in place for Ciaran du Burca with DRD is a good template. We are looking to promulgate this shortly.

Preferred bidder on **Lagan and TorBank schools** project has been made! We are aiming to achieve financial close before the summer break.

**Health** – Leo McKenna, David Gilmour and I visited the new poly-clinic in Craigavon that is due to open to the public later this month. It is an amazing facility and offers a very exciting insight into new models of healthcare. There are 8 GP surgeries all co-located with a number of central services that will enable much of the A+E activities and routine healthcare to transfer to the new centre. It will also be open at least 6 days a week and will have more extensive hours than current GP practices offer. The facility has already attracted considerable international interest. The facility, built at a cost of some £13m, is likely to generate an annual income of more than £1m and I understand from a subsequent conversation with some potential investors that the yield is likely to be some 5.25% albeit this is likely to include a full repairing lease. It is noteworthy that although the facility today looks state-of-the-art no long-term maintenance arrangements have been put in place. This is surely something that now needs to become established practice irrespective of the procurement route.

We also undertook a site visit to see the progress on the new hospital in the SW with John Cole the CEO of Health Estates. Some 9 months into the construction it is already apparent that this is a major project and the consortia (FCC Elliott) are very confident that they will achieve the construction programme notwithstanding some major challenges since work started in May 2009 including two major land slips and appalling weather. They have also constructed a detailed mock up of a ward and some rooms which look very impressive.

**Desertcreat Training College** – We are hopeful that the business case which is currently with DHSSPS might shortly be approved albeit we are aware that the Minister is still looking at where his contribution to this significant project sits with his other pressing priority list.

**Titanic Signature Project** – Good progress is being made with the operating contract and it is anticipated that this will go out to the market in the next month or two. You will be able to see the progress being made on the building. Jonathan Hegan the Chairman of Titanic Foundation Limited is seeking to also appoint some more trustees soon as well as seeking to find a full-time Chief Executive. As the Board knows Bryan Gregory is currently fulfilling this role.

**MLK** – We now have a date for dinner (22/3) with RUAS, AFBI, DARD and OFMDFM to see what potential there might be to establish an Agricultural Centre of Excellence with AFBI's commercial operations at MLK as part of this – this could be very exciting. There is however been a major change in the governance arrangements being put in place. Kyle and I would like to discuss this with the Board; it has potentially major ramifications for the success of the project including delivering VFM and a solution that will optimise the engagement with the private sector which must be the pre-eminent issue as public expenditure tightens.

**AFBI** – Leo McKenna and I had a further positive meeting with the Chair and Deputy Chair this week to implement arrangements they are pursuing to recruit a new CEO. This appointment we believe aligns absolutely with the work we have been doing for AFBI on commercialisation. We produced a short paper for them (attached) that they will discuss with Malcolm McKibbin in DARD next week and then their Board. We hope that we might find the chance to discuss this issue at the dinner on the 22/3. They have also asked us to work up the strategic plan which we said we will do for late April/early May.

**Belfast Central Library/ Stadia** – The new Permanent Secretary, Rosalie Flanagan, has asked us to see her on the way forward on BCL. We are making some progress on the three stadia but significant issues still remain and Edgar Jardine I likely to convene a meeting soon as we do need to make progress on this matter.

**UK City of Culture Bid “Legend –Derry”** – Everyone is delighted that London~Derry has been short-listed as one of the four cities for the final of the first UK City of Culture. We are up against Norwich, Sheffield and Birmingham. There is a significant task ahead and Michael Donnelly and Fiona Kane are playing a central role supporting DCC and Ilex. They are to be congratulated in playing a major part in getting us to this exciting stage. I would like them to present to the Board next month as we have to submit our bid towards the end of May.

## **GOVERNANCE, MANAGEMENT AND CONTROL SYSTEMS**

### **GENERAL**

**Belfast – City of the Quarters March 26<sup>th</sup> 2010** – This conference being organised by Belfast Media Group which we are supporting jointly with DRD and a number of other sponsors looks as if it will attract considerable interest. Any Board Members interested in attending please let me know.

**Infrastructure (Ireland) 2030 Taskforce Report** – I attended the presentation by Liam Connellan of the report to the Taoiseach on the 24<sup>th</sup> February in Dublin, undertaken by Engineers Ireland/ Irish Academy of Engineering, looking at the infrastructure needs on the island of Ireland to 2030 and commissioned by Intertrade Ireland, is being presented by Liam Connellan, the Chair. He has received notification from the office of FM and dFM that they too will receive the report here in Belfast – a date is yet to be advised. I will circulate a soft copy of the report to Board members; I hope you will agree that it is a substantial piece of work that provides a very useful perspective for the next ISNI and beyond.

**Infrastructure UK** – James Stewart is very kindly coming over on Monday next week to attend a dinner hosted by Barclays Bank as part of a series of dinners that the Chief Executives Forum has planned as part of their campaign to diversify their offering. He is also going to do a workshop in Clare House prior to that with officials principally from OFMDFM and DFP.

**House of Lords Event for Derry's UK City of Culture Bid** – Baroness Goudie who chairs the Community Foundation hosted an event last week at the House of Lords. Both Aideen and Valerie were on leave so I was asked to do the speech to the assembled crowd. It served its purpose and we also hope to hold an event in Dublin that Brian Cowen has kindly said he will host.

**Infrastructure Investment Conference March 11<sup>th</sup> 2010** – Although attendance at the conference was well down on previous years there was some very useful contributions and Minister Wilson used the event to make a very interesting speech which got coverage in the press. I will circulate a copy of my speech.

**NI-CO Request for Support in Morocco** – The Board will remember that we were asked to support NI-Co on behalf of the UK in a bid with the German government for a project in Morocco: “Strengthening of the institutional capacity of the Direction des Entreprises Publiques et de la Privatisation (DEPP) (part of the Morocco Ministry of Economy and Finance) in the field of Public Private Partnership, corporate governance and financial information of Morocco's public enterprises”. We have been selected as the preferred partner and we met NI-CO this week to understand what might be involved. The CEO of NI-Co will contact DD to outline the importance of our support to his activities and I have also alerted Alastair Hamilton.

SIB/DNG  
11/03/10