

Minutes of a Board Meeting of Strategic Investment Board Limited

Held at 10.00am on Tuesday 14th May 2013 at
Dale Farm House,
15 Dargan Road, Belfast

Present: David Dobbin (DD) (Chairman)
Frank Hewitt (FH)
Brett Hannam (BH)
Geraldine McAteer (GM)
Chris Thompson (CT)
Bro McFerran (BM)

In attendance: Martin Spollen (MS)
Gregor Hamilton (GH)
Scott Wilson (SW)

Apologies: Denis McMahon (OFMdFM)

Declarations of Interest: FH noted interests in respect of his involvement with ILEX, NI Transport Holding Company and NI Science Park. DD noted his interests in Ulster Rugby and Belfast Harbour Commissioners. CT noted interest in G4S (NI).

1. Minutes of Previous Meeting

The minutes of the March 2013 board meeting were approved, subject to slight amendment.

2. Chairman's Business

The Chairman reported on progress with the appointment of a new Chairman and non-executive directors.

The Chairman reported on the positive feedback he had received from Ministers and Permanent Secretaries on the work and contribution of SIB. In answer to a question, BH explained the role being played by SIB in connection with the forthcoming G8 conference. MS noted that the benefits study report was expected to be issued in September. GM and BM noted the importance of actively presenting to the international media covering the event positive aspects

of progress made in recent years. FH noted that NISP had already put a proposal to DETI for the conference.

DD asked that board members follow up on the invitations to the round table event being held at the Mac on 21 May with any invited delegates known to them. MS explained that the purpose of the event was to seek the views on infrastructure investment of users and other parties outside the “system”. DD reported on a recent dinner meeting with Professor Michael Parkinson, who was working on Belfast City regeneration on behalf of the council. At this dinner with Professor Parkinson and other local stakeholders a number of ideas for infrastructure investment were raised which differed from what the civil service and the Executive currently contemplated – e.g. further investments in bridge around Belfast.

3. Chief Executive’s Report

BH spoke to the chief Executive’s Report. He drew particular attention to:-

SIB Budget: BH noted that SIB had, as previously advised, been overcommitted by approximately £350K, and that the budget had since been reduced by an additional 1.5%. Although a bid had been made for additional funds at the next monitoring round, a contingency plan was also being put in place in case to cover the eventuality that this bid would be unsuccessful. DD suggested that given the increasing number of roles which departments were asking SIB to perform, that SIB should be charging for both directly incurred costs and for a contribution to administrative costs. BH stated that we were now increasingly doing so.

HR/Recruitment: BH noted that there was ever increasing pressure on SIB’s recruitment and HR functions (currently 14-21 posts in the course of recruitment). Against this background he indicated that he might have to seek board approval to appoint a senior HR person. DD queried whether there was anything in the budget to cover this and BH confirmed that currently there was not. DD suggested that it would be useful to step back and consider the resources available to SIB and whether it was appropriate for us to be involved in all of the areas where our assistance had been requested – some of which were not obviously related to strategic investment projects. CT noted that it was inevitable that as the organisation got bigger there would be increased pressure on all the corporate services functions. GM sought clarification as to the status of the staff being recruited and BH clarified that they were directly employed by SIB, although seconded into the various departments. DD suggested that clear “terms of

engagement” were needed to clarify what SIB would and would not get involved with. BH noted that the issue was not really the size or scope of the projects as such, but the role SIB played within them. He gave examples of cases where initial SIB involvement in one capacity had led to expectations or requests that SIB take on further responsibilities which might more appropriately have been handled by the sponsoring bodies themselves. It was agreed that DD and BH would meet to develop draft guidelines for board discussion.

MLK: GM queried why staff engaged in roles at MLK were employed by SIB and not by the MLK Development Corporation. BH explained that the staff remained SIB employees on secondment to the Development Corporation, although entirely funded by OFM&FM. In due course the staff would transfer to the DC (once pension arrangements had been sorted out) or their roles would be advertised. DD expressed concern that the ongoing involvement with MLK could involve SIB in potentially controversial issues (such as the recent request for SIB to provide a Strategic Roads Advisor) which should really be the employed/managed directly by the Development Corporation specifically established to develop the site. CT noted that he would be meeting with Kyle Alexander and Terry Brannigan, and that he could relay the message that SIB intends gradually to disengage. BH cautioned that it would not be possible to disengage quickly given the various political sensitivities around the project.

Relocation: BH noted that the move to the new premises at the Gasworks was progressing, although the timescale had slipped slightly, and some issues still needed to be sorted – in particular to ensure consistency with the principle that the move would be cost neutral for SIB.

Procurement Review: CT enquired as to the timescale for production of the report of the Strategic Review of Commissioning and Delivery of Infrastructure projects. BH said end June was likely. FH sought clarification of the brief, and BH explained that it was a joint study (with, not into, CPD) led by Paul Priestly into the entire process of procurement from beginning to end. The current focus of activity was in carrying out a number of case studies, and the report would be produced once these were completed.

4. AMU Report and ISNI Report

SW reported on the AMU. He explained that the disposals over the first two years had been £26.4m against a target of £25m. The AMU was now working with DFP to review the target for the current year, as there was a risk that too much capital might be raised.

SW noted that the first State of the Estate Report had now been drafted but that it would not be published until the Asset Management Strategy was approved. However he noted that there were a number of interesting findings in it, and agreed to a request from DD that the executive summary would be made available to the board. He noted that plans for collection of further data were now being progressed.

SW noted that the draft Asset Management Strategy had been submitted to FM and DFM in February. He noted that despite regular liaison by AMU with SpAds the approval was still delayed, and that this in turn made it difficult to get departments to engage with an action plan to implement it. He asked for board members to bring to bear any influence they have to encourage speedy approval of the AMS. DD queried the space standards in the AMS and SW confirmed they remained at 18.3 sqm per person. It was noted that this was relatively generous by private sector standards, although CT observed that there would be considerable costs involved with refurbishing existing premises to achieve greater density and it was important that these were identified and provision made for them.

SW outlined progress with the Social Housing Reform Programme. DD noted that the DSD Minister had been encouraged by a recent visit to see the work of GB Housing Associations and the innovative approach being taken. The challenge was to fast track the adoption of this knowledge into local Housing Associations. BH noted that the three posts being recruited for the programme were all high level, and that discussions had been held with SpAds to clear the ground for this in advance.

MS updated the board on the capital position For 2012/13 he noted that the final position would not be known until June but that a spend of £1.2bn was expected.

For 2013/14 MS noted that an additional £100m had become available which, added to the £100m from the A5, left £200m available for the June monitoring round. DD queried if there were sufficient shovel ready projects for this spend. MS confirmed that there would be no difficulty in spending the money – there were £70m of proposed road repairs (money usefully

expended in the view of the ISNI team), plus bus purchases, rail improvements, and various schools and health projects. The difficulty might rather be finding capital again for the A5 if and when it recommenced.

For 2014/15 MS explained that there was currently an over-commitment, but that this was expected to ease over the intervening period.

MS reported on work his team were carrying out for PSNI and ESA, and on progress with the infrastructure audit, and explained the purpose of the May 21st event. He confirmed that the infrastructure audit report would be brought to the board in advance of publication.

5. Delivering Social Change

In the absence of Denis McMahon, BH explained the background to the Delivering Social Change programme, and the role SIB was envisaged to play in it. In summary, the original concept was that OFMdFM would come forward with projects and SIB would produce plans for implementing them. SIB would also have a role where appropriate in implementing the plans once approved by the department. The first three projects had been identified as Colin Town, Urban Villages and the Green New Deal. Other projects would follow.

BH explained that SIB had been asked to find a way of fulfilling a PfG commitment to retrofit efficiency measures to domestic housing, and that a source of HMT capital had been identified for this in the “Financial Transactions Capital Fund”, whereby capital could be made available on an interest free basis for lending to a non public sector third party to implement the scheme. While work was progressing on developing the scheme, the question remained whether should SIB have a role in implementing it or it should be implemented by a Department.

BH explained that OFMdFM had requested SIB’s support on the DSC programme and that he envisaged two distinct stages for each of the projects:

- a project design phase in which SIB would advise on the organisation, design and deliverables of the project; and
- a delivery phase which would operate in the “normal” manner that SIB was involved in projects, namely that a department would come and ask for support if required, and we would discuss if and how it could be provided and paid for.

BH noted that two projects where SIB involvement was likely to be sought were the Urban Villages (applying the Colin model to other locations) and a programme for ten shared educational campuses.

DD queried if there was a budget available for SIB to become involved in the DSC projects. BH replied that at this juncture OFMDFM was planning to provide £500k of funding for SIB support. DD noted that SIB would need a lot more clarity as to the overall budget before committing. BM added that it would also be preferable if there were greater political consensus around the programme. CT agreed that it was important that SIB's role was clearly seen as supporting OFMDFM's programme, rather than leading it.

BM thought the model for DSC should be analogous to the ISNI – SIB could help to put a strategy together, but it was for the department to implement it. There was general agreement that SIB should not become a delivery body for green deal, social protection fund etc.

It was agreed that while SIB's principal focus should be on strategic procurement and scoping, and we could continue providing support to these projects in the same basis that we do for any other projects. However SIB should not become a lead delivery body.

GM noted that there were already structures and delivery mechanisms in place in this area, and that consultation was essential, and it was agreed that these points needed to be taken into account in SIB's strategic advice.

BH noted that these were early days and there would no doubt be a need to return to the matter again at future board meetings. It was hoped that Denis McMahon would be able to attend a future board meeting.

6. Other Matters from Chief Executive's Report

BH explained the current status of the Desertcreat College project. He noted that a review of the governance arrangements was being carried out. It was agreed that it would be useful to look at the project to establish if there were any lessons which might be learned or improvements to governance procedures introduced which would be of benefit to other projects.

BH noted the successful launch of the public consultation for Colin Town.

BH noted the legal challenge to the NW Waste Management project, and its potential adverse consequences.

BH noted a request from DE to provide project managers for the schools programme, and that discussion was taking place as to the nature of the requirement.

7. Report from Audit Committee

CT explained that the audit had just started and the final draft accounts would go to the board for approval at the June board meeting.

CT reported that a review of the risk register had been carried out and that three risks had been upgraded:-

-capacity and capability to achieve objects (in light of increased workload);

-external stakeholder relationships (in light of potential reputational risks arising from involvement in politically sensitive projects);

-financial resource (in light of increased workload and the over-commitment explained earlier by BH).

CT noted that an additional risk of “failure of a high priority project” was to be added to the risk register.

DD suggested that the board review the risk register along with the audit report at the June meeting.

8. Finance Report

BH reported an underspend of £5K for FY 2012/33.

9. Media Pack

The contents of the media pack were noted.

10. AOB

GM suggested that the Sally Gardens project might logically fall within Brenda Burns's remit rather than Leo McKenna's. BH agreed.

Next meeting: 11th June 2013

Chairman