Strategic Investment Board
Chief Executive’s Report – March 2014

PROGRAMMES AND PROJECTS

FINANCIAL TRANSACTIONS CAPITAL (FTC)

Work has continued to make possible the £25m loan from DEL to the University of Ulster. I attended a ceremony at which the University’s much larger loan agreement with the European Investment Bank was signed. The Minister, Dr Stephen Farry, thanked SIB for our help.

Colleagues from Infrastructure UK and HM Treasury attended a seminar run by SIB to discuss FTC and public equity investment. This was attended by officials from DFP, OFMDFM and other departments and was well received. One output from the seminar will be a joint SIB/DFP paper for Ministers setting out how the scheme works and identifying projects suitable for its use.

Patrick McMeekin and I attended a meeting with DRD officials at which we reviewed projects that they hope might be suitable for FTC.

NI COMMUNITY SAFETY TRAINING CENTRE – DESERTCREATE

The Business Case for the Desertcreat IT Project has been approved by the departments and DFP.

URBAN VILLAGES/COLIN TOWN CENTRE (CTC)

OFMDFM Ministers have agreed that the first two Urban Villages should be Colin and the Lower Newtownards Road. DSD has been appointed as the lead department for the projects. DSD has in turn approached SIB and asked it to develop proposals for a Delivery Unit, based on the existing Colin team. Wesley Emmett, Brenda Burns and I are currently discussing the composition and funding of this team with DSD officials.
The OFMDFM and DSD Ministers attended a photo call to announce the initiative. dFM briefed the Andersontown News in the following terms:

“The Colin and Lower Newtownards Road Urban Villages regeneration projects offer the residents a unique opportunity to influence the look of their areas and build the social capital and local amenities.

The development of the Urban Villages will bring the local community together to work on enhancing their built environment to deliver for all residents.

We want to see these areas transformed so the community is reinvigorated with a sense of pride in where they live and work.”

LISANELLY

The first meeting of the re-constituted Programme Board was held on 19th February. The new Board has additional representation from CPD and two independent members. New governance arrangements were agreed and initial plans discussed. I am meeting the new SRO, Fiona Hepper, shortly.

MEETING WITH EIB

I met representatives of the European Investment Bank during their recent visit to Belfast. We briefed them on current investment plans and discussed the possible role of the bank in providing finance. The bank provides loans at the lowest possible commercial rates up to a maximum of 50% of the project’s value. However, it normally only invests in projects with a total value of more than £200m, which excludes most projects in NI. However, the bank is very keen to invest in the region and we have identified a number of projects which would be suitable for its involvement (e.g. the road to Derry~Londonderry). The key issue is, as always, the ability of departments to repay the loans from their revenue budgets.

MEETING WITH UKTI
I met Michelle Leyden, Regional Project Officer with UKTI’s Regeneration Investment Organisation. The latter has been established to encourage and support foreign investment in private sector regeneration projects. It has identified some £1.5trillion of foreign funds available for such projects. Such funds are, however, looking for large projects with a minimum value of £500m. The only project in NI that is currently being considered for such investment is the Titanic Quarter.

GOVERNMENT DATA CENTRE

SIB has been asked to provide legal support to the Government Data Centre project. This is in addition to the provision of a Project Manager.

CITY OF CULTURE

I attended the final meeting of the Culture Company Board. The company will be wound up formally in three months.

Ilex has asked for SIB support in assessing the impact on the local economy of the City of Culture year. This will conclude SIB’s involvement in the project, which began with construction of the initial bid and included the provision of a range of support to the Culture Company, Ilex, DSD, OFMDFM, DCAL and Derry Council.

Judgement was delivered in the employment tribunal case taken against Culture Company by its former Director of Communications. The tribunal found for the company on all counts.
MUSEUM OF FREE DERRY

The project will cost more than expected. Martin Turner has this under control.

MAC

The MAC has won a prestigious architectural award: the AAI Downs Medal. This is awarded only when the judges feel that the best project submitted for the AAI Awards is of outstanding quality. This year the MAC won in competition with a distinguished field of projects including the new Student Centre at the London School of Economics.

The MAC has recorded its 500,000th visitor since it opened. In February it exceeded its annual visitor target for 2013/14.

ESCALATING COSTS

One consequence of the improving economy is that there is less pressure on bidders to submit exceptionally competitive tenders. There is growing evidence that costs estimated at the nadir of the recession are now proving optimistic. For example, the bid received for the ABOD Heritage centre was 10% higher than expected. Similarly, the bids for the Museum of Free Derry were also higher than predicted. If this trend continues and affects larger projects then it may cause affordability difficulties for major programmes such as Lisanelly.
RESEARCH & OTHER STUDIES

REVIEW OF COMMISSIONING AND PROCUREMENT

The work of the procurement Board sub-group continues. Agreement has been reached in a number of key areas and a report should be ready for the Finance Minister in time for him to brief the next meeting of the BRG.

It appears that most of the recommendations will be agreed in one form or another. However, the proposal to establish a central commissioning and procurement organisation is likely to be remitted for further consideration.

GOVERNANCE, FINANCE & ADMINISTRATION

OFMDFM COMMITTEE

Martin, Scott and I appeared before the OFMDFM Committee. We were given a very courteous reception and the questions centred more on SIB’s work than on its salaries. There is no Hansard transcript of the meeting, but audio and video recordings can be accessed from:


HR MANAGER

Interviews for the HR Manager post will be held on 31st March. There has been a good response to the advert with applications from several well qualified HR professionals.
DATA CONNECTION

There has been some progress with the installation of an upgraded data connection. If all goes to plan the new connection should be in place on or about the 19th March.

PAY REMIT

The Remuneration Committee has approved a cost of living pay rise of £832 to all eligible staff. This equates to a rise of between 0.59% for the highest paid staff and 6.41% for the lowest paid. Staff shortages in OFMDFM mean that the award may not be approved until July.