

Strategic Investment Board

Chief Executive's Report – May 2014

PROJECTS IN SUPPORT OF PFG OBJECTIVES

NI COMMUNITY SAFETY CENTRE AT DESERTCREAT

1. Work continues on reviewing the design of the college and preparing tender documentation. This is proceeding to plan.

LISANELLY SHARED EDUCATIONAL CAMPUS

2. At the last Board meeting I explained the way in which SIB will increase its support to the Lisanelly project, with the immediate aim of constructing a delivery plan that will have the confidence of the Minister and senior officials. To this end Paul and Denise have been supporting Hazel in this work and good progress has been made. In parallel, work has begun on updating the business case in light of increased school enrolments. The deadline for the completion of this work is 1st June and this is achievable.
3. From the work done to date, it seems likely that the costs will be higher, and the delivery schedule longer, than the Minister is expecting. It is therefore important that, in presenting the revised plan, the Minister can be assured that he will not be presented with further delays or additional costs later.
4. The second strand of work is the construction of the Programme Brief that will be the basis of the physical design of the campus. Hazel and her staff are engaging with the school principals and other stakeholders to define what is meant by sharing and how it will be operationalised.
5. Paul Sweeney, Permanent Secretary at DE, will attend the June Board meeting.

REGIONAL STADIUMS PROGRAMME

6. The Ravenhill Stadium was opened officially by FM and dFM. The project came in on schedule and under budget and has been seen by most commentators and stakeholders as a great success.
7. Work on Windsor Park continues with the letting of the main construction contract.

8. Local residents have lodged an application for judicial review of the decision to grant Casement park planning permission. DoE is content that the decision is entirely defensible, but the action may delay the project and thus affect its expenditure profile.
9. The European Commission ruled that the Executive's financial support for the programme is compatible with permitted State Aid regulations on account of the regenerative and social cohesion benefits it will deliver.
10. DCAL has asked for SIB support for the management of its sub-regional stadiums programme.

SOCIAL CLAUSES

11. The Social Clauses toolkit will be formally launched in early June. Full details of the event will be circulated shortly. The launch will also mark the commencement of SIB's advice service for organisations in the pre-procurement stages of projects who would like support in considering the social return on investment and, in particular, the use of social clauses.

ARC21

12. At a meeting between the principals of arc21 and the bidder this week, EEW formally announced changes to its consortium,.
13. There has been a predictable response to the planning application and a pro-forma letter is being used to solicit objections to the planning application to the proposed development. There are various communication initiatives being planned over the coming weeks to counter some of the misinformation (particularly the health scares) that are being circulated.
14. There are two more dialogue rounds to go before they are concluded and a call is issued for a final tender.

COLIN TOWN CENTRE

15. The OFMDFM submission regarding the funding of work on the Urban Villages project (including Colin Town Centre) has yet to be approved. However, work by the SIB staff continues. The June Board meeting is likely to include a visit to Colin and meetings with key stakeholders.
16. The quality of the three bids received for the contract to provide the Integrated Consultant Team for the planning application for the CTC project was very high. The quality aspect of its submission

received the highest marks and their costs were well within budget. This means that the team should be in a position to lodge the planning application for the CTC project by the close of 2014, with approval expected in 2015.

BELFAST RAPID TRANSIT

17. Ciaran de Burca will join the Board meeting this month and provide a report on progress with the project, which has been good.

E-CARS

18. The Irish News ran a piece on the slow update of electric car charging. It was entitled “33 electric car charging points never used” .
19. The Westminster government has announced details of how a further £500m of support for e-cars will be distributed. Irene Breen and her team has an excellent track record of obtaining more than the region’s fair share of such money and is working on a further series of bids.

OTHER PROGRAMMES AND PROJECTS

RUC GC MUSEUM

20. SIB ran a facilitated Strategic Planning Workshop for the RUC GC Foundation Trustees, the purpose of which was to devise an action plan and define the next steps to be taken in relation to the Police Museum Project, as well as to discuss the role of the Foundation and the actions needed to develop its capacity and capability.

BELFAST REGENERATION

21. I attended second meeting of the Berridge Review steering group. Joe Berridge has now completed his initial assessment and has issued a discussion paper. One of the projects singled out as being of particular importance is the Belfast Transport Hub.
22. BCC intends to hold a stakeholder seminar at which the findings of the review will be published. If any Board member would like to see a copy of the paper, please let me know.

BELFAST TRANSPORT HUB

23. SIB staff attended a meeting arranged by Translink to discuss the way ahead for the Belfast Transport Hub Project. Also present were representatives of DRD and DFP. The meeting provided a useful rehearsal of the rationale for the project and a review of its current status.

NW SPORTS CENTRE

24. The OBC for the project has been completed and is going through the Councils' approvals processes. The project will require grant funding.

ARMAGH GAOL

25. DETI is to call a meeting of all stakeholders at which the Business Case for the hotel project will be discussed.

CONNswATER GREENWAY

26. Remedial work designed to prevent flooding in the Victoria Park and Orangefield areas of east Belfast has been completed. Work on the remainder of the project will continue until early-2016.

DUNLUCE CASTLE

27. Phelim McGuire has started work with the NIEA on this £5m project to create a new visitors' centre. His first task is to complete the OBC for the project.

FORENSIC SCIENCE TRANSFORMATION PROGRAMME

28. All projects within the transformation programme now have a GREEN status. The new laboratory is on course to enter service in mid-2015. The new IT system is also on-course to be delivered to time and budget. The Service Improvement Programme continues to reduce turn-around times. A recent initiative cut the time needed to process drug samples by 20 days. Similarly, new DNA

technology will cut processing times and improve accuracy. Judge Tom Burgess has been appointed as a non-executive director.

HEAT PROGRAMME

29. The three key aims of HeAT are to be: to address fuel poverty in the classes that current schemes fail to reach; providing jobs and up-skilling the workforce and (c) improving energy sustainability. The project, if approved by Ministers, is likely to be launched in September 2015.

THE SIEGE HEROES MUSEUM

30. DFP Supply has approved addendum to the project's economic appraisal and this allows Derry City Council (on behalf of the Apprentice Boys of Derry) to appoint the main contractor.

MEDICINES OPTIMISATION SBRI

31. DHSSPS estimates that £55m per year is wasted because patients do not complete their courses of drugs. The aim of the project is to reduce significantly this wasted effort. The first stage of the competition went live in March and will close later this month. Alan McVicker expects that 6-10 projects will go forward to a funded Phase 1. Phase 1 will end in January 2015.

WIND ENERGY PROJECT (DARD/FOREST SERVICE)

32. Kevin Hegarty has begun work on the DARD/Forest Service wind farm project. Kevin's first task is to produce an SOC.
33. Key risks to the project include the impact of the N/S interconnector not proceeding; changes to the subsidies paid to wind farms and opposition to sites.
34. Kevin has drafted a response to the SONI/NIE consultation on proposals that off-shore wind energy plants should have preferential treatment in terms of access to the grid in comparison with onshore plants.

REVIEWS, STUDIES AND SERVICES

REVENUE FUNDED INVESTMENT

35. Scottish Finance Secretary John Swinney has announced that a further £1 billion of revenue finance will be made available in Scotland to fund infrastructure projects from now until 2019-20, though details of which deals will receive a boost will be not be revealed until the draft Scottish Budget is published in the autumn.
36. Mr. Swinney said: "We will develop plans to extend our current programme of NPD (Comment: Non-profit distributing projects – a form of PFI) with an additional £1 billion investment taking us through to 2019 - 20. This investment will build on the successes of the current programme, delivering colleges, schools, roads, hospitals and community health facilities across Scotland. It will also provide the construction sector with the long term certainty of a future pipeline of work.'
37. In NI, DFP believes the likelihood of using the revenue budget to fund infrastructure investment is diminishing.

USE OF FINANCIAL TRANSACTIONS CAPITAL (FTC)

38. Patrick McMeekin has organised a seminar for SIB and DFP staff to consider State Aid issues that may arise in the context of projects involving FTC. The main speaker will be Stephen Moore, DETI's expert on the subject.

REVIEWS OF OPERATIONAL PFI PROJECTS

39. The recent NIAO report on future repayment commitments arising out of PFI contracts and RRI borrowing recommended that OFMDFM carry out a systematic review of operational PFI contracts with the aim of driving out efficiencies.

REVIEW OF COMMISSIONING AND PROCUREMENT

40. A paper has been produced by CPD, and is currently being considered by the Procurement Board sub-group, that sets out the Permanent Secretaries' response to the Review of Commissioning and Procurement. Once the paper has been agreed I will share it with the Board.

INFRASTRUCTURE AUDIT

41. The Chairman and Communications committee have agreed to discuss the findings of the Infrastructure Audit with stakeholders at a series of thematic seminars. The first of these is being planned for June.

CONSULTATION TOOLKIT

42. SIB has been working with the DCAL Ministers advisory group on the built environment to construct a toolkit that will assist organisations carrying out public consultations. The intention is that through using the techniques described in the toolkit, the quality of public consultations will be improved and this will – in turn – improve projects.
43. The toolkit, which is likely to be launched formally by DCAL shortly, can be viewed at www.toolkit.creativityni.org.

MEETINGS

PATSY MCGLONE, MLA

44. I met Patsy McGlone, MLA (SDLP) and gave him a briefing on SIB's work. He was particularly interested in Desertcreat, Social Clauses and measures to encourage small business to apply for government work.

DFP – COUNCIL BORROWING

45. I met Mike Brennan and officials from DFP at their request to discuss the possibility of aggregating small Council Projects in a way that could make them attractive to the EIB.

DCAL - SOCIAL CLAUSES EVENT

46. I attended the launch of DCAL's strategy for the use of Social Clauses. This is a useful paper that documents the legislative context for the use of social clauses in government contracts. It also sets out the DCAL Minister's intentions for the maximisation of the social return on investment.

MEETINGS WITH PERMANENT SECRETARIES

47. Over the last month I have met the Permanent Secretaries of those departments with whom we do most business. These were DHSSPS, DCAL, DSD, DETI, DoJ, DRD and DE. I had a shorter meeting with Noel Lavery of DARD and will be meeting HOCS next week. The purpose of the meetings was to obtain an update on their assessment of the work of SIB and to provide an opportunity for them to identify areas for improvement. The feedback I received was very positive and demonstrated the value that is attached to the work of SIB staff. In the coming months I will be seeing written feedback from officials at working level on the performance of individual SIB staff.

FORTHCOMING EVENTS

48. The following events may be of interest to Board members:

8 th May	RICS Awards. CT, FH and BH attending.
15 th May	RSUA Awards. GMcG speaking; if other Board members wish to attend, please let me know.
End-May	Mammoth Communications/SIB Board Dinner
June	First Infrastructure Dialogue seminar

GOVERNANCE, FINANCE & ADMINISTRATION

BOARD TRAINING

49. Brian Whalley of CEF/CIPFA delivered a tailored seminar on effective corporate governance. After briefly covering the key responsibilities of Boards and Accounting Officers, the majority of the session was spent considering issues that have been of particular concern to Public Accounts Committees in London and Belfast. Amongst these were: poor project management; lack of integrity on the part of senior office holders; lack of control over ALBs by sponsor departments and the need to highlight to Ministers projects that are clearly undeliverable.

2014/15 BUDGET

50. OFMDFM has indicated that SIB, along with its other ALBs, should expect a reduction in its 2014/15 revenue budget. This is a result of severe pressures on the Executive's budget.

SIB REVIEW

51. Officials have produced draft Terms of Reference for the Review that are being reviewed internally before being shared with SIB.

HR MANAGER

52. The interviews for the post of HR Manager identified three appointable candidates. I expect to reach a decision on how to proceed by the time of the Board meeting.

GOVERNMENT DATA CENTRE PROJECT MANAGER

53. The Remuneration Committee has approved the appointment of Paul Wilson, lately a senior manager in BT, to the post of Government Data Centre Project Manager.

SOCIAL INVESTMENT FUND – CAPITAL PROJECTS MANAGER

54. David Gilmour has taken up the role of Programme Manager for the SIF Capital Programme. .

NEW PROTECTIVE MARKINGS FOR OFFICIAL PAPERS

55. The government has replaced the existing protective markings for papers with a simplified three-tier system. Most papers will now be marked as 'OFFICIAL' which replaces the previous 'RESTRICTED' and 'CONFIDENTIAL' markings. (The 'SECRET' and 'TOP SECRET' markings remain.)

56. SIB papers will generally be either unmarked or 'OFFICIAL'. The latter is to be used where there is information that needs to be protected for reasons of commercial or personal confidentiality.

BOARD PORTAL

57. A new Board Portal has been developed using MS SharePoint. It will contain Board Papers, project reports and data sheets and other key documentation. The portal is currently being tested to ensure that it works with all devices used by Board members, is secure and can be maintained efficiently. It is intended that the portal will be available for use next month.

INTERNAL ASSURANCE REPORT

58. SIB's internal auditors have concluded that in 2013/4 its systems were working effectively and thereby provided SUBSTANTIAL assurance.