

CHIEF EXECUTIVE'S REPORT

March 2009

ISNI 2008-2018

In relation to progress on the Delivery Tracking System (DTS), we met HOCS on Monday this week. He is keen to see DTS being implemented but feels that we need to ensure that, on a department by department basis, we have sought to address the concerns that they have.

One example where we know we have further work to do is with the Department of Health. We met Andrew McCormick and colleagues to discuss their concerns and we are going to develop a protocol which will make clear on what basis information may be used to inform both internal and external parties.

In relation to the Long Term Capital Planning Group, we also raised this issue with Bruce and explained the importance of LTCP.

CENTRAL ASSET REALISATION TEAM (CART)

Ed Vernon will hopefully join the end of the Board Meeting to report progress on his review of his original CRT report. We (including Ed Vernon, Frank Cushnahan, John McMillen, Paul Montgomery (DFP) met Gerry Grimstone earlier this month to discuss the measures that are being taken by HMT as part of the Operational Efficiency Drive that was highlighted in the FT article that we circulated last month. He was very interested to learn about our work and Ed is arranging a follow-up meeting. There is Steering Group meeting at the end of this week and hopefully following this meeting we will have a clear path as to how Ed intends to bring this further review to a conclusion. We are also going to Scotland on Thursday of this week to look at a couple of innovative examples of what they have done in Scotland to exploit "surplus assets."

REGIONAL DEVELOPMENT STRATEGY (RDS)

Progress continues to be made on the RDS and we are awaiting a first draft of the text from the Department in the next week. We will update the Board when we meet.

PROJECTS/ PROGRAMMES

- **Education** – John McGrath has approached us to see if we could assist with a temporary appointment of an Adviser prior to the formal establishment of the ESA. I have agreed that Denis McMahon will be seconded to the Department for a period of up to 6 months at the end of April following the expiry of his secondment with the Department of the Environment. As it happens, this arrangement could be very helpful in relation to the work that Denis has been doing on the potential educational campus at Lisanelly in Omagh. The Minister of Education called a meeting which Denis and I attended with Eugene Rooney. She is very committed to seeing this project happening. The principal issue that remains outstanding is the disposal/transfer of the land which has been the subject of political negotiations over the past two years. The Head of MOD Estates, Commander Tim Lawrence, met Denis earlier this month in Omagh and he confirmed that MOD is keen to see some movement on the site as quickly as possible.

- **Health** – There has been an intense amount of work on the Enniskillen project over the past month. Leo McKenna and I have had further meetings with the banking group in London and also the members of the consortia both in London and Madrid. It was useful to meet the principals of FCC in Madrid and gain a better understanding of their operations. FCC is now the largest contractor in Spain albeit 50% of their construction activities are now outside Spain with a major presence in Austria and Central European states. Clearly the downturn is impacting on all construction companies but it is clear that those who have experienced previous downturns are faring better than others; it would appear that FCC is very much in this position. It is apparent that credit terms are tightening further across the project financing market and we are working hard with Deloitte, financial advisers to the Authority, to ensure that we can benchmark these changes to provide sufficient assurance to the Accounting Officers in Health Estates and the Department of Health. PUK is also assisting. It is currently anticipated that we will achieve financial close in the week commencing 6th April 2009.
- **Belfast Metropolitan College** – We are anticipating reaching financial close by the end of this month, albeit it is going to be very tight. I will update the Board on Wednesday if we expect there to be any slippage. Assuming that we do finally achieve this milestone it will be a tremendous achievement particularly as we have managed to improve the Authority's position over the past month, albeit here again the adverse funding terms have had a negative impact on the unitary charge.
- **Titanic Signature Project** – We are making good progress on this project too, albeit there still remain one or two major issues outstanding..
- **MLK** – An extension of one month runs to the end of this week. There was a meeting with the two bidders yesterday and an urgent meeting is being arranged with the Junior Ministers in the next couple of days. There is a Steering Committee meeting this afternoon so I will update the Board tomorrow. Mary McKee is working hard on the Conflict Transformation Centre and a draft paper is in circulation which will be submitted to Junior Ministers.

GOVERNANCE, MANAGEMENT AND CONTROL SYSTEMS

- **Staffing** – [REDACTED] and [REDACTED] attachment to SIB has finished. [REDACTED] is attending the Federal Executive Institute residential course in Washington; it will be fascinating to hear about his experiences when he returns. [REDACTED] has done an outstanding job over the past couple of years and I think this course will be very beneficial for him and SIB.

GENERAL

- **All Island Infrastructure Investment Conference 2009**
The conference went well albeit numbers attending were down particularly on the second day; this is apparently something that is increasingly the case on the conference circuit and we will be having a wash-up session in the next week or two to consider the implications for future events. We believe that there are two principal motivations for people to attend conferences in the down-turn; first to hear

what the current state of play is in infrastructure delivery and perhaps we need to consider a different and cheaper way to do this. The second is a more intense learning where people are attracted by the quality of the speakers and want to learn and discuss current issues. This format resonates with the Round Table events that we have held and perhaps we need to think about holding such an event again this autumn with a small number of identified individuals. Martin and I will be bringing forward a proposal as to what we might do next.

- **Capita Corporate Governance Conference 2009** – I was asked to speak at this event last Friday and shared the platform with Leo O'Reilly.

SIB/DNG
24/03/09