

Minutes of a Board Meeting of Strategic Investment Board Limited

Held at 10.00am on Tuesday 13th January 2015 at
Carleton House
Gasworks Business Park
1 Cromac Avenue
Belfast

Present: Gerry McGinn (GMcG) - Chairman
Chris Thompson (CT)
Bro McFerran (BM)
Marie Therese McGivern (MTM)
Brett Hannam (BH)

In attendance: Martin Spollen (MS)
Gregor Hamilton (GH)
Scott Wilson (SW) [Items 10-18 only]

Apologies: Duncan McCausland (DMcC)
Frank Hewitt (FH)

1. The usual declarations of interest were taken as read. There were no particular interests thought to give rise to a specific need for declarations, given the items on the agenda.

Minutes of Previous Meeting

2. The minutes of the December 2014 board meeting were approved.

Chairman's and Directors' Business

3. GMcG noted that the directors present had held a closed pre-meeting during which they had discussed the challenges faced by SIB in the current political and financial context. He proposed that the implications for SIB of the Stormont House Agreement should be taken during the meeting as a specific item, and this was agreed. The agenda was reorganized accordingly.

4. GMcG noted that he and BH were to attend a meeting with Mark Browne, Colin Lewis and David Sterling in respect of the Civil Service Commissioners, as further detailed in the Chief Executive's Report.

Report from Audit Committee

5. CT explained that the Audit committee had taken three internal audit reports – all of which had been either “satisfactory” or “substantial” - and had accepted the attendant recommendations. He expressed confidence that the internal audit process would be satisfactorily completed by the end of the financial year. CT explained that the committee had also reviewed previous audit reports to ensure that all recommendations had been actioned in an appropriate manner.

6. CT noted that the Audit committee had reviewed the risk appetite statement, and that they envisaged bringing this to the full board in March once the ramifications of the Stormont House Agreement were more clearly understood.

7. CT anticipated that the annual report and accounts would be put to the board for formal approval at the June board meeting, and that a draft would be available for discussion at the May board meeting.

8. CT explained that it was intended to consider the External Audit strategy at the March meeting.

Project Reports and Quarterly Dashboards

9. BH noted that there were no material issues of concern in the dashboards report which had not previously been drawn to the attention of the Board. GMcG asked what, if any, steps the Board could take where issues were consistently flagged up as “red” for reasons outside the control of SIB. BH thought that each project would need to be considered on its own merits as the rationale for the assessment would vary in each case. Often, there was little that could be done other than to record the fact that the board has considered the matter and taken such steps as were available to mitigate the risk. MTM agreed that it would be preferable to formally record the fact that the board had identified and considered these issues even if (as CT pointed out) SIB were not the body principally responsible for the projects and even if the conclusion of the discussion was that there was nothing further SIB could do.

Chief Executive’s Report, ISNI Report and AMU Report

10. BH spoke to the Chief Executive’s report. He noted in particular:

- The ongoing discussions between DFP and the Civil Service Commissioners;
- The expectation that SIB would be asked by DEL to act as lender for another loan transaction
- The publication of the PAC Report on “The Future Impact of Borrowing and PFI Commitments” and SIB’s contribution to the response to its recommendations.

11. CT noted the role being played by SIB in assisting OFMDFM with establishment of an office in China, as described in the Chief Executive’s report

12. MS spoke to the ISNI Report. He circulated a note detailing the results achieved from a recent market research exercise carried out with the Chamber of Commerce in respect of infrastructure in NI. He noted that in excess of 300 responses had been received, and that transport infrastructure and energy costs had emerged as the primary areas of concern amongst the respondents. He explained that the context of the exercise had been a desire to broaden consultation beyond the relatively narrow range of attendees who attend the regular dialogue events. GMcG asked whether there were any other steps which might be taken to get input beyond the usual sources (and inform a wider audience). MS noted that the present exercise had for

obvious reasons focused on business. He acknowledged that input from the wider community might be beneficial. He noted that a number of conversations had taken place with journalists with a view to ensuring that they properly understood the context behind some of the projects with which SIB was involved. BM thought the survey useful, but noted the difficulty in translating the responses into a coherent narrative which could inform the ISNI. MTM agreed it was a useful exercise to assemble an evidence base to inform discussions around the ISNI, and was in favour of continuing efforts in this direction. It was noted that neither health nor education had been referenced in the survey questions. MS agreed that these could be included in any future exercise.

13. SW spoke to the AMU Report. He noted that the disposal programme targets for the current year and the entire 4 year cycle had been met and gave credit to Jonathan Moore for the work he had put in to this achievement. He noted that if the target for the disposal programme for 2015/16 remained it was inevitable that some assets which had previously been considered but excluded from the programme would now have to be reconsidered. He noted that a bid had been submitted in respect of 'invest to save' projects. BM asked if there was further scope to bring forward 'invest to save' projects. SW said there were plenty of potential projects but there was unlikely to be sufficient capital available to carry them out.

Stormont House Agreement

14. MS tabled a paper detailing the effects (so far as ascertainable) of the Stormont house Agreement on the capital budget position of the Executive.

Working with Local Authorities

15. BH briefly summarised the content and recommendations of a paper concerning SIB's future role working with Local Authorities, which had been prepared following discussions at the board away day. The recommendations set out in the paper were agreed by the board.

Charging Model

16. BH briefly summarized the content and recommendations of a paper concerning SIB's future charging model, which had been prepared following discussions at the recent board away

day. He explained that proposal was to move substantially to full cost recovery where SIB provided project management support. The recommendations set out in the paper were agreed by the board.

Draft Letter of Expectation and Corporate and Business Plans

17. BH noted that the draft Business Plan as set out in the board papers could change in the light of the current events – for example if SIB were asked to carry out a substantial asset disposal which it could not resource in-house. Since the timetable for preparation of the Business Plan was fixed and that for the letter of Expectation was more flexible, he proposed to delay finalising the draft Letter of Expectation to allow it to take account of developments over the following two months. With reference to the content of the draft Letter of Expectation itself, BH particularly drew the board’s attention to the section dealing with Social Value, which reflected discussion with SPADs. The board approved the draft Letter of Expectation and Business Plan.

Finance Report

18. BH noted that there were no major issues or potential underspends.

Other business

19. GMcG said he would endeavour to get dates of future meetings set well in advance so as to ensure maximum possible attendance. He invited directors to let him know if there were any particular issues which they wished to be discussed at future board meetings.