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Ms Kathy O'Hanlon
Clerk to the Committee
Committee for the Executive Office
Room 375,
Parliament Buildings
Ballymiscaw,
Stormont, Belfast
BT4 3XX

19 November 2016

Dear Ms O'Hanlon,

DRAFT PROGRAMME FOR GOVERNMENT 2016-21

The Committee has requested that officials from the Strategic Investment Board attend its meeting on Wednesday 23 November 2016. I will be accompanied by Scott Wilson, Head of the Asset Management Unit and Martin Spollen, Chief Investment Officer.

A short written submission is attached.

Yours sincerely,



Brett Hannam
Chief Executive

Committee for the Executive Office
Draft Programme for Government 2016-21
Strategic Investment Board Briefing

1.0 Introduction

- 1.1 The Committee for the Executive Office has asked for briefings from the Department's arms-length bodies to aid its consideration of the draft programme for Government (PfG) as it relates to the work of the Executive Office (TEO).
- 1.2 This paper describes the Strategic Investment Board's (SIB) approach to ensuring that its work is aligned with the Programme for Government and, as requested, identifies its contribution to the delivery plans for which TEO has responsibility.

2.0 Role of SIB

- 2.1 Where its help is requested, SIB works with departments, councils, arms-length bodies and other organisations to:
- plan infrastructure;
 - deliver major projects; and
 - manage assets.
- 2.2 Examples of SIB's current work in these areas include the development of the Executive's Investment Strategy; management of the construction of the Strule Educational Campus and managing the delivery of the Executive's Asset Management Strategy.

3.0 Alignment of SIB Work with the PfG

- 3.1 SIB is reviewing its work to determine whether any adjustments to its business plans or priorities will be required to ensure alignment with the PfG. An example of this type of assessment, in respect of the Asset Management Unit, is attached at Appendix A. It suggests that the Asset Management Strategy will support delivery plans for 8 out of the 14 Outcomes.
- 3.2 Similarly, the work of the 'Buy Social' team, which is focused on improving the social return from public investment, will contribute to 12 PfG social and economic outcomes including "Reduce economic inactivity" and "Increase economic opportunities for our most deprived".
- 3.3 In other areas SIB's work will indirectly contribute to PfG outcomes. For example, the primary indicator for the outcome "We have high quality public services" is "Usage of online channels to access public services". Such usage will rely on effective and efficient technical infrastructure, including a public sector shared network and a shared data centre; Department of Finance projects that are supported by SIB.

4.0 Support to TEO Delivery Plans

4.1 SIB is currently working in support of the following actions set out in the TEO delivery plans:

Indicators 26, 31 and 35

Shared Space; support to the Portrush Regeneration Group.

Equality & Good Relations: support to the United Youth programme; support to Urban Villages; support to the Social Investment Fund; support to the Summer Camps programme.

Shared Education: support to the Strule Education Campus.

Indicators 30 and 40

Institutional Investment in Infrastructure: SIB will work with public and private sector partners to encourage institutional investment in infrastructure where this is appropriate.

4.2 Recognising that the PfG and the TEO plans within it remain subject to change, SIB will continue to monitor their development and amend its own business plans accordingly.

Appendix A:

Review of the Alignment Between the Asset Management Strategy and the Programme for Government.

1.0 Background

1.1 The Asset Management Strategy Action Plan for 2016/17 included a requirement to 'Review alignment of the Asset Management Strategy with the new Programme for Government.' The Asset Management Strategy (AMS) was approved by the Executive in June 2013 and eventually published in December 2013. The AMS will be over three years old by the time the Programme for Government 2016-21 (PfG) is scheduled for agreement.

1.2 Ensuring alignment between the PfG and the AMS is therefore necessary to maintain the relevance of the previous Executive's objectives for asset management. The review acknowledges that at the present time the PfG has not been finalised and uses the draft PfG as a reference point. Any substantial changes from draft to final PfG can be re-visited at a later stage.

3.0 Purpose of the Review

3.1 This review provides a timely opportunity to identify any adjustments that are required to the AMS to align with the PfG and ensure they are reflected over the next budget period. It also assists the Asset Management Unit (AMU) with the prioritization of projects, initiatives and how best to support departments with the delivery of the PfG.

4.0 AMS Objectives

4.1 The objectives of the AMS are;

- to reduce the net cost of service delivery through the efficient use of public assets; and
- to promote effective asset management processes that unlock value.

4.2 The context for these objectives was; the need to address a challenging budgetary environment, the need for a fundamental shift towards cohesion, collaboration and consolidation across Central Government and the need for improvements in data quality, utilisation of skills, processes and procedures aligned towards generating value. In summary, the objectives were designed to drive improved performance in the management of assets to deliver financial benefits.

4.2 The PfG acknowledges the continuing budgetary constraints that the Executive faces and the need for the Executive to work collectively across boundaries focusing on the outcome rather than traditional departmental lines, the context therefore remains relevant. In summary, the pace of PfG delivery will be dictated by the availability of funding and the ability to re-direct scarce resources to front line services. Asset Management initiatives that generate resource savings, unlock additional capital and promote alternative forms of financing will continue to play an important role in the delivery of the PfG.

5.0 Alignment with PfG Outcomes

5.1 Analysis of the PfG would suggest that delivery plans for 8 out of the 14 Outcomes resonate with actions contained in, or developed since approval of, the AMS. In summary these are as follows;

5.2 Outcome 1 – We prosper through a strong, competitive, regionally balanced economy

- **Creation of jobs and economic growth through capital investment** supported by the Invest to Save Programme.
- **Promote Belfast and Derry~Londonderry as centres of development and employment** supported by the development of estate rationalisation projects in conjunction with Councils.
- **Secure, sustainable and cost efficient energy sector** supported by wind energy investment and the development of energy efficiency, generation and procurement measures across the government estate.
- **Local Councils – collaboration to address regional imbalance** supported by a partnership approach to consolidation, development and investment in city and regional office accommodation.
- **Business, academia and public sector collaboration** supported by the development of innovative opportunities in asset management e.g. BIM

5.3 Outcome 2 – We live and work sustainably – protecting the environment

- **Ensure planning decisions promote walking, cycling and public transport** supported by the development of sites for new office accommodation in urban areas.
- **Increased use of renewable and sustainable energy sources and promotion of energy efficiency** supported by wind energy investment and energy efficiency, generation and procurement measures across the government estate.

5.4 Outcome 8 – We care for others and we help those in need

- **Provide an additional 9,600 social homes and release more public land for housing** supported by greater rigour in the processing of surplus assets and identification of under-utilised assets suitable for housing development across government.
- **Fresh Start financial incentives, promoting mixed tenure and mixed use schemes** supported by engagement with the development and investment market and advising departments with innovative investment models.
- **Fundable and affordable mechanism to maintain NIHE stock to a good standard** supported by commercial and asset management inputs into the SHRP business case.

5.5 Outcome 9 – We are a shared society that respect diversity

- **Fresh Start financial incentives, promoting mixed tenure and mixed use schemes** supported by engagement with the development and investment market and advising departments with innovative investment models.

5.6 **Outcome 10 – We are a confident, welcoming, outward-looking society**

- **Attract international institutional investment in infrastructure and regeneration projects** supported by commercial, property and investment inputs into major projects, the NI Investment Fund and other structures to attract investors.

5.7 **Outcome 11 – We have high quality public services**

- **Direct more resources to front line services** supported by the elimination of asset management inefficiency, generation of revenue and release of capital from surplus and under-utilised assets.
- **Reform of Property Management** supported by advice and resource to assist DoF with the RPM Programme.

5.8 **Outcome 12 – We have created a place where people want to live and work, to visit and invest**

- **Attract international institutional investment in infrastructure and regeneration projects** supported by commercial, property and investment inputs into major projects, the NI Investment Fund and other structures to attract investors.

5.9 **Outcome 13 – We connect people and opportunities through our infrastructure**

- **Enhancement of public transport** supported by commercial, property, regeneration and investment support to Translink.
- **Provide an additional 9,600 social homes and release more public land for housing** supported by greater rigour in the processing of surplus assets and identification of under-utilised assets suitable for housing development across government.
- **Stimulate development on large sites to meet high housing demand** supported by commercial, property and investment inputs into major projects, the NI Investment Fund and other structures to attract investors.

6.0 **Asset Management Approach and Priorities for 2017/18 to 2020/21**

6.1 The PfG provides the opportunity to maintain momentum on a number of core land, property, commercial and operational initiatives that were conceived in the AMS and developed through engagement with the NICS Board and the leadership of the First Minister and deputy First Minister. It also provides an opportunity to build momentum in new or more recently developed initiatives such as energy, alternative financing, regeneration and local authority collaboration.

6.2 The achievements to date in asset management have largely been attributable to departments working collaboratively. The governance arrangements established in the AMS have made a significant contribution and are aligned with the core principle of collaboration, cohesion and working across traditional departmental boundaries promoted in the PfG.

6.3 The following list sets out a framework of priority areas that will ensure asset management is aligned with and supports the delivery of the PfG. This is not intended to be definitive but helps the AMU to plan and deploy resources.

- Property management efficiency, reform and support
- Energy efficiency, generation, procurement and investment
- Asset disposal, alternative use, rationalisation and enhancement
- Support for housing development and investment
- Commercial, transactional, investment and revenue generation support
- Support for Local Authorities and urban regeneration projects
- Asset Management Planning

7.0 Asset Management Indicators

7.1 Since 2011/12, the effectiveness of asset management has been measured by the generation of additional resource and additional capital. The outlook for the resource budget over the next 4 years would suggest that an indicator of annual additional resource benefits should remain. A target of £100m annual resource savings/generation over the 10 year period from 2011/12 to 2020/21 was agreed by the NICS Board and the First Minister and deputy First Minister. It is proposed that this continues to be monitored on an annual basis.

7.2 The generation of additional capital from asset disposals will continue, however there will now be greater emphasis on releasing sites for housing development, community asset transfer and re-use for mixed use development and regeneration. In addition, the PfG has a stated desire to leverage additional capital from alternative sources. Developing indicators that measure the success of the full range of these capital initiatives will need further discussion between AMU, DoF and other departments that contribute in this area i.e. DfC for land released for housing and community asset transfer.

7.3 Indicators for energy initiatives can be measured by revenue savings, revenue generated, carbon reduced and MW generated. AMU will engage with DAERA and DfE to ensure the measurement of asset management initiatives in this area align with those in the PfG.