

Dr Kevin Pelan
Clerk, Committee for Social Development
Room 284
Parliament Buildings
BELFAST
BT4 3XX

11 July 2014
Your ref: CSD/022/2013/3/CMC

To whom it may concern

In relation to the decision by NIHE board on 13 April 2011 to terminate the response maintenance contract with Red Sky Group.

I would respectfully suggest that you ask for a copy of the minutes as they are available from NIHE board secretary. Proper governance would not permit me to release the minute but I am content to give my account of the meeting.

The NIHE board met to confirm the intention to terminate the Red Sky contract following a long investigation by both internal RIU and external ASM Howarth. This was referenced as "Project Young" within NIHE and Mr Barney McGahan representing DSD attended all "Project Young" meetings and in advance of this final decision to terminate the contract the Permanent Secretary DSD met with NIHE Chairman, CEO and Chair of Audit to discuss termination actions.

As a member of the Audit committee I was fully aware of the gravity of the situation and also the sustained pattern of overcharging by Red Sky Group. In my opinion an extensive investigation was undertaken by NIHE and following extensive discussion and negotiation with Red Sky group who were unwilling to accept responsibility the decision was not taken lightly to terminate their contract. The minute of the meeting of 13 April will show that the board members unanimously agreed to this action. Further, the board could have terminated immediately but agreed to the maximum term notice of 3 months and also required the CEO to implement the process of TUPE to protect the workers involved in NIHE contracts.

NIHE board meeting of 5 July 2011 regarding the Ministers request for an extension to the Red Sky contract.

I made the chairman of NIHE aware in advance of the meeting of the 5 July 2011 of the direct approach made to me by the Ministers Special Advisor Mr Stephen Brimstone by

telephone on the 1 July 2011, in which he demanded I go into the board room of NIHE and vote against the termination and to further ask for the 3 month extension of Red Sky contract. I asked the chairman if he would rule if this approach constituted a conflict of interest or not, but it is my opinion that I found myself placed in a difficult position that I would not have participated in the meeting without being seen as acting on a party basis as opposed to that of the board member, thus damaging my integrity and that of the board and Audit committee. The chairman agreed with my concerns and when I turned up for the special board meeting on 5 July 2011 he asked me to remove myself from the board room. I duly obliged. That meeting was dealing with a direct request from the Minister via DSD to extend the contract of Red Sky Group and was effectively removing the termination.

I wish to state for the record I fully supported the NIHE board in its decision not to reinstate the Red Sky contract. As a member of the Audit committee I was further informed of the increasing level of overcharging with Red Sky contracts and I also had serious concerns around directors of Red Sky confirming on TV that they charged NIHE for work on buildings that didn't exist. Again I understand the board members at the meeting on 5 July 2011 voted unanimously to continue with the termination of the contract and not to reinstate.

As a board member of NIHE I was kept fully updated on replacement discussions and TUPE provision to protect workers. I was also aware NIHE board had sought Senior Council legal opinion confirming the actions taken by the board were correct and appropriate. I would refer you to the minutes of the Audit committee for the 18 months prior to concerns of Red Sky when and on numerous occasions NIHE RIU team raised concerns on Red Sky Group.

I wish to add that I fully complied with the **DFP internal review** on the allegations surrounding political interference of the board of NIHE. I was given an assurance that this review was confidential and that once the findings had been reported to the Permanent Secretary for DSD, I would receive a copy of the report at least for accuracy. To date I have not had feedback of the report. I gave 2 hours of my time to facilitate this review and feel cheated that it has been buried somewhere within DSD. I ask, have the social development committee had sight of this report as this will answer some of your queries.

Please do not hesitate to contact me if I can be of any further assistance to you.

I remain

Yours sincerely

Jenny Palmer

Councillor for Lisburn City