

Minutes of a Board Meeting of Strategic Investment Board Limited

Held at 10.00am on Tuesday 15th October 2013 at
Carleton House,
1 Cromac Avenue, Belfast

Present: Geraldine McAteer (GMcA)
Frank Hewitt (FH)
Brett Hannam (BH)
Chris Thompson (CT)
Duncan McCausland (DM)
Gerry McGinn (GMcG)(Chairman)

In attendance: Gregor Hamilton (GH)
Scott Wilson (SW)
Martin Spollen (MS)
Leo McKenna (LM)(Item * only)

Apologies: Bro McFerran
Marie Therese McGivern

Declarations of Interest: FH noted interests in respect of his involvement with INI, NI Transport Holding Company (with particular reference to Belfast Rapid Transit), NI Science Park and the Big Lottery Fund (with particular reference to the WPFG Legacy). DM tabled a list of interests in projects supported by SIB that is attached at Appendix A to these minutes. CT noted interest in G4S(NI). GMcG noted his interests in AIB/First Trust; INI; Deloitte St Malachy's College, Belfast; CIPFA; IoD; NI Chamber of Commerce; CBI and the A2. GMcA noted an interest in the Casement Park Community Residents Committee.

1. Minutes of Previous Meeting

The minutes of the September 2013 board meeting were approved.

2. Chairman's and Directors' Business

GMcG noted that he had attended the investment conference hosted by FM and dFM on 11 October, and that it had been very positive. There is evidently a healthy pipeline of inward investors and unified political support across the Executive.

3. Chief Executive's Report

BH spoke to the Chief Executive's report. In particular:

Desertcreat: BH noted that the Executive had approved appointment of a preferred bidder although no public announcement had yet been made. He advised the board that Bryan Gregory had taken over from Colin McCrossan as Project Director.

Waste: BH noted potential problems and the issues for SIB were discussed..

[SENSITIVE] Maze Long Kesh: BH explained that the chairman of MLKDC had met with the First and deputy First Ministers and that agreement had been given to signature of the Development agreement with RUAS. Requests for Assistance: In response to a query from FH, BH explained the background to the Medicines Adherence Project, and the nature of the Small Business Research Initiative.

SIB review: BH explained that OFMdFM intended to carry out a formal review of SIB in FY 2014-15. He noted that the previous review carried out in 2009 had been completed but not published.

BH noted that the HR manager had given notice of her intention to take up a new job. CT asked if this was indicative of a need to attach a higher grading to the HR manager's job in light of the growth of the company. BH explained that this had been looked at, and the conclusion reached was that the post was correctly graded but that more junior support should be made available in HR.

CT enquired what progress was being made with education projects. BH explained that the key blockage in building new schools was the business case approval stage. At request of DE, SIB had provided additional resource to allow business cases to be prepared and approved more quickly. He noted that DE had now agreed the composition of the Project Delivery Team for Lisanelly and that this would allow the project to move forward.

FH asked for details of the bandwidth problem at Carleton House referred to in the report. BH explained that this was annoying but not critical, and that it was hoped the problem would be fixed more quickly than the three months originally indicated.

GMcA asked for an update on the HEAT programme. BH explained that it was important to take time to ensure market research and technical preparation were done properly, if the issues encountered on the Green New Deal in England were to be avoided.

BH invited views on the “aide-memoire” of operational risks and issues which had accompanied the board papers. The board approved and thought it a useful addition. CT noted that it was also useful from an audit committee point of view to have the risks clearly considered and set out. DM agreed queried whether “sensitive” was the appropriate designation. BH agreed to consider this further, but noted that there were downsides to the formal protective marking of documents as “CONFIDENTIAL”.

GMcA noted the reference in the report to the United Communities initiative.

4. ISNI Report

MS presented his update on the work of the ISNI team. He drew particular attention to work being done to prepare a paper on September monitoring and the Capital Budget for 2014/15 commissioned by the Executive. He noted that there would be around £180m available to reallocate for this year (including an additional £50m from the Reinvestment and Reform Initiative). Most of this amount resulted from the cancellation/postponement of the A5 project. Since £500m of bids had been received, there would be no difficulty in reallocating the money (even if a number of the projects put forward were not “shovel-ready”).

MS explained that Financial Transactions Capital (“FTC”) represented an additional source of capital, although it could only be used for schemes which met specific requirements as a means of incentivising the private sector to invest private capital in projects.

MS explained that the ISNI team were now planning for the next IS and that the Infrastructure Audit was a key building block to assist in this process. He explained how SIB had been tasked with development of new Strategic Infrastructure Planning Models, and that the SIPM for the post primary education sector was being piloted to evaluate site options on a schools project.

At request of FH MS explained the process by which capital DEL was redistributed. He noted that FTC was subject to a completely separate set of processes.

CT asked MS whether there was anything being done to improve the M2/westlink interface since this was something which businesses often identified as an impediment. MS noted that land had been acquired, but DRD were not in a position to progress the project in the immediate future.

5. AMU Report

SW reported on the AMU. He explained that the disposal programme was only 500K short of target for this financial year, with plenty of disposals in the pipeline.

SW noted that only five of the final asset management plans due to be received from all of the Departments before the end of September had actually been submitted, and all of these returned because information on annual running costs hadn't been fully updated.

SW said that 10 or 11 potential "Invest to Save" projects had been identified.

SW explained that the State of the Estate report was being circulated to ministers and that it would be published once this process was complete.

GMcA asked if it would be possible to receive a briefing on progress with the Housing stock transfer project outside the formal board meeting. SW noted that a stakeholder event was due to be held on 13 November.

SW explained that the Asset Management Strategy Implementation Plan (a draft of which was attached to board papers) was being shared with the DFP minister and would then be sent to the Permanent secretaries Group with a view to getting broad "sign-up".

6. Programme and Project Reports, Dashboards

BH explained for the benefit of new board members the scope of the information contained in the project Reports and dashboards.

BH drew attention to the increased number of AQs regarding matters where SIB was involved. GMcA asked if there was a particular topic which was attracting AQs. BH said there was a lot of interest in the City of Culture and Social Housing projects but otherwise no particular focus.

7. Alternative Finance and Use of Financial Transactions Capital

LM joined the meeting. He gave a short presentation on alternative methods of financing/funding major capital projects, in particular Revenue Funded Investment and Design Build Finance, and on the condition of the markets for equity and debt. He explained that DBF was essentially the same as traditional design and build but without any stage payments in advance of construction completion.

GMcG asked if the success of the authority in Ontario referred to be LM was purely down to the models they used or if there were other factors at play from which we could learn. LM identified the existence of an infrastructure minister, a clear pipeline of projects and a limited pre-procurement timetable as important factors. CT noted that these were all referred to in Paul Priestly's report. LM agreed and noted that the BRG had already acknowledged the need to implement the recommendations in that report.

DMcL queried if it was possible to aggregate capital allocations over a period of say 3 years in order to make a single large DBF payment. MS explained that in theory it was but that DFP did not normally work on this basis with departments.

FH noted with approval the way in which cost and time overruns could be minimized under the DBF model GMcA asked if it would be useful to warm up the local contractors and banks to ready them for use of this model.

There was a discussion around FTC. BH explained that it was effectively a very soft loan from the Treasury to the Executive, which could be used to take a minority stake in privately financed projects, or to provide working capital to facilitate projects. He noted that there was unanimous ministerial approval for its use in the development of the Belfast Transport Hub. CT noted that if the Executive did not use the FTC funding on offer it would be lost, and DMcL agreed that there was urgent need to identify the projects where the money could be spent. BH explained that an exercise would be conducted to look at the entire range of projects across the board to see where FTC money could be most effectively used, so as to free up other capital for use elsewhere.

LM explained that work was progressing with a view to holding an infrastructure conference in January 2014, jointly with IUK.

7. Finance Report

BH noted that that the financial performance was on track to meet budget for the year.

8. Media Pack

The contents of the media pack were noted

9. AoB

BH proposed and the board agreed that the next meeting (12 November) should be held in Derry (probably at Ilex offices if available)

BH would circulate a date for the board away day.

The password for Board papers was circulated.

Date of Next meeting: 12 November.

Appendix A: List of Relevant Interests of Mr. D McCausland

<i>Project</i>	<i>Interest</i>
NI Prison Construction	Independent Oversight Commissioner for Reform Programme in Prisons
NI Community Safety College-Desertcreat	Former Senior PSNI Officer
Police Operations Decision Support System	Former Senior PSNI Officer
Siege Heroes Museum	Delegated Board member for NITB authorising grant
MLK-Social Regeneration	Non-Executive member of MLK - DC
PbCRC	Non-Executive member of MLK - DC
ASA Strategy	Non-Executive member of MLK - DC
Titanic Signature Project	Non-executive Board member of NITB
Waterfront Hall Conference Centre	Delegated Board member for NITB - authorising grant
City of Culture	Delegated Board member for NITB - authorising grant
E Cars Scheme	Associate, Donnelly Group
Turner Prize	Delegated Board member for NITB - authorising grant
G8 Impact Assessment	Non-executive Board member of NITB
G8 Project Management	Chaired ACPO Planning Committee on allocation of G8 in UK
HMS Caroline	Delegated Board member for NITS –authorising grant