



Northern Ireland
Assembly

Committee for Social Development

OFFICIAL REPORT (Hansard)

Inquiry into Allegations Arising from a BBC NI
'Spotlight' Programme aired on 3 July 2013 of
Impropriety or Irregularity Relating to NIHE-managed
Contracts and Consideration of any Resulting Actions:
Mr Brian Rowntree

11 December 2014

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Members present for all or part of the proceedings:

Mr Alex Maskey (Chairperson)
Mr Mickey Brady (Deputy Chairperson)
Mr Jim Allister
Ms Paula Bradley
Mr Gregory Campbell
Mr Maurice Devenney
Mr Stewart Dickson
Mr Fra McCann
Mr Sammy Wilson

Witnesses:

Mr Brian Rowntree

The Chairperson (Mr Maskey): I welcome Brian to the meeting. You have provided us with some information, but are there any remarks that you would like to open with, before we open it to members of the Committee?

Mr Brian Rowntree: I am here this morning to give evidence on the facts. I do not intend to offer any opinions because I do not think that is the remit of the Committee. I intend to substantiate where I can with evidence. I think that, as chairperson of the organisation and the board, I left a reasonable audit trail for all matters, and I am prepared to have that investigated and questioned.

The Chairperson (Mr Maskey): Thank you, Brian. Members, you have the papers in front of you.

Mr Brady: Good morning, Brian. There have been suggestions that Red Sky was unfairly treated and that there were sectarian issues. Why was the Red Sky contract terminated from the point of view of the Housing Executive? My other question is on the relationship that you had with the previous Minister as chair of the Housing Executive.

Mr Rowntree: On the first point, I totally refute any allegation of sectarian bias on the part of the organisation, and I have refuted it since the meeting with political representatives in April 2011. I have been silent since I left the Housing Executive; I do not intend to comment other than to this Committee. No one has produced any evidence to me as former chairperson of the Housing Executive; neither has anyone produced any evidence to the board members, the chief executive or the acting chief executive. We have a complete audit trail for all the issues that we dealt with in

relation to Red Sky. The director of the company went on TV after we terminated the contract stating that it had overcharged for buildings that did not exist. That was evidence on which any public body would terminate a contract. That was after extensive investigation by the organisation not just of Red Sky but of the whole series of processes, where we could, in response maintenance contracts. I want to deal with this issue: Red Sky was not the only contractor under investigation, but it was the most difficult contractor in its relationship with the organisation and its adherence to standards. They were away ahead in negative indicators, and, as an organisation, we were duty-bound to respond.

I would have hoped for and sought an amicable relationship with any Minister; I have always had a good relationship with any Minister I have worked for in public life. I did not seek the breakdown of that relationship, and I continued right up until the end to try to offer advice. In fact, what I sought was a working relationship that respected all parties in the equation. I found it difficult because it became personal, and I do not want it to be personal; I do not even want this conversation to be personal. I still respect the Minister as an individual. We had a misunderstanding about governance provisions, about their role and the role of the board and, therefore, my role as chair of the board. I think that that is where the difficulty arose.

The Chairperson (Mr Maskey): The Minister met you on 30 June 2011 and subsequently wrote to you in July about his proposals to extend the contract. It did not appear as an official direction, but you had concerns that it might be. Can you elaborate on that?

Mr Rowntree: The meeting was in June 2011, at the latter stages of the termination period. From memory, 13 July was the termination date. We were already in advanced negotiations; in point of fact, we were in a position to award contracts to adjacent contractors as part of the contract provisions. The meeting was about extending the contract with the administrators, who had indicated that they found it difficult to continue to run the contract because they did not have the relevant cover. They had been appointed by the bank and were acting for the courts.

The difficulty for us was that extending the contract would have meant revoking the notice period. We had no grounds to revoke the notice period and continue the contract because we saw nothing that allowed us to say that the bona fides of those to whom we were awarding it were in place. If I may go further, the board was very concerned — this was a corporate decision — about contract and contractor sustainability. Why would we extend a contract with an organisation that was in administration and was financially non-viable? Why would we extend Red Sky's contract when we did not know where its future lay? We were going to new contracts, which had been agreed a few years previously. All the work had been done and was being run through our procurement department at arm's length to the board and everyone else. Why would we interrupt that process, take it off track and re-award contracts to a party that we knew could not meet our performance measurement indicators? It did not stack up for us.

More importantly, we were concerned that the existing contract for response maintenance allowed us to award those contracts to adjacent contractors. If we did not award those before the end of the notice period, it was unlikely that a contractor would have taken a contract of that nature on board — there were multiple contracts — for a period that would not offer them any financial reward. That was because the gearing-up costs for other contractors to take on those contracts were substantial. We also wanted to protect the existing Red Sky workers, who were relevant to the Red Sky contracts under Transfer of Undertakings (Protection of Employment) (TUPE) provisions. Passing them to an administrator gave them no guarantee under TUPE of continuous employment. We wanted to offer some provision whereby the adjacent contractors would give those individuals the relevant guarantees and support under the TUPE provisions. TUPE provisions were an integral part of the adjacent contractors' provisions under the existing contract. It would have been nonsensical to set those contractor provisions aside and not protect the 200 workers who were noted as being allied to Housing Executive contracts.

The Chairperson (Mr Maskey): I have a couple of other points to put to you. On 5 July, you received an email from Michael Sands — this is the information that we have, and you have heard this — in furtherance of a conversation from Stephen Brimstone and Michael. In other words —

Mr Rowntree: Is that the email at 7.40 am?

The Chairperson (Mr Maskey): Yes. There are two points that I want to put to you. You got that email that morning. First, had you any further conversations about that with Michael or with anybody else? Secondly, we have evidence from the Minister, and Stephen Brimstone as well, that the reason

why they had contacted Jenny Palmer directly as a board member was because they had no confidence in you to relay the Minister's concerns to the board. Can you comment on those two points?

Mr Rowntree: I will say two things. The first is that the email arrived at 7.40 am. I knew that we were meeting early, but we were not meeting that early to discuss the issue. The second is that the email gave an indication and further elaborated on the request to extend the contract and, I think from memory, it was to take it to four months or something like that. That was another option suggested in the email. How would we consider an option to extend it that had not been appraised financially or substantiated, nor had we any guarantee from the administrators that they could do that? However, the email failed to clarify that the administrators, the evening before, had emailed our procurement department to say that they were in no position to continue with the contract to Red Sky and that the discussions on extending the contract were, in point of fact, defunct at that stage.

The board was also concerned that this was an attempt to influence it and to interfere in what was a procurement process, because here was a discussion and board papers going to the board, and I am a big fan of not tabling board papers to board members on the day; I do not think that it is right. It does not give due regard to the paper; nor does it give due regard to members' capacity to absorb the information in the paper. We have a strict rule in that regard. However, why would we table a matter to the board at that late juncture that did not have any clarification round it and did not have any supporting protocols around it?

The third point is that I had already had a conversation with Jenny Palmer on the day previous, and the email was in line with the information that Jenny Palmer had relayed to me as chair. As to whether one has confidence in me as chair or not, that is a matter for the Minister and a personal issue with the Minister. I had a 10-person board, and I had 10 people who unanimously voted on that board. I had no dissent. A board member came to me with a sensitive issue, and I dealt with that relative to the board member, and that board member had confidence in me. I would hope that the confidence in me was understood by all in the equation — the administrators, the other adjacent contractors and those tenants whom we are responsible for by ensuring that we have continuing response maintenance as an organisation. Thank you.

The Chairperson (Mr Maskey): Did you have any other conversation with Michael Sands or anybody around that?

Mr Rowntree: I had no conversation with Michael Sands. My conversations were with the Minister or Will Haire, and that is right in that regard. Michael Sands would have had conversations with officers in the organisation.

The Chairperson (Mr Maskey): Thank you. We will have Jim, Paula and then Gregory.

Mr Allister: You made reference to the contact from Jenny Palmer before 5 July meeting.

Mr Rowntree: Yes, indeed.

Mr Allister: Can you tell us about that? How did it come about and what was said?

Mr Rowntree: Jenny Palmer rang me. She seemed quite perturbed and asked to meet me the day before the board meeting. It was about an allegation of an intervention, external of the board, to Jenny Palmer. She relayed the conversation to me, a conversation that I know you are aware of, so I do not want to elaborate on it. However, the conversation was about the fact that she had been contacted by the Minister's special adviser and that she had been told that the party comes first. I saw the distress that Jenny was in; she was very traumatised by the event, but she was more traumatised by the fact that she had been separated out of the board as a special board member and not one of the other board members. That annoyed her, because she did not see her position or role on the board in that regard. So I took Jenny through her standing on the board, and, if I may, I will take you through it as well.

Jenny is not appointed to the board by any individual political party; she is appointed by Lisburn City Council as a member of the Housing Council. Therefore, her local authority has confidence in her to represent its views on housing matters to the Housing Council. The Housing Council, as a corporate body, has the right to nominate four individuals, under legal provision and constitutional arrangements,

to the board of the Housing Executive. Therefore, any members who have a political background on the board and declare their political interests are representatives of the Housing Council on the board. Therefore, any intervention to Jenny was an intervention to the work and organisation of another statutory instrument — the Northern Ireland Housing Council. So, we had two interventions: one around the Housing Executive; and another around a Housing Council representative on the board.

I explained that to Jenny and tried to comfort her in that regard. However, I said to her that this was a very serious matter and that I took any allegation of any intervention quite seriously. I also said that it was far, far outside proper corporate governance provisions that anyone should try to influence any board in the decision-making process but, more importantly, a non-client body dealing with a very sensitive matter. I also said that, given that the request from the Minister was a ministerial consideration, it went beyond a consideration in my view, if someone was attempting to make sure that a representative of the Minister — as the Minister's SpAd saw them — was being instructed to take a party line in the boardroom.

I asked whether that was her intention. She said no, but she said that she felt conflicted to a great degree because of this issue. She and I agreed that I would consider it overnight, but my view might be that I might ask her to consider leaving the debate because of that issue. I told her that I would reflect on it and that I would meet her early the next morning. I met Jenny before the board meeting next morning; she was still highly traumatised and had not been able to sleep but wanted to turn up. I gave her the good grace to come into the room, listen to the opening remarks of the meeting, record her attendance — which she wanted me to do — and then declare that she had a conflict of interests, had disclosed it to me, and I had agreed for her to leave the meeting. Then we started the debate.

I thought that that was the best way of dealing with the issue for everyone present and to try to get some balance into it. I also thought that the best way of dealing with it was to try to neutralise the situation so that no one could say that we had raised the political stakes in the room. As there were three other political members, I could foresee a political debate arising about an issue that was a board matter. I wanted to pre-empt that.

Mr Allister: Did she tell you who had instructed her that "the party comes first"?

Mr Rowntree: She said that it was Mr Brimstone.

Mr Allister: And did she convey anything else of what he said?

Mr Rowntree: She said that she was instructed to support the motion, which was the consideration of the request from the Minister.

Mr Allister: Yes, the Minister's request.

Mr Rowntree: To extend the contract.

Mr Allister: She told us that she had been told, "There is no point in you being on the board, unless you do what we tell you". Did she convey that to you?

Mr Rowntree: She implied it in conversation. Her exact words I do not recall, but the implication of her words was "We do not have confidence in you unless you do this, and you must do what is required of you". However, in her view, she was doing what was required of her because the Housing Council was also supporting our motion not to accept the extension of the contract, because the Housing Council members on the board were unanimous in that regard. The three other Housing Council members on the board voted in support of the motion.

Mr Allister: How long had you been chairman?

Mr Rowntree: I had been chairman at that stage for seven years.

Mr Allister: Had you encountered a situation like that before?

Mr Rowntree: I have been in the public sector since 1988 and I have never had this issue in my life; this is the only instance I have ever had of it. I have chaired boards with political representatives, and I must say that I found political representatives always to be creditable and also to honour the

provisions of corporate governance. For the record, I want to state that none of the political members in the room, including Jenny Palmer, broke the rules.

Mr Allister: Have you given evidence to the DFP fact-finding inquiry?

Mr Rowntree: I have never been contacted by DFP about the fact-finding issue for Councillor Palmer.

Mr Allister: Even though you were a person in the public domain who would have been in a position to corroborate the allegations that she was making.

Mr Rowntree: I have never been contacted by the inquiry.

Mr Allister: Can I ask you about one other thing? We know that there was a meeting on 27 June 2011 between political representatives, the Minister and some Red Sky personnel. You are aware of that.

Mr Rowntree: I was not aware of it when I was chairperson of the Housing Executive.

Mr Allister: Yes.

Mr Rowntree: I became aware of it when I left the Housing Executive, and I was absolutely surprised.

Mr Allister: What surprised you?

Mr Rowntree: The note of the meeting that was shown to me referred to the word "Newco"; it said that this was a Newco. I think that that is the note that you referred to.

Mr Allister: Yes, indeed.

Mr Rowntree: There was no identified organisation on that note. From memory of reading the note — I never had a copy of it — there were no Housing Executive procurement personnel present, nor were there any Housing Executive officers present. As far as I understand, there were no representatives of the administrators present at that meeting.

Mr Allister: Yet the company was in administration at that point.

Mr Rowntree: Yes, it was indeed. There were no representatives of the administrators, yet I believe that matters relating to the extension, or to Housing Executive contract provisions, were noted. I wondered why someone would be discussing an NDPB's business to a Newco that had not been identified, but, more importantly, where there might have been extensive conflicts in relation to that grouping having those discussions. If this was an organisation that was looking to potentially acquire the assets and the ongoing provisions of Red Sky, then that would have left them with an obvious commercial advantage from those discussions. I hope that that was not the case, but, afterwards, I was shocked to see the note and quite shocked to see that the meeting had taken place. I also noted that there were DSD officials at the meeting as well.

Mr Allister: What did you make of the record in the minutes of the Minister, in advocating an extension until the end of August, saying that, during that time, the proposed new company might also be able to progress matters? What did that convey to you?

Mr Rowntree: That refers to what I said: that may imply giving commercial advantage to an unidentified organisation, or in that case individuals, if there was no body corporate incorporated at that stage. I believe that the assets of Red Sky may have been acquired by an organisation called Totalis. I am not too clear about that, but I think that it may have been. The question would be that, if Totalis was incorporated after that date, was that meeting potentially seen as fact-finding by people who intended to acquire the assets from the administrator? I thought that it would have been better had those conversations been had with NIHE and the administrators together, because we had established, under my chairmanship, an ongoing series of dialogues with the administrators to secure TUPE arrangements for the relevant transfer of staff and also to make sure that the financial standing of the administrators was such that we were aware of the time frame that they could honour the existing contract provisions during the notice period.

Mr Allister: Did the fact that those comments came from the Minister surprise you?

Mr Rowntree: The Minister was obviously being briefed in relation to the ongoing discussions with Newco, whoever Newco was. We had never been involved with Newco; nor had we any intention of being involved with Newco.

Mr Allister: At a later stage, you made reference to lobbying for a commercial interest.

Mr Rowntree: That is correct, yes.

Mr Allister: What were you referring to?

Mr Rowntree: I was saying that it could be seen, potentially, as lobbying for a commercial interest.

Mr Allister: By the Minister?

Mr Rowntree: By all parties in that room, because, if any party to that discussion was seen as offering a commercial advantage to any organisation that was not at present in a contract with the Northern Ireland Housing Executive, they would have been seen as lobbying for commercial gain. The question is this: why was that note not sent to the Housing Executive? That is a question that I would ask the Committee —

Mr Allister: And you were not invited to the meeting.

Mr Rowntree: No, we were not, nor did we get a note of it.

The Chairperson (Mr Maskey): I want to move on, Jim. We will come back to you.

Ms P Bradley: Jim asked some of the questions that I wanted to ask. I just want to clarify a couple of things. When Jenny was in, I asked her how she felt after the phone call; she said that she had felt annoyed and that she was hurt. You have clarified that as well. We could see that she was quite visibly annoyed by those things. She also said in her statement that she felt that there was no one she could turn to to talk about what had happened. We know that she spoke to Allan Ewart in the car on the way up and that she met Jeffrey that day and spoke to him. When did Jenny contact you, Brian?

Mr Rowntree: It was the day before. From memory, I think that it was the morning of the day before the board meeting.

Ms P Bradley: So it was the Monday.

Mr Rowntree: I think that it was the Monday, yes. The board meeting was on the Tuesday, I think, so it was the Monday. She contacted me in a very distressed state. It was amazing, and I want that recorded. She has a tremendous loyalty to the party. I want to say it on record as the chairperson. I respect that 100%. In that regard, I wanted to ensure that that loyalty was respected and understood by the party itself. To place a board member — who was not a party board member but a Housing Council board member — in that situation was, I thought, a misinterpretation of the governance provisions. Therefore, in that regard, I deemed the intervention inappropriate, but I also felt that it placed Jenny in a position of mistrust, which she should not have been placed in.

Ms P Bradley: You also commented, in your reply to Jim, that she felt like a special board member.

Mr Rowntree: Yes.

Ms P Bradley: Did you say that there were four political representatives?

Mr Rowntree: There are four political reps, yes.

Ms P Bradley: I assume that Jenny is the only one who is a member of the Democratic Unionist Party.

Mr Rowntree: Jenny is the only one who was contacted.

Ms P Bradley: Jenny would be the only one who was contacted if it was a DUP special adviser.

Mr Rowntree: Yes, but what Jenny felt was that, if it was a Housing Council issue, she was quite prepared to pull all the other Housing Council members together and have a Housing Council discussion about it, but she was not offered that. The statement that hurt her most was, "The party comes first". That is not denigrating. Jenny is so loyal to her party, but she is also loyal to her conscience as a board member. That was the issue that she had with me, which was very difficult.

Ms P Bradley: So, you met Jenny the day before, on the Monday morning.

Mr Rowntree: Correct.

Ms P Bradley: Where did you meet Jenny?

Mr Rowntree: In my office in the Housing Executive.

Ms P Bradley: OK. Then Jenny went to the board meeting on Tuesday —

Mr Rowntree: She met me in my office that morning before the meeting as well, and we agreed —

Ms P Bradley: And that day, again, she was still feeling very uptight.

Mr Rowntree: Absolutely. She did not want to lose her respect for the party nor her respect for the board itself. I offered her the opportunity to come into the room and listen to the opening of the meeting, when we took the minutes etc, then we asked for a declaration of interest and she declared her interest, then excused herself from the room.

Ms P Bradley: I have nothing further at this time.

Mr Campbell: Mr Rowntree, on the issue of the board meeting, did you say that there were 10 representatives on the board?

Mr Rowntree: We have a 10-person board.

Mr Campbell: How many were present that day?

Mr Rowntree: I think that we had a full complement that day.

Mr Campbell: Would that have been the normal course of events?

Mr Rowntree: Yes, we generally had high attendance at board meetings.

Mr Campbell: If there was either a nine-person or 10-person board discussing matters of that import, if there was a proposition from the Minister or any other serious proposition, would it be the case that, in order to proceed down that route, a majority would be required?

Mr Rowntree: Absolutely, and correspondence would have been sent to members for their sight and discussion well in advance of the meeting as part of the board papers. You will see that there are board papers around; the Committee will have access to them. You will see the minutes of the meeting, where it is noted that members had sight of the correspondence. If there was a requirement for a divided board on the issue, we would certainly have had a democratic vote.

Mr Campbell: Therefore, to avoid your being put in an invidious position, if there were 10 persons there, logic would tell you that six people would be required to vote in favour of a proposal.

Mr Rowntree: I am also a board member.

Mr Campbell: I know, but if it was 5-5.

Mr Rowntree: The chair has the casting vote. That is within our constitutional arrangements.

Mr Campbell: Yes, and that was you.

Mr Rowntree: Correct.

Mr Campbell: So, to avoid you being in that position, six people would have been required to vote for that or any other proposition.

Mr Rowntree: I am sure you are absolutely right.

Mr Campbell: Well, is it right?

Mr Rowntree: If you are saying that if the majority vote —

Mr Campbell: I am asking you. You were the chairman of the board.

Mr Rowntree: It takes six persons to require a majority on a 10-person board if there is a casting vote from the chair. You are absolutely right.

The Chairperson (Mr Maskey): There were eight members in attendance, according to the record.

Mr Campbell: So, in that instance, to avoid your being in the casting vote position, it would have required five people.

Mr Rowntree: It would have required four members to vote for the motion, with a casting vote from the chair.

Mr Campbell: That is right, and to avoid your being in that position, it would have required five.

Mr Rowntree: No, in that situation, four members would have been required to vote, with a casting vote from the chair. There would still only be four members supporting the motion, and the casting vote is the chair's. There is no extra member in the room.

Mr Campbell: I understand that.

Mr Rowntree: Mine is an additional vote cast in addition to that. That does not mean that five voted for the motion; it says that the casting vote was in favour.

Mr Campbell: Yes, but to avoid the chair's being in the position of having to cast the deciding vote, a 5-3 vote would have been required. Is that right?

Mr Rowntree: I think what you are getting at, Mr Campbell, is whether, to avoid a drawn situation — a 4-4 vote — we would have had to have five persons in support of the motion.

Mr Campbell: That is exactly what I am getting at. Is that right?

Mr Rowntree: It is indeed.

Mr Campbell: So, on that day, when eight members were in attendance, five people would have been required to vote for the Minister's proposition.

Mr Rowntree: Correct.

Mr Campbell: How many people, to your knowledge, were contacted to try to get the Minister's proposition passed?

Mr Rowntree: One person.

Mr Campbell: So five people would be required to vote, and one person was contacted.

Mr Rowntree: Yes.

Mr Campbell: That does not sound like a device or mechanism to get something through.

Mr Rowntree: I have never been on record and nor have I stated that this was an attempt to sway the board in terms of majority voting. That was never going to be the case. I think it was an attempt to reinforce a party political position in the room, and Councillor Palmer was not prepared to do that. Councillor Palmer spoke to me about being told that she had to support the party, that the party must come first and that she had to reinforce the party position in the room. That took away her independence as a Housing Council member.

I never saw this as a situation that would divide the board, because the board had been unanimous in terms of the termination notice in April and had been unanimous in all decision-making around the contract divisions ever since. This was an attempt to bring a party political stance into the room, which Councillor Palmer wanted to avoid, and that is what she spoke to me about.

Mr Campbell: Was this, in your view, a serious attempt to get the board to change its mind?

Mr Rowntree: I do not think it was not a serious attempt to sway the board in terms of majority voting.

Mr Campbell: That is the only other way it could have been.

Mr Rowntree: I am giving you the evidence. I am telling you that, as chair of the board, I did not see the intervention changing the result in the room, and my evidence points to that, because we had a unanimous decision. What I did say was that Councillor Palmer was concerned that her independence as a Housing Council member was being thwarted by an intervention that brought a political viewpoint on the matter into the room, and therefore removed her capacity to participate in the debate as an individual. She therefore was seen to be adopting party lines.

Mr Campbell: So it was not an attempt to change the decision of the board.

Mr Rowntree: It was an attempt to influence the debate in the room, not to change the decision of the room.

Mr Campbell: That is not my question, Mr Rowntree. I am asking you a straight question: was this, in your opinion, an attempt to get the board to change its mind?

Mr Rowntree: I will be as honest with you as you are being with me — and I appreciate that, Mr Campbell: as chairperson on the day, the intervention with Jenny Palmer would not have changed the decision of the board in the room.

Mr Campbell: So it was not designed to change the decision.

Mr Rowntree: For my purposes as chair, one intervention with Councillor Jenny Palmer would not have changed the decision in the room.

Mr Campbell: That is fair enough.

Who were the other three political representatives on the board?

Mr Rowntree: There was a representative from the Ulster Unionist Party: Jim Speers. From Sinn Féin, there was, I think, Sean Begley. The SDLP representative was Eamonn O'Neill. It is amazing how, after you have left an organisation for a few years, names tend to leave you.

Mr Campbell: The four political representatives just happened to be from four different political parties.

Mr Rowntree: It is quite an unusual process. It is a process under the public appointments process. It is regulated by the Department for Social Development, and they are, de facto, ministerial

appointments. The Housing Council nominates two persons for each post. When I first became chairperson, there were only three political nominees on the board, and I extended that so that there was a capacity for four. We removed the capacity for one independent on the executive to make it a politically represented organisation. The practice, under public appointments, has been that the Minister appoints one person who is representative of political parties, and that has been the desire of the Minister, not the board. The Minister chooses that, not the Housing Council. The Housing Council nominates eight individuals for consideration by the Minister, and that is what happens.

The Chairperson (Mr Maskey): Gregory, for everybody's information, on page 181, there is a record of the attendees at that meeting. Jim Speers apologised. There was no apology from Sean Begley, who was not at the meeting. So, there were eight members in total. That is just to clarify that.

Mr Campbell: You said that you had been chair for about seven years at this time. During those seven years and up until then, had there always been four political representatives?

Mr Rowntree: No, there had been three up until about 2006, I think.

Mr Campbell: It then became four.

Mr Rowntree: Just before the St Andrews Agreement. I think that that was 2007.

Mr Campbell: Yes.

Mr Rowntree: Yes, it was 2006 — a change to 2000. Sinn Féin had never been represented on the board of the Housing Executive. Since Councillor Brendan Curran was a key participant at the Housing Council and had chaired numerous committees for the Housing Council, we thought that we would try to balance the representation from the Housing Council going forward if possible.

Mr Campbell: During your seven years on the board, whether there were three or four political members, was there ever any occasion when there was more than one person from a political party on the board?

Mr Rowntree: No.

Mr Campbell: So throughout your entire duration, there were always three political members or, in the latter part of your tenure, four, and all were separate reps from all of the political parties.

Mr Rowntree: Absolutely.

Mr Campbell: I will move on to Rinmore. During the 'Spotlight' programme, which is why we are all here, Mandy McAuley put to you a series of questions. She talked about Will Haire ringing you at the height of the dispute about Red Sky. She said:

"Brian Rowntree says he was informed that a complaint is being sent to the Northern Ireland Office to get him removed from the Civil Service Commission".

Was that accurate? That was her comment during the programme.

Mr Rowntree: Is this to do with Red Sky or Rinmore, Chair?

Ms P Bradley: You just said Rinmore, did you not?

Mr Campbell: Yes.

The Chairperson (Mr Maskey): What is the relevance, Gregory?

Mr Campbell: The relevance of it is that it is part of the 'Spotlight' programme.

The Chairperson (Mr Maskey): What has it got to do with the inquiry? That is the point. Regardless of the 'Spotlight' programme, we can rely on the 'Spotlight' programme for one programme or maybe not on another, but it is the inquiry terms of reference that we have to address.

Mr Campbell: Yes, that is right.

The Chairperson (Mr Maskey): Obviously you are putting a question. The witness will have to determine whether or not it is relevant, and we will challenge that, whatever the view might be. I have to say this: what is the relevance of the question?

Mr Wilson: It actually is relevant, especially since the witness has indicated that there was a dispute between him and the permanent secretary and the Minister —

Mr Rowntree: No, I never said —

The Chairperson (Mr Maskey): Hold on.

Mr Wilson: — over the whole Red Sky incident. In fact, we have got fairly robust letters between him and the Minister and the permanent secretary about their involvement. Drawn into this is the allegation that, because the relationships were so bad, the permanent secretary actually tried to get him removed from another job. So it is totally relevant. First of all, it is part of the 'Spotlight' programme, and, secondly, it is relevant to the breakdown in the relationship that he alleges there was between him and the Minister, which then led to the allegations about interference in the board and everything else. Chairman, I think that you would be stretching things if you tried to rule that issue out of this series of questions.

The Chairperson (Mr Maskey): I make the point again that it does not appear to be relevant to the terms of reference of phase three of the inquiry. The witness was invited here to address matters that are relevant to phase three of the inquiry. He was given that direction before he attended, and has responded accordingly in his written response and in answering questions here. As any other witness will tell you, they will only deal with what they are asked to deal with. I imagine that Mr Rowntree will say what he has indicated he is saying. He is asking the Chair what that has to do with the inquiry.

Mr Campbell: I mentioned Rinmore to a previous witness during this phase of the inquiry.

The Chairperson (Mr Maskey): Rinmore has not arisen from the evidence of Will Haire — or anybody else, for that matter — at any point in the inquiry. The original letter is supposed to have come from Will Haire, but he has never raised it, to my recollection, as a means to — I use my words advisedly — discredit Brian Rowntree, any evidence that he may give or his character.

Mr Campbell: I have raised Rinmore with a previous witness, and I want to raise it with this witness.

The Chairperson (Mr Maskey): Obviously, people will raise questions, but the witness was invited here to deal with the terms of reference of phase three of the inquiry —

Mr Campbell: And I am asking questions under those terms of reference.

The Chairperson (Mr Maskey): I do not see that.

Mr Campbell: You may not, Chairman. However, I raised that issue previously, and there was no query from the Chair or other members.

The Chairperson (Mr Maskey): No matter how many times you have raised it, the person who is supposed to have sent the letter, Will Haire, has never come to this inquiry and made it a relevant point in terms of the character or the judgement of —

Mr Wilson: Mr Rowntree did in the programme. Let me read out what Mr Rowntree said in the programme:

"On the back of this evidence, I am demanding a police inquiry on this issue. I am demanding the Serious Fraud Office take it on board and, more importantly, I am demanding an external

independent inquiry into the roles and responsibility of the people, the information and the processes both internal to and external of the Northern Ireland Executive."

Within days of the attack — this is important — Mr Rowntree said that "attempts to destroy him continued". So, it clearly is relevant to the inquiry. He said that he objected to the way in which the Minister was dealing with the Red Sky issue and that, as a result, attempts were made to destroy him. There could not be a clearer link.

Mr Rowntree: Can I say something, Chair?

The Chairperson (Mr Maskey): I will invite you in in a wee second. I remind people what the terms of reference of this phase of the inquiry are. They are about:

"Decision making relating to the award, modification and cancellation of NIHE maintenance contracts to establish any impropriety or irregularity and, in particular, whether the actions of Ministers were appropriate."

Those are the terms that we are dealing with. Mr Rowntree was invited here to deal with that and with related matters that are specific to him.

You have put the question. I have asked for the relevance of it, and I have not got a clear answer. However, Mr Rowntree is big enough and ugly enough to give us a response to the question, and he can do that.

Mr Rowntree: I did not come here to have my integrity and my character impugned; I came here to give evidence to the Committee. I have never seen the report that is referred to on Rinmore. No one copied me in on that report. and no one had the decency to forward that document to me and send it for my attention prior to its publication and finalisation. I was never interviewed as part of the preparation of that report and was never asked to give evidence in relation to it. I refused to comment on one paragraph of it, because I wanted to see the context where that paragraph sat within the full report. That is my right as a citizen. More importantly, I did not come here to get into a battle with members from any political party. I very much respect the integrity of people in politics and have always done so.

I want to put it in context that that had no bearing on the Red Sky issue. More importantly, the Red Sky issue was not about a relationship between the Minister and me, but a relationship between the board and the Minister. I was an instrument of the board; I was the chair of a board that voted unanimously to terminate a contract and to refuse the recommendations of the Minister. I do not wish to be singled out for special attention.

You may see in my evidence that I submitted to the Committee that I was under personal threat as a consequence. I had to leave my home for two nights. I want to put that on the public record. No public official should be forced to consider leaving their home. Mr Campbell was recently placed in an awful situation where he felt that his life was under threat. Nobody in any public place should feel threatened by anything. You should have the courage of your convictions to stand over decisions you are party to, but others should respect that decision-making process.

More importantly, I further state for the record that, as chair of the board, I am the leader of the board. I stand up for the board. I will present the board's case in public and in private with the Minister. What Mr Wilson said about getting into a spat with the Minister was wrong. I tried to present the options to the Minister so that we could get round this. I never wanted it to come to this situation. For the record, that is why I spoke to political representatives in June 2011. I tried to heal the wounds, as you will recall, Chair. As a consequence of that, you met the Minister at that stage. Those interventions were across all parties. I saw the difficulty that was going to emerge from this intervention, so I thought it best to try to calm it down. Also, for the record, as the chair of a public body I had nowhere to go to report this. There is no mechanism in the system that allows me to report the intervention and to have it dealt with, ruled on and reported back. That would have taken the sting out of the tail. I would like that to be recorded.

Mr Campbell: Mr Rowntree, you previously indicated that you were not aware of the issue of the stock transfer in relation to Rinmore. Is that right?

Mr Rowntree: The stock transfer was a political decision, not a board decision.

Mr Campbell: Does that mean that you were not aware of it?

Mr Rowntree: I do not want to discuss Rinmore. It is not relevant to Red Sky.

Mr Campbell: Chairman, we are now in a very serious position in this inquiry. This is the second witness I have asked about Rinmore. The previous witness said:

"this investigation is not about Rinmore; it is about Red Sky. Under the terms of reference, I would prefer not to talk about Rinmore."

I said:

"That is fine, but this investigation is not just about Red Sky."

The witness said "No".

We have two witnesses now — Mr Rowntree is the second of the two — who have declined to answer questions about Rinmore. That tells me that there is something about Rinmore. Why will you not answer questions about Rinmore, Mr Rowntree?

Mr Rowntree: It is not relevant to Red Sky. I was supplied with a schedule of questions by the Committee Clerk, Kevin Pelan. I had the good grace to respond in detailed fashion to those questions. I thought that it was good grace to come and answer and provide evidence in support of those today and to take tangential issues that may arise, as would be normal practice in any evidence session. This is a totally different subject. I am quite prepared to debate the Rinmore subject, not at this Committee but at any other Committee. I have nothing to hide, and nor does the board. Rinmore involved politics. It is for others to have the debate around Rinmore.

Mr Campbell: Did you know about Rinmore?

Mr Rowntree: I was the board chairperson at the time of Rinmore. Of course I did.

The Chairperson (Mr Maskey): I am going to —

Mr Campbell: So you did know about it.

The Chairperson (Mr Maskey): Sorry, folks —

Mr Rowntree: I was the board chairperson.

The Chairperson (Mr Maskey): Mr Rowntree and Mr Campbell, I am referring people to the terms of reference. If there is an issue around Rinmore, let us deal with that. As a Committee, we should consider and discuss it. If it is relevant to this inquiry, we should table whatever witness sessions we need to undertake that. The Committee will decide on that. I remind people that this inquiry has specific terms of reference. Mr Rowntree was required to be here this morning to deal with specific issues, which he has been doing and will continue to do. This is a ruling: we will come back to Rinmore as a Committee, in closed session if need be, so that we can determine whether there is an issue about Rinmore that requires the Committee's attention. If there are any witnesses who would be required to come along to answer questions, if there are specific questions in relation to the propriety or otherwise around Rinmore, then we will deal with that. However, we are not dealing with it this morning in pursuance of this specific element of the inquiry. I am making that decision this morning. We will return to it as a Committee as a substantive item at our next meeting. If needs be, I am happy to have a closed session at our first meeting after the recess to discuss Rinmore. If we need to bring Mr Rowntree back on that basis, then we will certainly do that. You made the point yourself in your remarks that you are more than happy to return to a Committee of any description to deal with Rinmore if that is required.

Mr Rowntree: May I state for your records, Chairperson, and for all members present that I was chair of the Housing Executive? If there are issues that were dealt with by the Housing Executive as part of its business, then I will be more than happy to discuss those issues in this forum.

The Chairperson (Mr Maskey): In fairness and in deference to other members, I do not want to go on any longer on this issue. I am making a ruling on it. The Committee will return to the issue of Rinmore on 8 January, and we can discuss it as a dedicated issue to see whether it is relevant. If it is relevant to this inquiry, we will introduce it appropriately. We will gather the evidence, and the officials will accumulate the evidence required to do that. We will then invite whomever we need to, and, if that includes Mr Rowntree, he will be one of the first people to be invited back.

Mr Campbell: In terms of the workings of the board, Mr Rowntree, there had been reference to the audit processes. In fact, in the programme, you referred to an internal audit that was carried out. How does that work within the board? How does the internal audit section work?

Mr Rowntree: The Housing Executive has a dedicated audit committee, which I did not sit on. It was chaired by Anne Henderson, who was also the vice-chair of the board; that was part of her remit. She was the chair of the audit committee for the nine years that I was chair of the Housing Executive. During that period, that committee initiated a substantial number of audits. It is served by an internal audit department resourced by the board.

Mr Campbell: Who sits on the internal audit committee?

Mr Rowntree: There is no internal audit committee. There is an audit committee of the organisation, chaired by Anne Connolly. It comprises three board members and two independent members.

Mr Campbell: Who were they at that time?

Mr Rowntree: Anne Henderson, Jenny Palmer and one other board member. I was not involved in the audit committee. There would have been one other board member and two independent members, who were non-executives approved by DSD.

Mr Campbell: But can you remember any of the board members other than Jenny Palmer?

Mr Rowntree: I think Edna was the other board member on the audit committee at that stage.

Mr Campbell: Right. I have just one other question, then, Mr Rowntree. Once the whole Red Sky position had been resolved, in that the issue had passed and the programme had gone out, had you any other dealings or discussions or meetings with people after the programme and the controversy?

Mr Rowntree: I left the organisation in June 2012, and I had no other business with the Housing Executive after June 2012.

Mr Campbell: You had no other business.

Mr Rowntree: With the Housing Executive. My position as chairperson terminated. I resigned in June 2012, and I had no official business with the Housing Executive after June 2012.

Mr Campbell: That is why I asked you if you had any discussions. You could have discussions without having business.

Mr Rowntree: I had discussions with lots of people around issues.

Mr Campbell: Yes, but had you any in relation to Red Sky or the programme?

Mr Rowntree: The people on the programme who interviewed me — that is the discussion I had.

Mr Campbell: Yes, and that programme went out.

Mr Rowntree: Yes, 'Spotlight'. Yes indeed.

Mr Campbell: And after the programme?

Mr Rowntree: That was after I left office.

Mr Campbell: Yes, but had you any discussions after you left office?

Mr Rowntree: As part of the interview, I had a discussion with the BBC people around that issue. I was interviewed by them. That is part of the discussion.

Mr Campbell: Had you any other discussions with them?

Mr Rowntree: No. What are you referring to? I do not know what you are referring to.

Mr Campbell: You said you had no further business or dealings with the Housing Executive once you left it.

Mr Rowntree: Yes.

Mr Campbell: Had you any other discussions with anyone, formally or informally, about Red Sky or the programme or with 'Spotlight'?

Mr Rowntree: Discussions in what way? I am mystified as to what you mean. I am a citizen. I am entitled to have a discussion with my family or anyone else. I do not understand where this is going, Chair.

I moved to a position where I became the chair of the Civil Service Commissioners. If I have discussions around matters, I have discussions as part of my role and discussions that take me into other forums. I do not understand the questioning, and I am confused.

Mr Campbell: I am not talking about casual conversations with your family, Mr Rowntree; I am talking about any discussions you may or may not have had with the BBC or the Housing Executive about the programme after you left your employment with the Housing Executive.

Mr Rowntree: I had no formal discussions with the Housing Executive after I left it.

Mr Campbell: Had you any informal discussions?

Mr Rowntree: None whatsoever. I had no contact. Why would Housing Executive staff want to talk about Red Sky to me after I left the office?

Mr Campbell: I was just wondering why you started your question by saying you had no formal discussions. Had you any discussions?

Mr Rowntree: I am confused by what you mean by "discussions". As a citizen of anywhere, you are entitled to have discussions —

The Chairperson (Mr Maskey): There does not appear to be a direct question, so —

Mr Campbell: There is a direct question. There is not a direct answer, Chairman.

Mr Rowntree: I must tell you that I had no discussions with anyone from the Housing Executive about issues to do with Red Sky.

Mr Campbell: And had you any discussions with the BBC?

Mr Rowntree: I had discussions. I was interviewed by the BBC.

Mr Campbell: After the programme went out.

Mr Rowntree: After the programme went out?

Mr Campbell: Yes, after the programme went out.

The Chairperson (Mr Maskey): Settle down, Gregory.

Mr Campbell: Yes —

The Chairperson (Mr Maskey): Gregory. Sorry, Mr Rowntree. I am advising you not to answer any further questions if we are going to get the tone of the questions in the way that we just did.

Mr Campbell: If have asked the question about four times, Chairman.

The Chairperson (Mr Maskey): You got the answer — sorry, Fra — you got the answer from Mr Rowntree, who is basically saying that he does not know what question you are trying to put to him because the questions you are putting to Mr Rowntree could suggest, "Did you have a conversation with somebody when you had a cup of coffee this morning?". You need to be specific.

Mr Campbell: No, Chairman, I made that clear —

The Chairperson (Mr Maskey): Fra, hold on a wee second.

Mr Campbell: We are not talking about informal discussions with family over a cup of tea or coffee.

The Chairperson (Mr Maskey): The last question you asked Mr Rowntree was whether he had any conversation with the BBC after the programme was broadcast. That was a direct question. You have —

Mr Rowntree: I said that the only conversation I had with the BBC was about how I felt about the programme. That is a fair response from the BBC.

Mr Campbell: Was that after the programme?

Mr Rowntree: Yes, indeed. They asked me how I felt about the programme and whether I was traumatised or whatever the case may be. It was a big programme.

Mr Campbell: They asked you were you traumatised by the programme.

Mr Rowntree: They asked me how I felt, because they knew that it was a big, difficult programme. You saw how I felt during the programme. They followed up and asked. When something like that goes live, they ask you how you felt about it.

Mr Campbell: They asked you that.

Mr Rowntree: Yes, and I am being honest.

The Chairperson (Mr Maskey): OK, thanks.

Mr Dickson: Going back to Jenny Palmer, you have, for me certainly, confirmed all that she said —

The Chairperson (Mr Maskey): Sorry, Stewart, we cannot —

Mr Dickson: Sorry. Mr Rowntree has confirmed for me all that Jenny Palmer said and, indeed, the way and sincerity of what she said to us. Would declarations of interest at board meetings be a regular occurrence across the board?

Mr Rowntree: Correct. Every meeting.

Mr Dickson: What would the nature of those declarations of interest be?

Mr Rowntree: For instance, if you were a local authority councillor and a housing scheme was being proposed for final endorsement, you had to confirm if anyone had approached you as a councillor on any of those issues. If it was a Housing Council matter where the Housing Council was in dispute with the board — and there were times when the Housing Council was not in agreement with board policy, and that is a good thing and a healthy relationship — Housing Council members would have stated

that they discussed that at Housing Council and there was an issue on the agenda that they had difficulty with. That is OK, fair and reasonable, and I would take that.

Mr Dickson: So there would be a brief explanation of what the issue was about.

Mr Rowntree: Correct.

Mr Dickson: How was that dealt with in Jenny Palmer's case?

Mr Rowntree: Jenny was asked to leave the room. I said, "Jenny, it is a personal issue and you have spoken to me privately about the issue", and I asked her to leave the room.

Mr Dickson: Was there any questioning by board members about that?

Mr Rowntree: No. The members said to me, "Are you aware of the issue?" I said, "As the chairperson, she has spoken to me privately. It is a personal issue and she feels conflicted. She has asked me to consider it, and I think it is best she leaves the room". And she did.

Mr Dickson: And that was accepted without further comment.

Mr Rowntree: Without further comment from anyone in the room. I did not want to open up a political discussion in the room, which would have been difficult to manage at that time.

Mr Dickson: That, in a sense, is what I am trying to get an understanding of: whether other board members knew what the issue was or not.

Mr Rowntree: No.

Mr Dickson: OK. I will go back to the email that you received that morning from Mr Sands. Did you inform the board about that email?

Mr Rowntree: Yes. It is noted in the minutes that there was an email, and the intervention is recorded.

Mr Dickson: What other emails had you ever received from Mr Sands?

Mr Rowntree: I had never received an email of that nature, or of any substance or intent, during my previous period as chair.

Mr Dickson: Have you ever had any emails from Mr Sands about what might be described as regular rather than irregular business?

Mr Rowntree: No. Mr Sands would generally deal with officers in the organisation. He would not be corresponding with me as chair.

Mr Dickson: Have you any idea why Mr Sands was motivated to write to you in these terms?

Mr Rowntree: As I said at the very start, I do not want to give opinion to the Committee. I just want to deal with the evidence. What I had in front of me was an email that offered an option that I could not consider because the administrators were not in a position to consider the option. The option was ruled out.

Mr Dickson: On the basis that Mr Sands is somebody who normally dealt with officials in the Housing Executive, did you hand that email to any other Housing Executive official?

Mr Rowntree: It was dealt with by the acting chief executive, Stewart Cuddy.

Mr Dickson: With what instruction from you was that handed to him?

Mr Rowntree: To find out the purpose of the intervention and what was meant by it. That was a matter for officers.

Mr Dickson: That was a matter for officers.

Mr Rowntree: Correct.

Mr Dickson: What report did you get back in respect of that? Did you seek that, and did you get a report back?

Mr Rowntree: After the meeting, when we agreed that we could not proceed, we just let it go because it was irrelevant at that stage. We were not seeking to get into any issue of antagonism with anyone. The email was a matter that could not be dealt with by the board because the administrator was not in a position to take this forward. So, it was set aside.

Mr Dickson: But receiving an email from a civil servant who would not normally communicate with your organisation clearly must have rung some alarm bells.

Mr Rowntree: Correct, and at 7.40 am as well.

Mr Dickson: And given the timing as well. You handed that to the acting chief executive to investigate.

Mr Rowntree: To deal with, not to investigate. That is a matter for operations. If Michael Sands needs corresponded with, the chief executive would request someone to correspond with Michael accordingly.

Mr Dickson: But, when you put that together with what Mrs Palmer told you, do you believe that those circumstances constitute something that needed investigation?

Mr Rowntree: Well, from recollection, the email from Michael Sands makes reference to Mr Brimstone. Therefore, in my mind, it was a continuation of the discussion that Jenny had with me.

Mr Dickson: When did you bring to the attention of the board your receiving an email making reference to Mr Brimstone and that you had had a conversation with a board member who had made reference to Mr Brimstone?

Mr Rowntree: That morning.

Mr Dickson: That morning.

Mr Rowntree: Yes, indeed. Everything was brought to the attention of the board, and it is recorded in the minutes.

The Chairperson (Mr Maskey): It is at page 185.

Mr Wilson: May I just go back, first of all, to the contact that you had with Jenny? You say that she visited your office on two occasions to discuss this.

Mr Rowntree: She requested to meet with me, yes.

Mr Wilson: Was it discussed again with you, either before the meeting or after, in any other —

Mr Rowntree: No. At the meeting on the Monday, she said that she was going to speak to her MP, Jeffrey Donaldson, about the matter. I thought that that was wise counsel. I thought that that was good, because she had a lot of respect for the MP. Again, it goes back to what I said about her respect for the party, her understanding of the party, and her being a very loyal member of the party. I said, "It would be better if you could get this matter dealt with within the party and, more importantly, to get yourself settled as an individual that you feel that the party can deal with this and give you the necessary support." She felt that that could happen. Then, I said, "Will you meet with me in the

morning and update me as to where you are and how you feel about this?" However, she was further traumatised in the morning because she had reflected on it all night and felt that her position on the board had been compromised in relation to this subject matter.

Mr Wilson: And there was no discussion about it with her afterwards or ever again.

Mr Rowntree: With Jenny, no. I let the matter die. I saw Jenny raise the issue on the programme. I had never been aware of it before the programme.

Mr Wilson: I am just asking you this question because it seems to have been relevant when dealing with other members. Outside the board, would you have had any social contact with Jenny?

Mr Rowntree: None whatsoever.

Mr Wilson: Any contact that you had with her was purely on a board basis.

Mr Rowntree: I have known Jenny only as a board member, as a member of the Housing Council and through visiting Housing Council meetings, as recorded by the council. That is the only way I know Councillor Palmer.

Mr Wilson: I want to ask a question that has not been asked. In response to Jim Allister, you said that your concern about the meeting with Newco, which Housing Executive officials were not at, and DSD officials were, was that it could give it a commercial advantage in any discussions about a new contract. In what way? What was the content of that meeting that would have given you those kinds of concerns?

Mr Rowntree: Let me explain, Sammy. We were well advanced with contract provisions with the adjacent contractors, because you could not expect them to pick up that baton within two weeks. In fact, you would need to give them at least six weeks' notice to gear up and take on board sizeable contracts, and these were sizeable contracts in response maintenance. They also needed that time to work with the administrator on the TUPE provisions that applied, so that the relevant staff were protected in that regard and transferred to the adjacent contractors, which was the case, by the way. Only a small number — six or eight people — did not transfer. The note was not sent to us. It was only after I left that I saw it. When I saw it, I reflected on where we were travelling. We had a dedicated audit trail in relation to where we were going and discussions that we were having with the administrator. Why were we not included in that audit trail in relation to those discussions with former directors of Red Sky? Why were those people discussing extensions of contracts to Housing Executive arrangements with the administrator without the administrator or the Housing Executive in the room? If those extensions were in place — if an extension of, say, four, six or eight months, or whatever the case may be, had been approved — it is unlikely that the adjacent contractors would have taken the contracts, because there would not have been sufficient time for them to gain financial reward from them to cover their costs, because we were going to new contracts in March 2012. So, there was a very short time frame for them to run out the balance of the contracts. In that context, it could have been seen as offering distinct commercial advantage to Newco establishing itself to take on board those contracts, and to use the existing resources of Red Sky, but in a sense, bypassing a procurement process, which we were involved in with the other contractors, by simply acquiring the assets of Red Sky.

Mr Wilson: Mr Rowntree, this is where I am a bit confused. You have not given us any content of that note that would have given you concern. The nature of the contract was not being discussed. So, what in those discussions, which you saw the note of, caused you fear that information that would give an advantage was being passed to somebody? Do not forget that they would have had to bid, or they would have had to —

Mr Rowntree: No, they would not.

Mr Wilson: The board would have had to approve the contract.

Mr Rowntree: No.

Mr Wilson: Well, the Department would not have been issuing the contracts, so the Housing Executive would have had to issue the contract. What commercial information was in those discussions that would have given rise to the company having an advantage over anybody else?

Mr Rowntree: We were not copied into the note, so I have seen the note only once. First, I think that the last paragraph in the note refers to the DSD official who says that these matters are matters for the Northern Ireland Housing Executive. I think that is what it says in the note. Secondly, there was no confirmation in that note of the legal standing of the individuals representing Newco. Were they directors? Were they future directors? There was no confirmation of their legal standing. Thirdly, you are right, Sammy, to say that the note is not explicit in that regard. That is absolutely true, and I support that. However, for me, as the previous chair, the note flies in the face of what was happening behind the scenes, with full departmental and administrator understanding of what we were doing with adjacent contractors.

Let us just say that the board entered into contract arrangements with adjacent contractors, which were implied contracts. We were down the road of implied contracts with adjacent contractors. If we were to have set those aside and extended the contract, we would have been sued by adjacent contractors for breaching the terms and provisions of the contracts in place. That is the first thing. The second aspect is that, if individuals, groups or parties concerned in those discussions were intending to acquire the assets of Red Sky, and those assets could be further enhanced by the extension of an existing contract with the administrator by four to six months, that would have given obvious commercial advantage to those acquiring those assets. That is what I was saying in my response to Jim Allister.

Mr Wilson: Yes, but, I have just noted down what you have said. First, you had not seen the note, so you do not know what was discussed. Secondly, the only part that you have noted was that the end of the note indicated that these would be matters that the Housing Executive would have to deal with, yet you come here today and make this sweeping allegation that, somehow or other, this meeting — which you did not see the note of, the only part of which you can remember, which would not have given anybody any commercial advantage, was that these were matters for the Housing Executive to deal with — was designed to give commercial advantage. All I am saying to you, Mr Rowntree, is this: if you make sweeping allegations on the flimsiest of evidence — on the basis of a meeting that you did not have or see the note of — and when you admit that the conclusion was that the Housing Executive would have to deal with these, does that not show a bit of a bias on your part towards the Minister and the Department, based on no evidence at all?

Mr Rowntree: Can I respond, Chair? First, as the member knows, I did not use the word "designed". I did not say that this was designed to give rise to commercial advantage; I said that it may give rise to that. Remember what the job of a chair is for an organisation as well as a Minister: it is to protect. I am here to protect the Minister when I am in my role as much as to protect the organisation in that regard. If that had been brought to my attention at that time, I would have been seeking a meeting with the Minister to ask what the basis of it was, because it ultimately could have led to a challenge from adjacent contractors, because we would have been seen to be offering, potentially, commercial advantage.

Mr Wilson: Yes, but, with respect, that does not give somebody a commercial advantage. That may lead to other contractors suing the Housing Executive or whoever, but your words were that you were concerned that a commercial advantage would arise from these discussions. That is what you said.

Mr Rowntree: Can I elaborate further, Chair? Perhaps the Committee could check whether parties represented at that meeting were also party to the establishment of a Newco, which then acquired the assets of the former Red Sky organisation. If that party did acquire the assets of Red Sky, then by extending the contract, by implication, it would also have gained a commercial advantage from the Housing Executive based on additional work from us outside of procurement, because we would not have been procuring that; we would simply have been extending a provision to the administrators.

Mr Wilson: But the Housing Executive would have had to make that decision.

Mr Rowntree: No, the point is that that is what was being discussed at that meeting. What I was saying was that, yes, that was the implication of the decision made to us and a recommendation made for the Minister. What I am entitled to know as a former chair — I would have been entitled to know as the chair at the time — was what the standing of the individuals in that room was and what their

corporate representation was, because Newco does not mean anything to me. Who did they represent? What was the intention of the representation? That is all that I seek to understand.

Mr Wilson: No, and this is the point: that is not what you said. What you said was, and you were trying to cast aspersions —

Mr Rowntree: I was not. I want to make that clear —

Mr Wilson: Well, you know, anybody listening to this interview would hear someone of your standing coming along and saying that you were excluded from that meeting and that you were concerned that the meeting could give a commercial advantage to this Newco, which you did not know. Then, only after you are questioned about it, you admit that, first, you did not know what was contained in the note of the meeting and that the bit that you did know indicated that the officials made it quite clear that this was a decision that would be up to the Housing Executive. Now your only defence is that some other companies may have sued. However, that does not give any Newco a commercial advantage. It would have had to go through the process of acquiring the assets of Red Sky, and the Housing Executive would have had to make the decision to extend the contract. So, I take it as a direct attempt to discredit the Minister. I will come to that in a minute. You say that you did not mean it in that way, but, when you say that this meeting was held to give somebody a commercial advantage, one can only draw a conclusion that there was something underhand going on. And yet, you have not one scrap of evidence, and you cannot tell us what was discussed that would have given that commercial advantage. All you can say is that the conclusion was that the Housing Executive would have had to make the decision at the end of the day.

Mr Rowntree: Chairman, maybe —

Mr Wilson: It hardly represents giving a commercial advantage.

The Chairperson (Mr Maskey): I just want to remind people, Sammy as well, that this goes to the heart of the terms of reference of the inquiry. That is why Jim Wilkinson is quoted in that note of the meeting, reminding people that it is a contractual matter, and it was not just a casual reminder. It was part of a series of very firm reminders from senior officials, including Will Haire. The contract is all of these things.

Mr Rowntree: The first thing is that maybe Mr Wilson is aware of the standing of the individuals who were representing the Newco; I am not. The second aspect is that it is the responsibility of the Housing Executive to discuss, in confidence, the issues arising from procurement and the extension of contracts. Therefore, those discussions were outside that confidential arena. Those discussions were in another forum around Housing Executive matters that are privileged, not even to the board but to the procurement side of the Housing Executive. Thirdly, if there was no intention — I believe you; I firmly believe that there was no intention to offer commercial advantage in calling the meeting — why was the meeting summoned? Why had those individuals access to that meeting without the Housing Executive being present? Why did those individuals not approach the administrator to meet with the Housing Executive and the administrator in that regard? Why did they not approach the Housing Executive, for us to convene a meeting? What access had they to the Minister that went above the Housing Executive and above the administrator? That is a very considerable issue for a chairman of any organisation. When I read the note, I was concerned. That is all I will say on the matter.

Mr Wilson: You were concerned about commercial advantage, and you have indicated that you have no evidence that any commercial advantage was obtained through that meeting.

I will move on to another issue. You have talked about interference in commercial contracts. Had you contact from any other Ministers while you were chairman of the Housing Executive, or were you aware of contact with the Housing Executive from any other Ministers about this or any other maintenance contract?

Mr Rowntree: I am on record as having said that the intervention on the Red Sky contract poor performance was referenced by the former Chair of the Public Accounts Committee (PAC). I said that that reference was not helpful during ongoing investigations and discussions by the Housing Executive board.

Mr Wilson: And no other Social Development Minister raised the issue of termination of contract.

Mr Rowntree: Oh yes. We were in discussions as a board, and we were apprising the Department of them when Alex Attwood was Social Development Minister.

Mr Wilson: Was he the Minister who was referred to by Brett Lockhart, in the advice that he gave to the Housing Executive? He said:

"I appreciate that there are strong political pressures being exerted but as a public body, the Executive is subject to a different type of public scrutiny than politicians and must, in my view, act with proper circumspection even when that means taking a longer route."

Mr Rowntree: No. Brett Lockhart QC, who gave that advice in April — was it April?

Mr Wilson: November 2010.

Mr Rowntree: November 2010. When Brett Lockhart offered that advice to us, it was on the back of reports that we had made and the various political commentaries that had taken place. We copied him in on political commentaries from the media around the Red Sky intervention. There were numerous political commentaries around Red Sky.

Mr Wilson: So, who were the political pressures coming from?

Mr Rowntree: From political individuals and from the parties —

Mr Wilson: Which political individuals?

Mr Rowntree: People in west Belfast; some people in Lisburn; people in Poleglass —

Mr Wilson: But you never had any other Minister write to you about this.

Mr Rowntree: Not that I am aware of. They never wrote to me, as chairperson.

Mr Wilson: That is funny, Mr Rowntree, because in October 2009, you responded to a letter from the then Minister, Margaret Ritchie.

Mr Rowntree: Was that on Red Sky?

Mr Wilson: Yes.

The Chairperson (Mr Maskey): Could you give us the page number?

Mr Wilson: It is on page 192; sorry. She wrote to you on 7 October, and you responded on 23 October.

Mr Rowntree: What was the correspondence about?

Mr Wilson: It was about Red Sky and the —

The Chairperson (Mr Maskey): Hold on a wee second until we see whether we can get a copy for Mr Rowntree.

Mr Rowntree: I understand the context of this, yes.

Mr Wilson: So, other Ministers had contacted you.

Mr Rowntree: Yes, but that was after we initiated an inquiry. That was the Minister confirming that we had made her aware of the inquiry. She confirmed that complaints had been raised but she had no intention to direct the board to do anything.

Mr Wilson: Actually she expressed concern about the terms of reference of the inquiry and asked for them to be extended.

Mr Rowntree: Yes, but the inquiry was already under way and the terms of reference were not extended.

Mr Wilson: That is the point. We have some written correspondence, although I could not find it in the pack, with her successor, Alex Attwood, regarding Red Sky.

Mr Rowntree: There would have been correspondence, yes.

Mr Wilson: It is not that Nelson McCausland was the only person who was making representations. Around the same time, the barrister who was instructing the Housing Executive — I assume that this must have come as a result of some correspondence from the Housing Executive, which we have not got; I am sure that he did not just lift this himself — referred to strong political pressures and to terminating the contract.

Mr Rowntree: Absolutely. People in the media called for that termination in advance. That is not their right, nor would we respond to that. The advice of the board to the QC at the time was to maintain an independent position and give the board independent advice; not to take account of political interventions but to take account of the necessary information provided by the organisation in relation to the performance of Red Sky.

Mr Wilson: Mr Rowntree, you must have been responding to it, because you asked for legal advice as to whether or not you should respond to it. You actually were considering buckling to this political pressure.

Mr Rowntree: I asked for legal advice in response to what?

Mr Wilson: To the demands that were being made, you say, through the media. I suspect that they were a bit more direct than that. You must have been responding to that, or else you would not have asked for legal advice as to whether or not you could terminate the contract.

Mr Rowntree: No, no, no. You have to get the choreography right here. You are totally out of context about the relationship. The QC was engaged after we completed the inquiry. The recommendation of the audit committee at that stage was to terminate the contract. The board sought legal cover in that regard on the provisions that would apply to the board in terminating the contract. You will recall that, in the legal advice, it stated that we could terminate forthwith and that there were provisions that would apply in the contract. The board took the decision to give the maximum term of notice, which is a termination period of 13 weeks. The legal advice was not brought about by extensive political interference.

I want to elaborate. I welcomed Minister McCausland's discussions on the matter. However, I would have preferred those to be discussions with, rather than directions to, the board. That is the issue on which we went into conflict. The board was quite prepared to take considerations on board. I think that any public body is always prepared to take considerations on board. We also had to then go and seek legal advice on that correspondence from Minister McCausland, which was the basis of the reply that was sent to the Minister.

Mr Wilson: You say that it was not as a result of political pressure, yet you obviously instructed or indicated to the barrister that there was political pressure.

Mr Rowntree: Absolutely. Yes, indeed.

Mr Wilson: You indicated that there was political pressure to terminate the contract. However, even after receiving that advice, and the advice actually did not state that you could terminate forthwith —

Mr Rowntree: The advice to the board was that we could terminate forthwith. I stand over that.

Mr Wilson: Well, it was not. In fact, since we have a copy of the legal advice, we can see that that was not the case. Even after that, you met representatives of Red Sky, did you not?

Mr Rowntree: Correct.

Mr Wilson: That was to discuss how termination could be avoided if Red Sky was prepared to make a payment. Now, despite the fact that the claim was worth millions of pounds, what was the offer to Red Sky at that stage?

Mr Rowntree: The issue was not simply about finances; the issue was about improving the performance indicators of its activity, which you would well appreciate. The indications from ASM Howarth were, I think, £37,000 at that stage. That extrapolated out to about £1 million across all the contracts. The intention at that stage was to seek some resolution of this and to maintain the sustainability and viability of Red Sky. Here was a proactive situation undertaken by the organisation. You may recall that that was a reduced finding at that stage because we had not done the extensive inquiries and were working through them. At that stage, consideration would have been given to putting proposals to the board to continue to work with Red Sky and move forward through a process of resolution as opposed to one of termination. Red Sky refused that, not the board. Red Sky refused to accept that offer.

Mr Wilson: When Red Sky's representatives gave evidence to us, Mr Rowntree, they explained why they had refused that. They claimed that they were being penalised for the chaos that existed in the Housing Executive and its contracts, whereby, for example, the Housing Executive had encouraged them to apply for cleaning up two gardens instead of one garden if there happened to be too much work. When it came to a screw being out of a door, the Housing Executive simply charged them for the whole door's not being fitted, so that rather than 2p for a screw, they had a £200 fine. They argued that the overpayment that was claimed was as a result of instructions that they got from the Housing Executive. They had been bitten with it before, and we not prepared to do it again. Do you accept that there was absolute chaos in the Housing Executive as to how those maintenance schemes were run?

Mr Rowntree: I do not accept that there was chaos. We —

Mr Wilson: Well, do you accept that those practices occurred?

Mr Rowntree: If I may respond. The Housing Executive did have issues among its personnel who were engaged with response maintenance. It is a matter of record that disciplinary procedures were issued among the management team. The management team itself dealt with other personnel in the organisation who were involved in such matters. But, in the main, the indicators were not around the performance of Housing Executive staff, but around the overcharging and a sustained pattern of overcharging from Red Sky, which goes beyond performance into other areas.

What we had was an attempt at an olive branch with Red Sky; for it to meet halfway and to, at least, see the board to discuss the potential of moving forward, but its position became absolute to the point that, in fact, the managing director stormed out of the room and was not prepared to have that discussion. Others were trying to calm the situation down because the person could not at least address the positivity of the offer on the table. Here was an opportunity to maintain and sustain a relationship with the Housing Executive, and it was refused.

Mr Wilson: You said that people were disciplined. Do you accept that this was not about discipline? This was about a policy, which you oversaw as chairman. Maintenance contracts did not fit into a code. The Housing Executive just made up how payments were made.

Mr Rowntree: No, that was not the case.

Mr Wilson: You then tried to blame some poor wee official down at ground level for allowing claims through that were claimed to be fraudulent or overpaid or to blame contractors.

Mr Rowntree: That is unfair, and I refute it. A number of reports were published subsequent to the termination of the Red Sky contract that show no blame on behalf of the board. The Committee has also seen reports showing that management withheld information going to the board about response maintenance and planned maintenance contracts. They also show that the board itself made every effort though its audit committee, the internal audit function and the repairs inspection unit to put betterment in place. We were also working through archaic and outdated contract provisions, which were in place before I arrived as chair. Those contract provisions were going to be replaced in March

of the subsequent year with enhanced performance indicators for all contractors. This was not about singling out one organisation. I would not want you to be seen as defending one organisation that said in the media that it charged a public authority for buildings that did not exist. I presume that you are not doing that. You are putting it to me that both the Housing Executive and Red Sky had lessons to learn from this process. I am sure that you agree.

The Chairperson (Mr Maskey): What we are saying is not academic, because all these issues are very relevant. There have been, however, a number of reports, which we are dealing with at phase 2 of the inquiry. The recommendations flowing from them identified failures of contracts and the management of contracts. We can talk here for as long as we wish, but they are all established facts. We can now have an exchange of opinions on whether it was bad or worse, chaotic or the reverse. At the end of the day, we know that there were a number of reports from the regulatory bodies identifying significant failures. Our job in this inquiry, particularly in phase 2, is to try to determine and to satisfy ourselves on behalf of the public that lessons have been learned and that measures are in place to redress those issues satisfactorily and prevent any recurrence. I am just making a point about what has been established.

Mr Wilson: I appreciate that. I am very interested in what Mr Rowntree said about these Spanish practices or whatever you want to call them that led to overpayments. They were in place before he became chairman, were tolerated for the seven years that he was chairman and were going to be changed only in March 2011. Do you not think, Mr Rowntree, that, if you were aware, as chairman of the Housing Executive, of those Spanish practices — call them what you will — you really should have got around to resolving them a bit more quickly than seven years?

Mr Rowntree: The board and I would like to have been in a position to resolve them. The sad situation is that it was a fixed term contract. Contract provisions cannot be altered without formal redress by the contractor. No contractor was going to agree to any redress on those issues. We had to work at enhancing our own internal regulatory provisions to make sure that we were in a position to interrogate the data and the information in a more robust fashion and also to be prepared to deal with enhanced performance indicators under the new contract provisions. These matters came to light in 2010 as a result of action taken by the board in relation to investigations into contractors. The board was not aware of irregularities before this, as they had not been brought to its attention. If the board was not aware and everything seemed to be in order, how was it supposed to take action?

Mr Wilson: Either the board runs the Housing Executive, or it does not. Some of the contracts were awarded after your appointment. They had not been running for seven years at this point. Even if the practices that led to overpayments were in existence before you took over as chairman of the Housing Executive, it surprises me that the board never made any attempt to change them until this situation arose. It calls into question how effective your chairmanship of the board was.

Mr Rowntree: I take exception to that. Chairman, that affects my personal integrity.

The Chairperson (Mr Maskey): I will allow you in a wee minute.

Mr Wilson: My last point is that, if these Spanish practices were going on —

The Chairperson (Mr Maskey): I do not want the Spanish consul to be on to us.

Mr Wilson: These were dodgy practices, whereby officials on the ground were having to authorise payments that they knew should not have been made, because they had no other way of making payments for exceptional work. If that was the case, was the Minister not then correct in asking why you would terminate a contract with one group when quite clearly — you have told me that this was established practice in the Housing Executive — other groups were probably being overpaid as well? Was it not reasonable for the Minister to make that argument? In your answer to Mickey Brady, you argued that, although you knew this, you did not believe that the bona fides of the other contractors was in question. However, you have just admitted to me that everybody was overpaid, because that was the way the Housing Executive did it.

Mr Rowntree: No, I did not say that. I said that we had performance indicators, Sammy. The board took every reasonable step that it could take to get to the crux of the problem. Remember that the Housing Executive is a housing authority; it is not an investigative police authority. As chairperson, I asked the Serious Fraud Office to intervene in 2011 because I had concerns. If there were

inappropriate third-party relationships outside the Housing Executive, we as the Housing Executive had no method of intervention to analyse those relationships. Under my chairmanship, the board did initiate quite a number of inquiries and investigations into a number of issues in the organisation — rightly so. We do not in any way apologise for that. There were no extensive negative performance indicators for other contractors to draw us straight to them like a magnet. We were working through a review of all contractors, and, as chairperson, I would have sought the support of the Minister — be it Alex Attwood, Margaret Ritchie or Nelson McCausland — to assist me and to endorse what we were doing as a board in taking those matters forward and arriving at a solution. That is what I would have expected, and that is what I was looking for. I was not looking for anything other than that.

Mr Wilson: Would the Minister not have been negligent in his duty if he had allowed you to award contracts to firms that, as you indicated in your answer to Mickey Brady, were also under investigation? Would this not have been a case of rewarding with additional work firms that the Housing Executive already had concerns about?

Mr Rowntree: Let me pick this up. We do not want to stray into the issue of response maintenance contracts. I need to respond to this briefly.

The Chairperson (Mr Maskey): We need to be very careful because we are dealing with separate matters. Let us listen very carefully.

Mr Rowntree: I will stick to the Red Sky provisions. There were contract provisions in relation to adjacent contractors. There were no indicators for any of those contractors that warranted us refusing to issue or authorise contracts. We understand that one of those adjacent contractors removed themselves from that contract provision and did not want to take up the offer. That was a voluntary decision. There was no intervention or instruction by the Minister not to award those contracts. What you are saying, therefore, is both correct and incorrect, in that the Minister was not in a position to refuse us permission to award those contracts. Those were in the existing contract provisions, and the Housing Executive had a right to award them.

Mr Wilson: You could, however, have been awarding contracts to firms that were equally guilty of overcharging. In fact, they were probably rightly overcharging because you encouraged them to do so.

Mr Rowntree: Subsequent reports will indicate whether we were right or wrong on that.

The Chairperson (Mr Maskey): It is hypothetical, anyway. I will invite Brian to make any concluding remarks at the end of the evidence session.

Mr Rowntree: Thank you, Chairperson.

Mr Allister: Is Sammy finished?

Mr Wilson: Yes.

Mr Allister: I want to touch on a couple of things. When it comes to the awarding and the revocation of contracts, do I discern that the Housing Executive's view would be very emphatically that that is an operational matter for the Housing Executive?

Mr Rowntree: That is absolutely correct.

Mr Allister: How important is that in the juxtaposition of the relationship between the Housing Executive and the Department?

Mr Rowntree: It is removed from the Department. The Department holds us to account for the processes that surround our rewarding of contracts, but it has no right of authority in relation to the authorisation process.

Mr Allister: I want to go back to the meeting on 27 June from which you and the administrators were excluded. When the Housing Executive is dealing with a company that goes into administration, who has the legal authority to deal with you?

Mr Rowntree: I have spent a part of my life with such provisions. The legal authority is the administrator, because it is the agent of the court.

Mr Allister: What is the status of the company in administration?

Mr Rowntree: The company is set aside, and the directors are set aside. The administrator speaks and acts on behalf of the company.

Mr Allister: Yes. At paragraph 4 of the minute of that meeting from which you were excluded, it says that Peter Cooke, who I understand had been —

Mr Rowntree: A former managing director.

Mr Allister: — a former managing director of Red Sky:

"gave the Minister a brief history to the company and advised on how they were trying to establish a new company to acquire the entire Red Sky business".

What does that convey to you?

Mr Rowntree: That was my concern about the transfer of potential commercial opportunity.

Mr Allister: Yes. The minute continues:

"the focus was now on the maintenance side a large part of which included the housing contracts which are due to expire on 14 July."

Mr Rowntree: Yes. Those were the terminated contracts that were now under the direction of the administrator.

Mr Allister: The minute goes on:

"This created concerns for the future existence of the company as without the NIHE contract the business was not viable."

So what we have here, Mr Rowntree, seems to be a company in administration with no legal standing being met by the First Minister, the Minister for housing and other politicians from the same party, and that company of no legal standing making a plea and making it plain that their game plan was to establish a new company to acquire the contracts that would make the company viable. Is that a fair representation?

Mr Rowntree: I do not want to give a view on it. What I will say is that, for me, it presents a difficulty in terms of the statements made that, without the contracts, the operation is not viable. Those contracts are not matters of discretion for the persons in that room. Those are matters that can be considered only by the two parties absent from the room, which were the administrator and the Housing Executive.

Mr Allister: What does that make you feel about the absence of those two relevant parties?

Mr Rowntree: As I said, I need to know the standing and the structure and the official standing of the meeting. I can comment only if I know that.

Mr Allister: The Minister goes on to say that, if there could be an extension to the end of August:

"the proposed new company might ... be able to progress matters."

Do you read that as enabling the company to do the very thing Mr Cooke had been talking about — namely, acquiring the contracts that would keep the new company viable?

Mr Rowntree: The statement reads — if it is a flow from the third paragraph — that if, by the end of August, we give approval to the extensions of the contracts, the viability of the Newco is assured.

Mr Allister: How does that sit with the independence of the Housing Executive as having control of the contracts itself as a purely operational matter?

Mr Rowntree: In a way, it bypasses the procurement process, but it also breaches the provisions of the existing contract because we were already in advanced discussions with adjacent contractors on those provisions, and, prior to our board meeting on 5 July, we had a confirmed email from the administrator saying that they were not in a position to undertake that work and extend the contracts.

Mr Allister: What you were then facing on 5 July was correspondence from the Minister asking for a six-month extension in that context, amended on that morning by the email originating from Mr Brimstone to four months. It is hard to escape the conclusion, is it not, that that all ties back pretty indisputably to the Minister seeking to get more time for the company to progress matters?

Mr Rowntree: If the recommendation in the email that morning had referred to that meeting and enclosed the note of the meeting, we would have been in a clearer position to understand the background to the option. We had no idea what the option was supported by.

Mr Allister: Yet you were quite conscious, or had you been kept in the dark about that?

Mr Rowntree: I did not know about this meeting, so I was not aware of it. The board was not a party to those discussions. Whether that was deliberate or an oversight, the board was not party to the discussions.

Mr Allister: Nor was the administrator.

Mr Rowntree: Nor were the administrators.

Mr Allister: Was the request to the Housing Executive to meet the new company?

Mr Rowntree: No.

Mr Allister: I think, in fact, Mr Rowntree, we have an email trail —

Mr Rowntree: Oh, no —

Mr Allister: — which suggests that it was and that the Housing Executive declined because the new company would not say who it was.

Mr Rowntree: No, I thought that you meant "new company" as in the incorporated entity.

Mr Allister: No.

Mr Rowntree: OK. We had a request to meet an unidentified party. We asked the administrator — that is proper and right because, as chairperson and chief executive, we wanted a proper record of who exactly we were meeting and in what context we were meeting them — to confirm the exact terms of engagement and the bona fides of the organisation that we were meeting. They could not provide that to us, and we refused to meet.

Mr Allister: The Housing Executive had previously met —

Mr Rowntree: Red Sky.

Mr Allister: — a potential bidder for Red Sky.

Mr Rowntree: Yes, that is correct, and it was on the instructions of the administrator, to provide some context to the provisions around existing contracts and whether they could acquire those. We told them that they could not do so either.

Mr Allister: Then you had the request to meet unspecified people about the acquisition of the same contracts.

Mr Rowntree: Correct.

Mr Allister: And you refused.

Mr Rowntree: The issue was that we had the bone fides of the previous people. They were an incorporated entity, the directors' names were forwarded to us, and we knew who we were meeting. Remember, the people who were suggested to us at that stage were the previous directors of Red Sky. We asked the administrator whether they were representing the administrator, and they said that, no, they were representing a Newco. We asked what the intention of the Newco was, and they said that they were in discussions with them. We needed to know what that intention was because that could have compromised the position of everyone in the room. Clearly, that note is testament to that.

Mr Wilson: In relation to the last question that Jim asked, after the meeting of 27 June — as you quite rightly pointed out, the people who attended the meeting were informed that it would be a matter for the Housing Executive and for the administrator — the Minister wrote and asked that consideration be given to a six-month extension of the contract. Is that any different from Margaret Ritchie writing and asking you to extend the terms of reference? Is it not perfectly legitimate for a Minister to ask you to consider a certain course of action?

Mr Rowntree: Minister Ritchie was writing about an ongoing inquiry. The terms of reference were such that, if the Minister had concerns — I appreciate that even a senior departmental official had concerns about the terms of reference — those would be matters for consideration by the organisation. However, in this case, it was a matter of an ongoing procurement exercise around contracts and the potential to award a contract, under base of extension, to a new party, because we were not awarding that contract to the administrator. The administrator had already confirmed to us that the administrator could not undertake that and could not give us the necessary guarantees in relation to the extension. Therefore, that becomes a matter of procurement. It is not even a matter for the board. The board does not involve itself in procurement; it is outside procurement. It is an operational matter for the organisation and must be retained in that independent fashion. That is where I leave it. The Minister is entitled to write, but, in my view, he leaves himself exposed to a little bit of risk of potentially being seen as interfering in a procurement process. That is all that I will say.

Mr Wilson: Let us get this clear: he was not instructing. In light of a meeting where it was suggested that there was a way of saving x number of jobs and of ensuring that contracts were not handed to companies that may have been guilty of the same as Red Sky or worse, because it had not been ascertained at that stage that that was not the case, it is perfectly legitimate for a Minister to ask, in light of those facts, that a certain course of action be considered.

Mr Rowntree: The Minister obviously reflected very carefully on that decision going into writing. We were not aware of the named party who the Minister was obviously requesting us to consider, because the minute of the meeting of 27 June refers to ongoing discussions between individuals and the administrator in relation to establishing the Newco. So, the Minister was privy to that information when he wrote to me. He did not offer that information to me. I was not aware of that meeting.

Also, the Minister would know that any information he held in relation to that needs to be offered at that stage so that we do not then consider it as lobbying for a particular organisation or groups of individuals in relation to contract provisions. The letter from the Minister clearly talked about extending the contract, but to who? The administrator had already confirmed to us that they were not in a position to do that. So, who was this extension in favour of? As I have said and repeat now, we were already well advanced with awarding contracts to adjacent contractors within the existing contract provisions, and that was done through an internal arm's-length procurement process.

Mr Wilson: Whether it was possible to do it or not, because of the issue that you had with the administrator, all I am trying to establish is that, for a Minister to give reasons why he would like a certain course of action to be considered is perfectly legitimate.

Mr Rowntree: That is absolutely right, Sammy. The Minister is entitled to write to me with matters for consideration, and I accept that.

The Chairperson (Mr Maskey): No other members have indicated that they want to ask questions. Brian, you said earlier that you wanted to respond to some remarks, so you have an opportunity now to make any winding-up remarks that you want. You should feel free, as the Committee will after this meeting, to correspond. We may want to follow up on things, and I extend a standing invitation to you, as to all other witnesses, to do the same. Have you any concluding remarks?

Mr Rowntree: I have. I appreciate the openness and frankness of the Committee; it is a sign of good governance in any democratic framework. I am a big supporter of the independence of Northern Ireland in terms of its democratic framework. We need the Assembly, and we need this retained.

With respect to this Committee hearing, I do not want this to be personalised against me. I was the chair of a board, a corporate entity, and that corporate entity made the decisions. In your reflections, I ask you to make sure that the board is retained as a plural. The board is not an individual. I am not the Housing Executive; I was just the chairperson of it at that time and was privileged to be so. Also, I want to make sure that the integrity of the organisation is not called into question for what are issues surrounding individuals internally and organisations externally. In the main, the organisation continues to provide a wonderful service to Northern Ireland and has done so in the past.

I want to say that this was a matter where I felt, as chair, that the board acted appropriately and endeavoured to put in place reasonable measures to deal with an issue. I said that I would not give views, but you have asked me for conclusions. To sum up, I think that it would send a wrong message that a public authority cannot terminate a contract on the basis of evidence provided to that public authority after extensive investigation. I ask the Committee to consider those as my closing remarks.

The Chairperson (Mr Maskey): OK, Mr Rowntree, thank you for your attendance, and, as I said, if you have anything that you want to add, feel free to do so, and the Committee may wish to return to you at a future date. Thank you very much.