



Northern Ireland
Assembly

Committee for the Office of the First Minister
and deputy First Minister

OFFICIAL REPORT (Hansard)

Strategic Investment Board

26 February 2014

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr Mike Nesbitt (Chairperson)
Mr Chris Lyttle (Deputy Chairperson)
Mrs Brenda Hale
Ms Bronwyn McGahan
Mr Stephen Moutray
Mr George Robinson
Mr Jimmy Spratt

Witnesses:

Mr Brett Hannam	Strategic Investment Board
Mr Martin Spollen	Strategic Investment Board
Mr Scott Wilson	Strategic Investment Board

The Chairperson: Brett Hannam is the chief executive of the Strategic Investment Board (SIB). We welcome him, along with Martin Spollen, head of investment strategy, and Scott Wilson, head of the asset management unit (AMU). Brett, do you want to make some opening remarks?

Mr Brett Hannam (Strategic Investment Board): I thank the Committee for the opportunity to present to you. SIB recognises the important role of the Committee in scrutiny, consultation and policy development, and we are very grateful for the opportunity to brief you on our work. I hope that my colleagues and I will be able to answer all your questions today, but, if that is not possible, for any reason, we will of course be happy to get back to you in writing as soon as possible.

It has been some time since we last briefed the Committee, so I thought that you might find it useful if I were to rehearse the functions of SIB briefly. I will ask Martin and Scott to speak to their areas of work, and I will cover SIB's support to project delivery. Finally, I will address two issues that the Committee Clerk has indicated are of particular interest to the Committee; namely, salaries and the use of consultants.

SIB has three broad functions. First, it prepares the investment strategy for Northern Ireland (ISNI). That is a rolling 10-year plan that describes the public infrastructure that government intends to deliver. SIB supports Departments in the preparation of their investment plans, which feed into the strategy. Martin will expand on that work shortly. Secondly, SIB contains the asset management unit. The AMU assists Departments to develop effective asset management plans and has recently published an asset management strategy for the effective and efficient management of public sector property assets. The AMU also helps Departments to achieve the Executive's targets for raising

additional capital for reinvestment. Scott will detail the outcomes of that work. The majority of SIB's efforts, however, are directed towards its third function, which is to assist the public sector to develop and deliver programmes and projects. Its role is to work in partnership with Departments to accelerate delivery timetables and obtain better value for the taxpayer. It does that by providing staff to fill key project management and advisory roles. Such staff have specialist skills, knowledge and experience that suit them to the particular projects on which they are deployed and are not usually available in the public sector. I should stress that SIB has no powers of direction or rights of interference in projects. It works solely when invited to do so by Departments, councils and other agencies.

In the briefing paper that I provided to the Committee before the meeting, I describe the work of SIB over the past 12 months. The paper lists the projects and sets out the nature of SIB's involvement in them, so I will not repeat the information now. However, it may be worth noting that, since I previously briefed the Committee, the number and value of projects supported by SIB has grown significantly, as has the proportion of SIB funding that is provided by its clients through co-funding arrangements. Similarly, the range of SIB clients has expanded to include councils and arm's-length bodies.

I will now ask Martin and Scott to speak to their areas of responsibility.

Mr Martin Spollen (Strategic Investment Board): Good afternoon. As Brett said, I am responsible for the investment strategy team in SIB. The team's work divides into three main elements, which I will describe very briefly.

First, we are responsible for the development of the Executive's ISNI during the spending review process, working closely with the Department of Finance and Personnel and the other Departments. Our role is really to evaluate Departments' ongoing capital commitments that will carry forward projects that have a high priority for legal or other reasons and projects that Departments would like to undertake if resources permit. We liaise with DFP and Treasury on the likely envelope of funding that will be available for the Budget period ahead and the six or seven years beyond that, which together make up the total 10-year perspective.

We focus on ensuring that ISNI funding is directed to priority projects that help support delivery of the Executive's Programme for Government and economic strategy in a context in which capital rationing is necessary. We identify synergies between the plans of different Departments that might be missed if that were done simply on a departmental basis. We ensure that projects are properly sequenced across Departments so that things get done in as logical and sensible an order as possible. We also identify projects that are potentially suitable for alternative finance and the sources of such finance.

Finally, we maintain intelligence on the capital markets in the UK and the EU and on matters that may impact on the plans, such as changes in accounting and reporting standards. In doing that, we engage with a wide range of stakeholders inside and outside government and, ultimately, support Ministers by drafting the final ISNI document for publication.

This is the third investment strategy for Northern Ireland published since 2005. Over that time, SIB has supported a near doubling of the total annual investment delivered into infrastructure. More recently, we have been supporting the introduction of financial transactions capital, which is a new form of capital. That now stands at around £235 million to be invested by 2016. We also support access for local projects to the Treasury's infrastructure guarantee scheme to accelerate further the pace of investment here.

The second role of the team is to monitor the ongoing delivery of the strategy by individual Departments and public bodies. We do that through the ISNI delivery tracking system. The Committee and its individual members will receive regular reports from the system on the progress of capital schemes across relevant sectors and constituencies. At present, there are around 500 projects live on the system, at all stages from outline business case to procurement award and project completion. Since 2011, we have seen the Office of the First Minister and deputy First Minister and other Departments invest in around £4 billion worth of capital projects. It was £1.3 billion last year and will probably be around £1.3 billion again this year. There is such a diversity of projects that it would be very much more time-consuming and costly to track them without the delivery tracking system.

We have gone further. In 2011, the Executive launched the ISNI information portal, which now makes that information available to small and medium-sized enterprises (SMEs) right across the region and ensures that, for future projects and upcoming opportunities, everyone in the supply chain is on a level playing field. I am pleased to say that, as we stand, all Departments are on the system and using it. We continue to provide technical support to Departments for staff training and systems development.

The final area that the ISNI team is responsible for is the provision of expert technical support to Departments on future investment planning. Brett mentioned the work that we do with Departments as a feed-in to the investment strategy itself. One of the areas of work is an assessment of the condition adequacy of our current infrastructure stock. We are completing work on the first ever comprehensive needs assessment for infrastructure across Northern Ireland. That will provide a more robust evidence base for future iterations and developments of the investment strategy.

We are also developing strategic infrastructure planning models for a number of public services, delivering on an Executive commitment in ISNI. That is a rather specialised area of work that is being delivered by SIB in partnership with Queen's University. It involves developing mathematical algorithms to mine government data sets in ways that can help officials to evaluate better future capital investment options. It is an approach that is used by major retailers; for example, in optimal store location. We are simply adapting the approach to the peculiar needs of the public sector. In his written statement to the Assembly in July, the First Minister described the work as helping to ensure:

"we deliver the right assets in the right place by providing the best information possible to inform investment decisions."

One of the first areas in which we are delivering that approach is with the Police Service of Northern Ireland, on what we call a police operations delivery tracking system.

I hope that that gives you a flavour of our work. I will now hand over to Scott to talk about the work of the asset management unit.

Mr Scott Wilson (Strategic Investment Board): When I previously briefed the Committee, I outlined the proposals that we were putting in place to deliver the Executive's commitment and approach to asset management. As a reminder, they were to establish an asset management unit in SIB; to deliver a programme of capital realisations over the Budget period; to populate a central asset register; to assist Departments in preparing annual asset management plans; and to prepare a region-wide asset management strategy.

In the two years since, we have exceeded the targets for capital realisations for 2011-12 and 2012-13. We will also exceed the target for 2013-14. That will bring the total additional capital for reinvestment up to around £47 million. We have collected a significant bank of property data into a central asset register, primarily with the central government office estate. We published what is called a state of the estate report on the SIB website just before Christmas.

Departments have now completed two years of asset management plans, and we are working with them on their third. The plans are improving at every iteration. We have helped Departments with what we call invest-to-save projects. In the past 12 months, those projects have accrued around £3 million a year in nominal annual savings. The most significant project was the purchase of the private sector interest in Invest NI headquarters, which was a private finance initiative (PFI) scheme. We did that back in July with the Department of Enterprise, Trade and Investment and Invest NI.

The Executive approved the asset management strategy back in June 2013, and we have since agreed all the delivery and governance arrangements. The delivery and governance arrangements will be quite similar to the Programme for Government arrangements, with a programme board and a delivery oversight group. The strategy can be found on the SIB website.

Mr Hannam: With your consent, I will now deal with the question of SIB salaries and how and why SIB is seeking to reduce its use of external consultants.

The Executive set up SIB in 2003 as a limited company with a board of independent non-executive directors. The structure was specifically designed to enable it to operate with a degree of independence from the rest of the public sector. In particular, the Executive directed SIB to recruit staff with precisely the attributes needed to do the jobs that Ministers set for it. Those are usually very senior roles, such as programme directors or project managers. Such staff require significant records of achievement in leading the delivery of multiple projects. They require substantial domain-specific knowledge. By that, I mean that they must have worked on very similar projects before. For example, someone leading a housing reform project must have experience in leading housing reform elsewhere. They must have the personal attributes that enable them to work effectively with a wide range of stakeholders and at every level from the building site to the Minister's office.

That combination of skills, knowledge and experience is often simply not available in the public sector, and it is certainly scarce in the private sector. It means that, for some key jobs, SIB has to be prepared to pay rates determined by the market, which are often higher than those in the public sector. One of the results of that is that the profile of SIB staff is very different when compared with other public sector organisations. It has, for example, a preponderance of older, more senior staff. The average age of SIB staff is 48. SIB staff are mostly employed on short-term contracts for a single project. Two thirds of staff are on temporary contracts of three years or less.

For those reasons, SIB staff have terms and conditions that differ from those of the majority of public sector employees. They have no expectation of remaining with the organisation or of transferring to the Civil Service once their contract is complete. They have no promotion opportunities. There is no pay progression, and SIB does not operate an enhanced redundancy scheme. However, the main difference — this is the most significant one if comparisons are to be made with other public servants — is that SIB does not operate a final salary pension scheme and instead provides access to a private sector money purchase scheme.

In summary, SIB was set up to support the Northern Ireland Executive in delivering high-value, complex projects with a regional significance. To do that, the Executive decided that SIB needs to be able to recruit and retain staff with highly specific skills and experience that are rarely available in the public sector. The way in which it does that is by paying market rates where that is necessary.

The second issue that I understand the Committee has a particular interest in is the use of external consultancy. SIB often finds that it has a requirement for additional short-term, specialist support that it cannot meet using its own staff or find in the Civil Service. In the past, that requirement would have been met using external consultants. However, as I am sure you are aware, Ministers have generally deprecated the use of consultants and advocated instead the development of internal capability and capacity. Our associate adviser model was therefore developed to provide a means by which that could be provided. The aims of the model are, first, to provide specialist support more quickly and at a lower cost than through the use of external consultants and, secondly, to provide a surge capacity that enables SIB to respond quickly to urgent and temporary requirements.

SIB has recruited a pool of associate advisers through open competition. They are paid a daily rate for the days that they actually work, and only those days. Since November 2011, associate advisers have completed 51 assignments for seven Departments and four other organisations. A review of the model demonstrated that its use delivered a minimum of a two-thirds reduction in the time required to respond to a request for assistance in comparison with external consultants and a 30% reduction in the costs of providing that assistance. Perhaps most importantly, 90% of clients deem the quality of outputs from those staff to be excellent. The result is that, during a period in which SIB's work increased substantially, spend on consultants reduced from £2.25 million in 2008 to an estimated half a million pounds this year.

Thank you very much for your attention. That concludes our briefing, but we are, of course, very willing to answer any questions that arise from it.

The Chairperson: I thank all three of you very much indeed. I appreciate that.

We will perhaps deal with the final two issues that you raised, Brett, which, as you say, have come to the Committee's attention previously. SIB as an organisation is following a private sector model. I get that. However, from looking at the appendix on staff earnings that you very kindly provided, I see that, although you are the chief executive officer, you are the third highest paid on the list. That is not my idea of a private sector model, given that the chief executive is not the highest paid employee.

Mr Hannam: I do not think that that is unusual. It is very common in major companies for staff recruited on the basis of having skills, knowledge and experience that are particularly rare to be paid more than the company's staff. I have not considered that to be unusual.

The Chairperson: What is rare about the change manager and the finance adviser?

Mr Hannam: They both work for Scott on social housing reform. The pool of candidates from which we could draw experienced staff to work on that high-profile and high-value project was very small. We were competing against, for example, chief executives of housing associations, for whom the normal salary range is between £120,000 and £380,000. What we pay is, in fact, in the lower quartile of that.

The Chairperson: OK. Did you say that you pay the associate strategic advisers a daily rate? You do not go out to tender, so are those people effectively retained?

Mr Hannam: No, they are employees. They are recruited in exactly the same way as other employees are, through open competition. However, they are paid simply for the days that they work rather than annually.

The Chairperson: On the days that they do not work for you —

Mr Hannam: They do not get paid.

The Chairperson: But what do they do?

Mr Hannam: Many of them are freelance consultants and have sources of income from that other work.

The Chairperson: They are effectively consultants who are brought in-house in a cost-effective manner.

Mr Hannam: Yes.

The Chairperson: Thank you. I think that some of the work that you do would be new to the Executive. Martin talked about cross-departmental synergies, which I presume to be something that the Department did not look at previously. Presumably, some of your work was previously carried out in Departments. Is that a fair summary?

Mr Hannam: In the past, aspects of our work have certainly been done by Departments, yes, and there are aspects that have been done by external consultants.

The Chairperson: What has happened to the resource used in work previously carried out in Departments?

Mr Hannam: The sort of work that I described is project management, where you may have had project managers who were in the Civil Service or who start writing business cases in the Civil Service. What has changed is the scale of the projects being embarked on and the experiences of Departments. To give you an example, SIB was asked to provide a project director for the regional stadiums programme, because the scale of the programme — £150 million — was greater than anything that the Department had managed previously. It was assessed as being necessary to bring in a project manager who had experience of operating at that level and who could, with confidence, take forward the programme.

The Chairperson: You are now working for Departments, non-departmental public bodies (NDPBs), councils and third sector organisations. Is there a plan to this expansion of activity breadth? Is it an issue for you?

Mr Hannam: Our work is primarily demand-led. Our intention is for SIB to have the agility and flexibility to be able to respond to whatever our clients throw at it. Normally, however, we work to the direction of Departments, so even if we are working for a third sector organisation, it will be because a Department has asked us to. I cannot think of any instances in which a third sector organisation would come directly to us and we respond to that request. It would always come through a Department.

We are, through legislation, enabled to support councils. That is a growing element of our work, and I suspect that, with the transfer of responsibilities, it will continue to be.

The Chairperson: Where does being stretched or spread too thinly fit with your risk-management assessment?

Mr Hannam: I would not allow us to be spread too thinly. We have grown substantially in the past few years because we have recruited additional staff to fulfil the additional requirements. However, one of the ways in which we have had to change our mode of operation is through our funding model. In

2007, we were fully funded by OFMDFM. Following the election of the coalition Government at Westminster and the consequential cuts to capital budgets, our budget was cut by 40%. That was at a time when demand was still rising, so we moved to a co-funding model, whereby part of our funding now comes from the clients that we support. In the coming financial year, I expect a proportion of the funding to be provided from that route to rise to around 50%, or £3 million.

The Chairperson: Can you break that down? Is any coming from the private sector or is it all —

Mr Hannam: No. One way or another, it will all be from the public sector.

The Chairperson: Is there a possibility of attracting private sector money?

Mr Hannam: Partnerships UK was an organisation that had many of our characteristics. It fulfilled similar roles and was half-owned by the private sector. However, it differed from us in that it would take equity stakes in some of the joint ventures that were pursued under public-private partnerships (PPPs). I do not see us doing that kind of thing in the future. For the moment, I do not foresee us changing the model that far.

The Chairperson: Is that because of political influence?

Mr Hannam: I do not see a need for change at the moment.

The Chairperson: You, as in the SIB?

Mr Hannam: Yes. Nobody has come to us and suggested that we should do it.

The Chairperson: Nobody has suggested it to you, and you do not see the need.

Mr Hannam: It is not a matter to which we have given enormous consideration, if any. I could come back to you with a more considered answer, if that would be helpful.

The Chairperson: That is fine.

Mr Spratt: Thanks to Brett and his colleagues for the presentation. There were significant savings made in consultancy costs from 2007-08 to 2012-13. Have you not just moved the money across to the wages paid to the consultants that you now employ in a different way? What is the actual saving?

Mr Hannam: As I mentioned, there are two key advantages to the associate adviser model. The first is the speed of deployment. We do not have to go through external, competitive procurements, so the time spent on those procurements — between six and eight weeks — is eliminated from the equation. The second saving is that the cost of the associate advisers whom we employ is some 30% less after overheads than equivalent consultants from the private sector. The reason for that is that, in any normal business, there will be an allocation towards overheads, to the cost of the individual whom we employ and to profit, and that element is excluded in the model that we are operating.

Mr Spratt: Overall, there is roughly a 30% saving.

Mr Hannam: Fifty-one assignments have been carried out to date, and we compared what it would have cost and how long it would have taken to deploy private sector consultants for those tasks. Our assessment is that we have saved 30%, yes.

Mr Spratt: You have saved about £1.5 million since 2007-08. How much has your wage bill gone up overall?

Mr Hannam: The wage bill will have risen, not because of our transferring costs from the consultancy budget to staff costs but because of the additional staff that we have taken on. I provided you with a graph.

Mr Spratt: Has the number of staff gone up substantially?

Mr Hannam: We have moved from a situation of having some 20 employees in 2007 to having some 90 employees now. The staff wage bill will have risen as a result.

Mr Spratt: It has doubled. Between 2010 and 2013, it has gone from £2.75 million to £5.73 million.

Mr Hannam: That is a function of the fact that we have more than doubled the number of staff.

Mr Spratt: Are you telling me that that is still value for money for the public purse?

Mr Hannam: I believe so.

Mr Spratt: Do you agree that part of your job is to make sure that the public purse gets value for money from projects?

Mr Hannam: Yes.

Mr Spratt: The Desertcreat project, which is a total mess, has cost the public purse a very substantial amount and will cost the Executive more in what will now be paid out. Do you think that that was value for money? Was the mess-up made by the board that was put together through the Policing Board and chaired by the Deputy Chief Constable?

Mr Hannam: No. The problem with the Desertcreat project is attributable to a breakdown in communication between the cost consultants who were employed to cost the project and the designers. It has been reported to the Justice Committee that the designers were making changes as the project progressed, and those changes were not being communicated to the cost consultants. The result —

Mr Spratt: Should your folks not have been reporting back on the effect on the public purse?

Mr Hannam: If I can just finish the point that I was making, as a result, the costs were underestimated. It is not that the costs have risen; rather, they were misreported. The costs were always what they were going to be, but the costs, as reported to the programme board, DFP and others, were substantially underestimated. The people responsible for that have left their jobs, and additional procedures have been put in place to make sure that such an elementary error cannot happen again. I should say that the programme team did not rely solely on the assurances provided to it by the cost consultants and designers but employed independent experts to verify those costs. The lesson we have learned from that is that the scope of that verification should be expanded from an industry standard of, perhaps, 20% up to a much higher figure. That is one of the lessons we have taken away from that.

Mr Spratt: I understand that you have increased your staff numbers substantially, but, given that you come from the business world initially, does it surprise you, for instance, that a Department requires a transport modeller in relation to planning and modelling when it is responsible for transport?

Mr Hannam: As I said in my opening presentation, we work only at the request of Departments. Every post we appoint to has its own business case, and each business case identifies and assesses all the options for filling that post. Where it appears that a post might be filled by an existing civil servant, we will explore that option very carefully. For the reasons we discussed, our staff are likely to be more expensive. However, where a Department gives us an unequivocal assurance that the post cannot be filled from within the Civil Service, we proceed on that basis. That is why we will recruit in that particular instance.

Mr Spratt: I suspect that that is the case, but the question I asked you was this: does it surprise you that a Department that is responsible for transport and for transport modelling and planning does not have an in-house expert to deal with those items? It is only recently that someone has been brought on board to deal with some transport issues in-house. Is it not surprising that the Department came to you instead of recruiting directly? I fully accept what you say: the job requires expertise and certain qualifications, and it would have to be someone with previous experience and all the rest of it.

Mr Hannam: One reason is that the Department will have a requirement for specialist support but it will be one that does not last very long. I explained that most of our tasks are limited to about three

years; so, in those circumstances, if a Department has an increased requirement for this sort of specialist expertise, it does not make financial sense to recruit a civil servant, who would come into the organisation with the expectation of a career, when it is possible to obtain that expertise for a short period through another route.

Mr Spratt: I accept what you are saying in relation to the SIB, but a Department, whether it is across the water or in any other part, should have a transport modeller, a programmer and a planner. That was not the case until recently. Finally, is the PSNI delivery and tracking system an Executive project that will be a costly one?

Mr Spollen: No, it is a project that we are undertaking with the PSNI. The costs of the project will probably be in the order of £75,000, so it is not a major project. Currently, we are taking a lot of the data sets that the PSNI has on crime incidents and on the deployment of its assets, and we are looking at how we can bring that together in a way that allows the PSNI to take more timely operational decisions about the deployment of staff. The PSNI is interested in reducing the time taken to respond to incidents and all the other targets for which they are responsible to the Policing Board and the district policing partnerships. This is really an operational tool that makes better use of the data that the PSNI already collects.

Mr Lyttle: Thank you for your presentation. I understand that the Strategic Investment Board is providing ongoing support and advice to OFMDFM on the Bright Start programme, which is one of the key actions towards childcare provision in Northern Ireland. I tabled a question to the First Minister and deputy First Minister in October asking if we could get access to some details of the work of the Strategic Investment Board on these issues. I received a response on 17 February advising that officials had agreed to look into providing us with a summary of the SIB's work in that regard. I am not sure whether we received that yet. Will you give us a brief idea on the nature of that work? I am thinking in particular of how OFMDFM established the number of additional childcare places proposed, which, I think, is in the region of 6,000 to 7,000, and whether these are adequate to meet the current need.

Mr Hannam: The work done on that project was part of a wider group of assignments undertaken by some of the associate advisers that I mentioned. I am afraid that I do not have the level of detailed information with me that would enable me to answer that question, but I can, of course, go away and follow that one up.

Mr Lyttle: OK, no problem.

The Chairperson: Scott, can I ask a little bit about asset management? From memory, there was not, at the beginning, a very solid corporate understanding of the assets that the devolved Administration held. How long did it take to put all that together?

Mr Scott Wilson: We focused primarily on the office estate and the surplus land because, at the moment, that is of most use to us in trying to drive out savings or get capital in. Within a year, we got a reasonable handle on the information available on the office estate, and we got mapping information, for example, on the surplus land. We have spent the year since then refining that.

The state of the estate report, for example, which was published just before Christmas, gives very granular information about the number of people in offices, the number of desks, the ratios between square metres and people etc, its size and its cost. There is a wealth of information on the office estate. The other estates, such as railway tracks, schools and hospitals, are being picked up by the Departments in their asset management plans every year. They will look at their estates, have information on what we might call their specialist estate, and, every year, have a series of actions in their plans that they are going to implement on a rolling basis. They do a five-year look ahead on that. So, we are in a lot better shape than we were when we briefed the Committee previously.

The Chairperson: Globally, what are we worth?

Mr Scott Wilson: The 2007 national asset register said that our assets were worth £38.5 billion, of which roads were £23.5 billion. As we are not an investment company, value is not what we use as a measure. We use running costs as a measure. The running costs of our assets based on 2010-11 estimates is about £1.23 billion a year.

The Chairperson: Some assets are better outside the public domain, and that is one of your functions. I also note that you seek socially valuable alternative uses for assets that are surplus but that cannot be sold in the current conditions. Can you expand on that? Can you give us any examples of that?

Mr Scott Wilson: We have been working with the DSD on its community asset transfer policy. A lot of what we have been doing with that Department involves taking case study example that may not have a commercial value but that would be of use through community asset transfer. We have not done any transfers to community groups, but we have been providing information to the DSD for policy development. With the DSD, we have redesigned the process in order to allow this to fit in. In the normal process, where an asset is surplus, it is trawled around Departments and arm's-length bodies. If it is not needed, it is sold. There is now an extra process, which means that community groups will get an opportunity to declare whether they have an interest in the asset.

The Chairperson: Take, say, a single police station that is surplus to the PSNI's requirements. What is your involvement in that? Do you have a templated engagement?

Mr Scott Wilson: Police stations are a bad example, and I will explain why. Our task is to deliver a programme of capital realisations, which, for this Budget period, is £72 million. Outside of that, there were additional targets. The PSNI happens to have its own target, as did the DSD, and they have carried on doing what they do.

I will answer the question more generally by outlining our work on other assets. At the start of the year, we sit down with the Department and, having established that its target for this year is x, we ask what assets it will dispose of to reach that target. We ask whether some assets have gone up or gone down and whether there are issues with any assets. We help the Department to look at things such as title issues and, if planning is required, we will get a planning application to enhance the value. If we think that there is no value in an asset, we will tell the Department. That may, for example, end up being an opportunity for the community to come in. Equally, if there is a commercial value, the community still has the opportunity to come in. It is a very open trawl process.

The Chairperson: Presumably, you keep half an eye on market trends. People seem to be saying that the property market is beginning to pick up. I was speaking to someone this week who was predicting that it would improve by between 5% and 10% in 2014. I only repeat that and do not endorse it, but what is your feeling?

Mr Scott Wilson: It has been published that the residential market is picking up by about 5%. I am not seeing that being transferred into land values at the moment, with some exceptions, which tend to be in the land that is locked up in NAMA or in the Ulster Bank, where it is heating up a bit. The prices for sites with four or five houses are beginning to look non-deliverable in some cases, but generally I would say that the rise in the residential market is not really translating into land values as yet. However, the market for assets that have an income, such as an office with a lease in place, is still strong and is getting stronger. There is interest from UK investors in some properties in Belfast; I have seen that in the past few months.

The Chairperson: You mentioned NAMA; what if there was a single buyer of NAMA property in Northern Ireland? How would that impact on the SIB?

Mr Scott Wilson: It depends on the buyer's strategy. If it is a single buyer whose strategy is to make as quick a return as possible, that might be an issue for us. Equally, if their strategy is to hold property for 25 years and wait for the value to come back, that would be a problem for us as well. It is a big influence. NAMA's footprint is not as big as, for example, the Ulster Bank's footprint; I would keep an eye on what is happening with the Ulster Bank as well. There is no doubt that most land holdings are held between three bodies, if you like — the public sector, NAMA and the Ulster Bank.

The Chairperson: Within that footprint, there is a recognised lack of grade A office accommodation. Has the SIB taken a view on that?

Mr Scott Wilson: We are working with Invest NI on that issue at the moment. I have not seen any proper evidence yet on supply and demand; that is one of the areas that Invest NI is looking at. It is looking at the granularity and asking whether that is the case. We all know anecdotally that it is the case. We are working on what we are doing through the asset management strategy. Government

occupies quite a lot of high-value leasehold property, especially in Belfast. A number of big leases will end in 2019, so if government want to save money and go elsewhere, the question is whether that stock will be available to the private sector, which would create grade A space. That is the question that we are working on with Invest NI at the moment.

The Chairperson: Thank you.

Ms McGahan: Thank you for your presentation. How does the police operations tracking system feed into the policing and community safety partnerships (PCSPs)? You referred to them by their old name, which was the district policing partnerships. How will that system impact on local policing plans. How will it differ from the one used by the PSNI previously?

Mr Spollen: It builds on what the PSNI did previously. The PSNI has number of initiatives under way, one of which is called Locate, whereby it is equipping all its mobile assets with GPS tracking so that it can have a much more live picture of where all its assets are.

If an incident arises, the PSNI is able to directly task resources to it. This means, effectively, that a lot more data is available on past patterns of asset deployments to incidents, where those assets were when they went to the incidents, and how long it took them to get there. We are providing a statistical suite of tools and techniques to allow that data set to be used much more intensively to address some of the operational questions that the police have. The questions relating to its targets are really for the PSNI to determine. We are providing the mechanism through which it can squeeze information out of what is essentially just a lot of data. So, the PSNI is looking at scenario planning and what would happen if it moved some of its assets around. That could involve the location of stations, mobile assets, or looking at the districts, how the PSNI resources them and what that means for the utilisation of its officers and other assets and its ability to respond to the types of targets set for it.

We do not really have any locus on the interaction between the PSNI and the bodies to which it is accountable: that is for them. We are providing the latest tools and techniques behind the scenes to allow the PSNI to address its business on a much more evidence-based footing.

Ms McGahan: Have you seen improvements now that you are using that system?

Mr Spollen: The system is still in pilot in two districts.

Ms McGahan: Which districts?

Mr Spollen: G and H.

Ms McGahan: Are there any reason for those being chosen?

Mr Spollen: No, like anything, we just picked two, and those were the two selected. The idea is that the system, when fully developed and evaluated, will be rolled out to further districts and other parts of the PSNI. For example, we are talking to the neighbourhood policing team about how the same tools and techniques might help it to better deploy its resources, particularly in the context of there being more emphasis on neighbourhood policing rather than response policing.

Ms McGahan: Neighbourhood policing is part of policing with the community, which is law and policy, so the police should be on the ground and not constantly be sitting in police stations. Part of the problem is that a cultural change is needed, so sometimes these mechanisms will not necessarily cure that problem.

Mr Hannam: This work arose out of additional work that we did with the Ambulance Service some years ago, when the problem presented to us was about how the Ambulance Service could finance the relocation of ambulance stations and the development of new ones. By using the techniques that Martin described and by analysing each call that came in to the Ambulance Service and where it came from, it was possible to analyse that data and predict, with some certainty, the likely levels of demand for ambulances in particular locations at particular times. That is why nowadays you will see ambulances and emergency vehicles positioning themselves at certain places through the city or on motorways. This enables response times to be brought down without the necessity of moving expensive infrastructure.

The Chairperson: I have a final question, and it is about procurement, for which there is a huge multibillion pound budget between us and local government. You have a social clause toolkit.

Mr Hannam: We do.

The Chairperson: Will you tell us a little bit about that, please?

Mr Hannam: I stress that we are not responsible for procurement policy: that is a matter for the procurement board and the Central Procurement Directorate (CPD). Obviously, we have a substantial interest in implementing social clauses in all our projects. Our experience told us that there was a gap between the formal policy guidance issued by the procurement board and the practitioners on the ground and their understanding of how to implement social clauses.

We spent some time developing a toolkit, which is a collection of examples and techniques that will be published on our website shortly. The intention is to provide practical assistance to those involved in projects across government, not just the ones that the SIB is involved in. The toolkit will be supplemented by a common good service that we will offer, whereby SIB staff will go out and meet those involved in the definition of projects at the earliest possible stage and identify opportunities for the use of social clauses to generate the best social return on that investment and work with them from the outset.

At the later stage, when the project goes into procurement, CPD will have a much bigger role in writing those requirements and intentions into contracts.

The Chairperson: So, that is about to go live?

Mr Hannam: Yes, it will, shortly. I got political agreement that that can happen and I will move forward with it shortly.

The Chairperson: Are you contacting all 108 MLAs with information? I would be interested when the contracts become live.

Mr Hannam: Of course, we can do that.

Mr G Robinson: My question is around health issues and completing a business case for the reformed GP out-of-hours services. How wide is that?

Mr Hannam: It is wider than I imagined it was going to be when we started because a lot of the research necessary to identify appropriate approaches in this region was done in Scotland and England. The individual concerned with this piece of work is determined to make the best use of that experience. It is ongoing work. Conclusions have not yet been reached, so I cannot give you more detail except to say that it is ongoing.

Mr G Robinson: When the work is complete, who will the findings go to?

Mr Hannam: The Department of Health.

Mr G Robinson: And the Minister.

Mr Hannam: I am sure that the Minister will be briefed on it.

Mr G Robinson: What about GPs?

Mr Hannam: I am afraid I do not know how that information will be communicated to GPs.

The Chairperson: Brett, Martin and Scott, thank you very much indeed.