



Northern Ireland
Assembly

**COMMITTEE FOR
CULTURE, ARTS AND LEISURE**

OFFICIAL REPORT
(Hansard)

**Stadia Development:
Department of Culture, Arts and Leisure**

16 June 2011

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Miss Michelle McIlveen (Chairperson)
Mr Dominic Bradley
Mr David Hilditch
Mrs Karen McKeivitt
Mr Cathal Ó hOisín
Mr Robin Swann

Witnesses:

Mr Mick Cory) Department of Culture, Arts and Leisure
Mr Colin Watson)

Mr Nick Harkness) Sport Northern Ireland

The Chairperson:

I welcome officials from the Department of Culture, Arts and Leisure (DCAL): Mr Mick Cory, director of sport, museums and recreation; and Mr Colin Watson, head of sport. I also welcome Mr Nick Harkness, director of participation and facilities in Sport NI. Thank you for meeting us this morning. As you are aware, representatives from the Irish Football Association (IFA) will be presenting next. We had hoped, when we were setting our forward work programme, that we could have had all the sporting bodies with us at the same time, but diary commitments meant that was unachievable. Therefore, you will be coming to us again at various stages to discuss the other sporting bodies, so you will become familiar to the Committee. You are very welcome this morning.

Mr Mick Cory (Department of Culture, Arts and Leisure):

Thank you very much. With your permission, I will read an opening statement and provide a bit of background. I welcome the opportunity to update the Committee on where DCAL is with the stadium development. With me is Nick Harkness, the Sport Northern Ireland lead on stadium development, and Colin Watson, head of sport in the Department.

Given that most members are new to the Committee, it might be helpful to briefly provide some background on the stadium development programme. It is widely accepted and recognised that there is a deficit in stadium provision for the three main ball sports: association football, Gaelic games and rugby. In light of the Executive's decision that a multi-sports stadium at the Maze/Long Kesh should not proceed, something needed to be done to bring the standard of regional stadiums for the sports up to an acceptable level. Therefore, the Executive agreed that an outline business case should be produced to examine options from the governing bodies as to how to best meet their strategic needs.

The bodies considered what would best provide them with facilities fit for the purpose of taking their sports confidently into the future. The options focused on separate stadiums. Specifically, association football saw the redevelopment of Windsor Park as the best option, Gaelic games favoured development of Casement Park, and rugby opted for enhancing Ravenhill.

Through Sport Northern Ireland we appointed consultants to undertake the outline business case. It critically examined and tested the sports' preferred options, together with variations around those options. The consultant's work was directed and monitored by an oversight group, with representatives from the Department, Sport Northern Ireland and the Strategic Investment Board (SIB). Later, the Department for Social Development and Belfast City Council also joined the group.

The outline business case was, by necessity, a complex and time-consuming exercise. However, it was important that, particularly given the scale of funding, all issues were fully explored and a well-informed judgement made. The resulting broad outcomes are as follows.

For football, the intention is to redevelop Windsor Park to increase its existing capacity of 13,500 to accommodate 18,000 spectators. That would involve a significant refurbishment of the

north and west stands and the redevelopment of the east and south stands. The option would also include the provision of premium seating, big screens and improved access to the new stadium via the Boucher Road.

For Gaelic games, the plan involves building a new stadium at Casement Park, which, in contrast to the existing capacity of 32,300, would accommodate a maximum spectator capacity of 40,000. That will involve the demolition of the existing stadium and building a new one on site. The new stadium will have 80% covered seating, which includes 2,000 premium seats, 580 corporate seats and car parking facilities.

Rugby successfully built and is now operating a new stand at Ravenhill, which increased the spectator capacity to 11,700. That included some 20 boxes and 532 premium seats. The outline business case has recommended that the remaining three sides of the stadium be redeveloped, bringing the capacity to 15,000 spectators. Provision for boxes and premium seating will remain as provided for in the already completed phase of this development.

A completed outline business case then went through the normal consideration process in the Department. In particular, the departmental accounting officer had to be satisfied that government intervention of the scale proposed was appropriate and that all the projects were judged to be viable and sustainable. Additionally, approval from the Department of Finance and Personnel (DFP) was sought and received.

The Executive met on 10 March 2011 and endorsed the funding package of £110 million in the current comprehensive spending review (CSR) period. Government will contribute £25.2 million towards the IFA's development of Windsor Park, £61.4 million will be made available to the GAA towards the replacement of Casement Park, and £14.7 million will be allocated to the Irish Rugby Football Union (IRFU) for its development at Ravenhill. That totals £101.3 million, with the remainder of the £110 million representing an allocation for optimism bias covering all three developments.

The Executive also endorsed funding of around £36 million for association football's strategic stadium needs at subregional level. In doing so, the Executive agreed that that should be taken forward as a priority area for spend in the next CSR period, in 2015. Although that sits outside the development at regional stadium level, Sport Northern Ireland, in conjunction with the IFA,

has been asked to develop a strategic outline case on the needs for subregional development. That will be considered by DFP in regard to the production of the outline business case for the various projects. That will mean that when funding becomes available for that aspect of association football development, preliminary work will already have been carried out, enabling a programme of funding to be readily taken forward.

Returning to the regional stadium activity, how will we take that work forward? It is one of the key capital programmes for the Department and is fundamental to the stability and future success of the three sports involved. The Executive's endorsement gave us the green light to move to a situation where detailed programme and project planning could be taken forward. It is crucial that we organise ourselves well now, so that all the stadiums can be successfully completed to the challenging timescale. With that firmly in mind, there has been active engagement with all the sports' governing bodies. Sport Northern Ireland's management role is pivotal, and Nick will shortly provide members with detail of the action being taken by Sport Northern Ireland in that regard.

There is a clear requirement for the Department to have oversight of the programme of stadium development, and, to this end, a stadium capital programme board has been established under my chairmanship, the membership of which includes Sport Northern Ireland and the Central Procurement Directorate (CPD). The board will, among other things, discuss and resolve key issues; approve the governing bodies' business plans for each project; manage high-level risks; monitor spend profiles against budgets; and approve the project management structures.

The structure that the governing bodies put in place will be crucial to the effectiveness of each of the developments. Project boards representative of the governing bodies, DCAL, Sport Northern Ireland and CPD will be or have already been established by the sports. Each of the governing bodies has appointed a senior responsible owner to lead on the delivery of their projects.

As I indicated earlier, Sport Northern Ireland will have a considerable degree of interaction with the sports over the development period. It is already providing significant support to the process and with your permission, Chair, I will ask Nick to update you on the project structures being put in place.

Mr Nick Harkness (Sport Northern Ireland):

As Mick has indicated, a lot of the work to date has been centred around getting structures in place so that the bodies, ourselves included, are enabled to take these projects forward. I will provide some detail of that. Since receiving formal notification of the approval of the business case in April 2011, Sport Northern Ireland has undertaken the following actions.

We have restructured the capital team in Sport Northern Ireland's human resources team so that we are in a position to take these projects forward. We have delivered nine separate training workshops for the governing bodies on issues relating to procurement, capital project management structures, business planning, review of historic cost, risk management, due diligence of the work undertaken so far, and so on. We have liaised in detail with the Central Procurement Directorate in relation to project timelines, procurement strategies, recruitment and procurement in relation to important project management roles, and the development of procurement documentation specific to each of the projects.

We have established draft risk registers for each of the projects. We have provided advice to the IFA on two separate procurement exercises: one for legal services and one for the recruitment of a project sponsor. We have made substantial progress with the development of a tender pack for the integrated consultant team for the Ulster branch of the Irish Rugby Football Union, which will provide a model for the other projects.

We have prepared a draft memorandum of understanding and terms of reference for the three project boards. Those documents will outline the respective roles and responsibilities of the governing bodies, Sport Northern Ireland, DCAL and CPD in delivering the projects. Each project will have a separate project board chaired by the relevant sport. Sport NI has prepared initial documentation to allow the project boards to meet and has offered to chair the first meeting in order to expedite matters. The first shadow meetings of those boards are planned as follows: IRFU on 21 June; Ulster GAA on 27 June; and IFA on 30 June.

Sport Northern Ireland has run specific workshops with each of the governing bodies to advise them of the required project management structures. The individual bodies have taken those proposals back to their own committee structures for approval, and we have now received confirmation of the proposed structures for each of the boards and each of the delivery structures. Those have now been approved by the DCAL stadium programme board, which met for the first

time on 10 June.

In conjunction with the governing bodies, Sport Northern Ireland and CPD have prepared a procurement paper for each of the projects, and those have been considered by the DCAL stadium programme board. Further work is ongoing with CPD and the governing bodies to establish the best procurement methodology for the procurement of each of the projects in all the associated work areas.

Sport NI has contributed to the DCAL stadium programme board risk register and has prepared draft risk registers for each of the three projects. Those drafts will be considered at the respective project boards to which I referred.

There are significant challenges in relation to the delivery of those projects within the timelines set by the Executive's budget, while complying with the necessary procurement regulations and the individual project characteristics. Sport NI is working alongside DCAL, CPD and the governing bodies to identify options and practical solutions to those challenges. We recognise that these are among the most important capital projects over the next four years for Northern Ireland as a whole. Sport Northern Ireland looks forward to achieving a positive outcome to the three projects and will contribute everything necessary towards that.

Mr Cory:

Nick has just underlined the importance of developing the stadiums. It has to be recognised that there are many hurdles ahead for each sport in developing its stadium, but the structures that we are putting in place will make them easier to overcome, ensure that we deliver on the stadium programme and give the three sports stadiums that they can be proud of. I hope that this has been a helpful background and overview as to where we are at the moment. We are happy to respond to members' questions.

The Chairperson:

We welcome the fact that you have put in place rigorous structures to address some of the unforeseens that we may face, bearing in mind the amount of money that has to be spent and the time within which it must be spent. What challenges do you see outside of the timescales?

Mr Cory:

The programme board that met last Friday has identified a number of risks, including the timeline. It was the first meeting, so we have just identified headline risks. We have a further meeting within a month or so, at which we will formally discuss those risks and enter them on the risk register.

The risks identified at programme level will differ and be more detailed at each project level and more suited to the sport involved. The sorts of risks that we have identified at programme level include, for example, capability and capacity. Some of the sports have been running recruitment programmes to get the right experts. Expertise in stadium build and design will require external consultancy. Ensuring adherence to public procurement policy guidelines is another key risk. There is contingency built into the budget, but I suspect that, as we move forward, the potential for slippage remains a key risk. Colin or Nick may want to add to that list.

Mr Colin Watson (Department of Culture, Arts and Leisure):

There are significant planning risks. They are big projects and there is a whole planning process that needs to be followed through. Given the scale of the projects, planning is always going to be an issue. However, we are aware of that and will actively deal with it.

Mr Cory:

We are actively seeking to meet Planning Service to have a high-level discussion about what is involved in this programme.

The Chairperson:

Are you concerned about any of the governing bodies or are you quite confident that there will be delivery on time?

Mr Cory:

We have still to see the detailed project plans, which will be crucial documents at programme level to get the assurances that we seek. We are comforted by the fact that they proactively engage with Sport Northern Ireland in taking advice about where we feel things need to be shored up. It is too early to say whether we have any particular concerns. However, given the scale of the project, we will actively examine those plans when we get them. We intend to actively test those plans at the end of the month or thereabouts to get the assurance that we need that the right

thinking and the right structures have been put in place, and that the right people are in place to enable the governing bodies to deliver on what is, after all, a key project for them.

The Chairperson:

What stage are you at with the £36 million that must be spent in the next CSR on subregional level football?

Mr Cory:

We have asked Sport Northern Ireland to prepare a strategic outline case with the IFA to identify the IFA's strategic needs for those projects. Once we have that, we will have to move into an outline business case. As I indicated, our plan is to try to ensure that we get all of those key procurement documents and business cases in place, so that, when the Executive ultimately decide on that budget, we are in a position to get that under way.

I should mention something that I failed to earlier about assurances on the overall structures. The Government have in place a Gateway Review process, which is applied to significant projects and is a formal and independent review of project structures and processes that we have in place. We are now commissioning what is the first one, called gateway 0. We expect that to be conducted in September, by the time the thing is up and running. That will give us a sense of certainty around the approach that we are taking, the risks that we face and the structures that we have put in place. It will make strong recommendations where any gaps are. Throughout the project, we will bring into play a series of other Gateway Reviews, of which there is a whole range, from zero to nine, through the project life cycle. We will make sure that those are done throughout that timescale. That was just a point of clarification.

Mr Harkness:

The job of gateway 0 is to bring in independent experts in large capital projects to review structures, identify risks and ensure the risk mitigation factors. We will undoubtedly bring forward work to identify and manage risks, but that will be independently reviewed. That gives some confidence that any risks missed will be identified by independent experts and those gaps can be plugged.

The Chairperson:

At what stage will money start to be spent? Will the governing bodies be able to draw down

money?

Mr Cory:

The budget profile has £1 million this year.

Mr Watson:

There is £1 million included this year for planning and so on. Again, however, we have to get ourselves to the stage of having the structure set up to have everything in place. Sport NI will then issue letters of offer to all the bodies for the funding that is available up to certain stages. That is done in stages. Thereafter, they will be able to start drawing down the money when they start completing the work.

Mr Cory:

We need to be clear before we start releasing that money that the structures and the plans are in place. We have the assurance that even that go-ahead is on the assumption that this is doable and that they have the right structures in place, so that is a clear checkpoint.

Mr D Bradley:

Good morning. This £110 million is a significant investment in sporting infrastructure at a time when there are many economic challenges facing the Executive. I welcome that investment, but what have you done or what can you do to ensure that the use of those stadia, when they are completed, is optimised, and that they are not used solely for big-ticket events? Can you tell us how they will benefit the communities in which they are located and the region as a whole?

Mr Cory:

The specific programming of what goes on in the stadia is, largely, down to the governing bodies and the people who operate the stadiums. However, there is a very clear expectation that community engagement will form part of the planning process, and our Minister has a keen interest in ensuring that that happens. That is part of the sustainability of the projects beyond the sports. When we get to see the detailed plans, there will be a clear expectation. I seem to recall that that was built into the original business case.

In broader terms, having stadia with the capability and capacity to hold major events, from not necessarily within these shores but beyond, have definite economic benefits. That is fundamental

to the whole rationale behind proceeding with this investment. We can look at it on three or four different levels. We can look at it strategically, as an economic driver for attracting major events and our ability to host them. The next level is the events, games and activities of the sports concerned. There is the ability to help train and bring young people into those sports. At the local community level, it is about how best those sports can engage with the community and make the facility useful to them beyond the competitive sport itself.

Mr Harkness:

In the approved business plan, each of the bodies has committed to a number of fixtures being hosted at the new grounds. In addition to that, each of the three bodies has had a business case approved by DFP, and a business plan is being developed, which looks at the revenue inflows and outflows for the facilities during the construction period and, importantly, thereafter, to prove that they are viable. Those cash flows will be important, as will be the use of the facilities for all sorts of activities other than, as you described them, one-off big matches. That will be built into the financial planning model that is being developed and will be submitted in the near future to DCAL for its consideration.

Mr Watson:

One of the other things to remember is that these are three major construction projects for Northern Ireland, which will provide a major boost across the construction industry, through supplying materials, getting the projects built and providing the workforce. The standard terms and conditions for the contracts have the added major benefit of built-in social clauses to do with engaging apprenticeships and so forth.

Mr Hilditch:

I declare an interest as a director of Carrick Rangers Football Club and a member of the IFA. Thankfully, you have answered a number of questions on the state of readiness and the £36 million for the next CSR period. I appreciate what Colin said about the importance of apprenticeships and other things that can help local communities, as that is where these major projects will take place.

The old chestnut of consultancy is another issue to consider. I know that you touched on that issue and the expertise that is required. However, even a minimum of 10% from those projects will mean that in excess of £11 million or £12 million will be swallowed up in consultancy fees.

Is there any crossover between the projects that will mean that money can be saved on consultancy? It irks those of us working on the ground to see fees disappearing into the hills when such money could be better spent on the construction projects themselves. Are there any savings at all to be made on that front?

Mr Harkness:

We are working with CPD and the governing bodies on one or two of the roles. There is a debate about whether some of the jobs need an integrated team of specialists, which would have to come from a consultancy house. Some of the roles may be better placed through a fixed-term contract of employment, with an employee joining the governing body. In fact, the IFA has already advertised for a project sponsor who will become an employee. It is likely that rugby will do the same, so I think that a mix of skills will be brought in on a consultancy basis. Those are quite significant undertakings and will probably be European procurement exercises. If they are worth over £156,000 for the life of the project, it is an Official Journal of the European Union procurement exercise. However, some of the posts will also be filled by employee contracts.

Mr Watson:

The majority of consultancy fees will be in and around design; a large proportion of it will be design fees. We must remember that they are three very different projects, both in scale and potential design. Although we will try to do everything that we can to make savings, it must be remembered that there are three separate stadiums and their designs will be different. When you buy in experts on design, they are expensive. No matter what way it works, we will still have to have designs for three stadiums.

Mr Swann:

Thank you very much for your presentation. I want to go back to the issue of consultants, experts and the crossover. You talked about bringing in independent experts as part of the Gateway Review process: might they be facilitated across all three governing bodies?

Mr Harkness:

Yes. It depends on the state of readiness of each of the projects, but the aspiration is that gateway 0 would look at all three projects, and that is organised by the Department in conjunction with the Gateway Review centre of excellence in London.

Mr Swann:

Sport NI is happy enough to chair the first meetings of the boards for the three projects. What stage are those boards at as regards membership, set-up and balance? If, at any stage, the boards become an obstacle to the development of the projects, is there any way that Sport NI can step in and take control of that project?

Mr Harkness:

Our aspiration is that that would be done by the governing bodies with our assistance and guidance; it is not to be something done to the governing bodies. For these projects to be a success, I believe that they need to be owned, controlled and driven by the governing bodies. That is our aspiration from the outset.

Mr Swann:

Will Sport NI have any membership on them?

Mr Harkness:

We will certainly be in attendance at the boards, as will be the Department and CPD.

Mr Cory:

It might be helpful if you outline the membership of those boards.

Mr Harkness:

I will act as the investment decision-maker on each of the boards. The boards will be chaired by a senior responsible owner who will be provided by the governing bodies. The governing bodies will have a project sponsor, who will be dedicated full-time to driving these projects forward. There will also be independent consultant teams in attendance working to the governing bodies.

Mr Swann:

Would it be easier for you to give us a breakdown in writing after the meeting?

Mr Harkness:

Absolutely; I have all the programme plans here.

Mr Swann:

I do not expect you to name them all off the top of your head.

Mr Watson:

To give you some assurance, the role of the programme board is to monitor the implementation of each of the projects. The projects boards will have to regularly brief the programme board, which Mick will chair. They will have to provide updates on where they are, how the projects are moving along and report on the identification and management of risks. If there are any risks to the projects, they will be handled at programme board level.

Mr Cory:

The important principal in our approach to this is that, as Nick said, this is not something that we are doing to them. This is a project for the governing body and the sport, and our intent is that they take ownership, run with it and assure us that they are doing it in such a way that will enable us to release the money. This is not something we are doing to them and it is certainly not something that we would impose upon them.

Mr Swann:

One last point: the target set in ‘Sport Matters: The Northern Ireland Strategy for Sport and Physical Recreation, 2009 - 2019’ was:

“By 2014 ...to have developed major sports stadiums to meet the strategic needs of ”
the three sports:

“... on an operationally viable and commercially sustainable basis in Northern Ireland.”

How far are we off that target?

Mr Cory:

That was written and agreed prior to the Executive’s decision not to proceed with the Maze. That decision effectively meant that the target had to be recast. We now have a new target and timeline for the three regional stadia. That was associated specifically with —

Mr Swann:

The document refers to “sports stadiums”. What is the new timeline?

Mr Cory:

It has been made quite clear that the expectation is to have the stadia built within the current CSR period. We are working to achieve that. It is premature to say that there is problem with that, but we are having a sharp look at the timeline.

Mr Ó hOisín:

I am interested in the influence that this programme will have, regionally and nationally, in respect of the expertise and, perhaps, additional funding that will be required. How will that break down? Neither the IRFU nor the GAA is behind the door with regard to major development. How does this sit with the entire programme?

Mr Cory:

I will outline what contributions will be made to the budgets by the governing bodies. The capital cost of the redevelopment of Windsor Park will come to £29.2 million. A £4 million contribution will be made by the governing body and one of £25.2 million from the public sector. Similarly, for Casement Park, the overall cost is £76.4 million, with a contribution from the governing body of £15 million and the balance coming from the public sector. The Ravenhill project has a slightly different profile, in that development work has already been carried out through the IRFU's own funds. Therefore, the contribution from the governing body has already been made for that project, so the cost of that redevelopment is £14.7 million. I do not have the answer to the question of where the governing bodies will get the funds; that would be best put to the governing bodies, but those contributions are being made.

The Chairperson:

No one else has indicated that they want to speak. Thank you very much for your time and your presentation. We will see you again.

Mr Cory:

Thank you very much for the opportunity to come here.