

Written Ministerial Statement

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Office of the First Minister and deputy First Minister

UPDATE ON PROGRESS WITH THE INVESTMENT STRATEGY 2011-21 AND REPORT ON PRIVATE FINANCE INITIATIVE (PFI) PROJECTS

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Mr Robinson and Mr McGuinness: (The First Minister and the deputy First Minister): This statement is to update the Assembly on progress with the Investment Strategy for Northern Ireland 2011-21. For the first time we are also reporting on Northern Ireland PFI project information.

We launched the latest iteration of the Executive's Investment Strategy in October 2012, covering the years 2011-21. The Strategy underlines our continued determination to secure the physical infrastructure we need to deliver first-class public services, to regenerate our communities and to support economic growth. The Investment Strategy is informed by, and helps to support, our Programme for Government objectives and targets. It plays an important role too in delivering the infrastructure we need to support our Economic Strategy – building on the high quality jobs we have already attracted here by making this region a more competitive and attractive destination for inward investment.

The Investment Strategy covers a 10-year time frame, but is sufficiently flexible to respond to developments in policy and the wider economic context. This report focuses on the period to March 2015, but also looks forward to what is in delivery and planned for the future.

In the financial year 2013/14 some **£1.33 billion** was invested in capital infrastructure projects across the region:

- £261 million under the **Networks** pillar;
- £174 million under the **Skills** pillar;
- £252 million under the **Health** pillar;
- £278 million under the **Social** pillar;
- £179 million under the **Environment** pillar;
- £121 million under the **Productive** pillar;
- £56 million under the **Justice** pillar; and
- £11 million other capital expenditure.

This is comparable to the 2012/13 expenditure of £1.3 billion and means that the Executive spent more than £4 billion on infrastructure investment over the first three years of the current budget period.

We acknowledge the continued importance of public sector investment in supporting the construction industry and are continuing to invest in capital projects and to prioritise where appropriate those projects which provide the greatest benefits to the local economy.

Departments continue to make available up-to-date information on the delivery status of all major capital projects in the planning and procurement phases through the Executive's Information Strategy web portal at <http://www.isni.gov.uk/>. This service helps to ensure that our local construction sector, including SMEs, have the information they need to take advantage of upcoming public contract opportunities.

Some of the notable construction project developments during the period since the last report on 24 July 2013 are:

A: NETWORKS

- An innovative low carbon Antrim Integrated Bus/ Railway Station was opened in September 2013.
- A new Pedestrian footbridge at Moira Railway Station was also opened.
- Work started in November 2014 on the refurbishment programme for the Enterprise rail service trains.
- The A8 Belfast to Larne Road dual carriageway scheme is over the half-way point and remains on schedule for completion by May 2015.
- Work commenced in November 2014 on the dual carriageway scheme between the A26 at Glarryford and the A44 at Ballymoney.
- Work has commenced on the Eastern and Western corridor routes for the Belfast Rapid Transit project.
- The £24 million Broadband Improvement Project got underway in early 2014.

B: SKILLS

Further and higher Education

- Construction on the South Eastern Regional College Performing Arts Centre (around £12 million) in Bangor started in January 2014.
- The University of Ulster secured a £150 million loan from the European Investment Bank and a £35 million Financial Transactions Capital loan to progress its £250 million Belfast Development project. The Minister for Finance and Personnel recently announced a further Financial Transactions Capital loan of £38.5 million for this project.

Schools

- Some £100 million was spent on school new-builds and refurbishment in 2013/14.
- In March 2014, the relocation of St Gerard's Resource Centre from West Belfast to the former Balmoral High School was completed.
- Construction was completed on the £25 million new school building for Lagan College in Belfast and the building was officially opened in February 2014.
- Work is ongoing at Victoria Park Primary School, Belfast; St Joseph's Convent Primary School, Newry; St Theresa's Primary, Lurgan; Tannaghmore Primary, Lurgan; Bunscoil Bheann Mhadagain, Belfast; and Eglinton Primary.
- Schools Enhancement Programme projects at Parkhall Integrated College, Foyle College, Ebrington Primary School and St Mary's Primary School, Banbridge, recently went into procurement.
- Phase one of the Lisanelly Shared Education Campus in Omagh commenced in October 2013, including work for a new school for Arvalee Special School and a resource centre.

Libraries

- A new Kilkeel Library opened in February 2014.
- Work was completed on a new £1.2 million town-centre library in Lisnaskea in early 2015.

C: HEALTH

Hospitals

- In May 2014 work started on a new Hospital Dentistry Department for the Northern Health Trust at the Antrim Area Hospital site.

- Construction began on a £1 million extension to the Neonatal Unit at Antrim Area Hospital.
- In September 2014 construction started on the £3.5 million replacement Cath Lab at the Royal Victoria Hospital.
- Enabling works have commenced at the £48 million Maternity Unit at the Royal Victoria Hospital, with procurement underway for the construction contract.
- A £74 million project at Omagh Local Hospital moved in to construction in July 2014.
- A £11 million project to replace theatres 1-4 at Craigavon Area Hospital was also completed during the period. Construction has commenced on an additional main theatre at the hospital.

Primary Care

- Construction started in December 2013 on the £15 million Banbridge Community Treatment and Care Centre.
- Construction has also started on the new Ballymena Health and Care Centre, the largest to date in Northern Ireland.
- The new state of the art Children's Intensive Support Unit at Ballee opened in January 2014.
- The Old See House Integrated Community Mental Health Resource Centre was delivered during this period.
- Almost £7 million was invested in an extension to the Bluestone Unit of Craigavon Area Hospital which was completed in June 2014.

Public Safety and Technology

- Construction of the new Community Fire Station in Omagh was completed at the beginning of June 2014.

D: SOCIAL

- Sixty-one Social Housing schemes in excess of £86 million were completed during the period.
- The redevelopment of Ravenhill Stadium was completed at the end of April 2014.
- Work continued on the £3 million regeneration of Bank Square in Belfast.
- Five Public Realm and Environmental Improvement (PREI) schemes, to the value of around £6 million, were completed during the period.
- Work has now started on the demolition of the current Strabane Social Security office and the building of a new office.

E: ENVIRONMENT

- More than £225 million has been invested in Water and Waste Water schemes completed during the period.
- Works were completed at the £1.5 million flood alleviation scheme for Ballygawley.
- A £1.3 million scheme for the village of Beragh, County Tyrone began in April 2014, to reduce the risk of flooding.
- Work is well underway with a £11 million flood alleviation scheme in East Belfast with another phase commencing in early 2015.

F: PRODUCTIVE

- Construction started on a new build Food Innovation Centre at the Food Technology Building at CAFRE Loughry Campus, Cookstown.
- A £3.5 million project to provide fit-for-purpose accommodation for Land and Property Services (LPS) in Belfast was completed in May 2014.

G: JUSTICE

- Work commenced in December 2013 on the new £12 million FSNI Laboratory Services Accommodation.
- Construction started on the c.£9 million PSNI Downpatrick Police Station in September 2013.

A significant number of projects are expected to be advanced in 2015. Some of the more notable are highlighted below:

NETWORKS:

- Construction work on the A31 Magherafelt Bypass (around £30 million) has started in the past few weeks.
- Construction will start in April 2015 on the £17 million Lurgan rail track rehabilitation scheme.
- Draft Orders for the A5 roads project will be published for formal consultation in early 2015/16.
- Procurement for the A6 roads project has been progressed to a shovel ready position and should funding become available construction work could begin relatively quickly.
- The Utility Regulator has awarded gas conveyance licences to Mutual Energy and SGN for the Gas to the West project, to which the Executive is contributing £32.5 million. Initial construction work on the project to bring gas to homes and businesses in Strabane, Omagh, Enniskillen, Derrylin, Dungannon, Coalisland, Cookstown and Magherafelt will commence in mid 2015. Further work will commence in 2016, with the first gas connections occurring in that year. The main networks will be completed by the end of 2017.

SKILLS

- Design contracts for three Further Education projects (around £77 million) are currently in procurement, for new builds for the Southern Regional College at Armagh, Banbridge and Craigavon.
- Procurement for the Schools Enhancement Programme project at Rossmar School, Limavady, will commence in mid-2015.
- New build projects for Foyle College and for Colaiste Feirste post-primary school, Belfast, are expected to move into construction in April/May 2015.
- Construction has commenced at Arvalee special school at the new shared campus project at Lisanelly. Phase 2 (around £64 million) is currently in the tender process.
- The Minister for Employment and Learning has announced that work will commence in 2015 on a £11 million development at the University of Ulster's Magee Campus. The development will deliver modern teaching accommodation including a 340-seat lecture theatre.

HEALTH

- Main construction work for the Royal Victoria Hospital Maternity Unit (around £48 million) is currently in procurement.
- Two contracts for Altnagelvin Phase 5.1 recently moved into construction while the third element is in the design phase.
- Enabling works are underway at Altnagelvin Hospital for the development of the new £50 million Radiotherapy Unit.
- A design contract for a new £32 million Mental Health Facility at Belfast City Hospital was awarded in September 2014. It is expected that the construction contract will go to tender in 2015.

SOCIAL

- A further phase (around £35 million) of the Belfast Streets Ahead Project is moving towards procurement.
- Further construction has started at Ebrington on buildings 57/59 and 80/81 to prepare them for use. In addition, construction is expected to start on Building 70, where a Craft Brewery will be established, subject to planning approval.

ENVIRONMENT

- Construction will start on 10 new Water and Waste Water Schemes to the value of £30 million in the next 6 months. An additional 9 schemes (around £21 million) will be procured during the period.

PRODUCTIVE

- Enabling works are currently underway on the renovation of the Apprentice Boys Memorial Hall and extension, to include the new Siege Museum (around £2.7 million).

JUSTICE

- The Outline Business Case for the new cell block at Maghaberry Prison has been approved and the project is now moving into procurement.
- Subject to business case approval, procurement of building works at Magilligan Prison may commence in 2015.

Further information on these and other projects has been placed in the Assembly Library and will be published on the OFMDFM website.

ALTERNATIVE FINANCE, INCLUDING PRIVATE FINANCE INITIATIVE

The Investment Strategy includes an assessment of the level and type of alternative funding which can be used to accelerate investment in key infrastructure projects. Such arrangements, which can be various models of Public Private Partnership (PPP), have potential to supplement conventional Capital resources but must demonstrate value for money and affordability. Over the past year the increasing pressure on Revenue budgets means that the affordability of any future PPP projects will need to be carefully examined. However, PPP remains an option to be considered where it will provide social and economic benefits.

OFMDFM annually collects data on Private Finance Initiative (PFI) projects - a specific type of PPP - from Departments here and their Arms Length Bodies (ALBs) as part of a wider exercise to collect PFI data across the UK. This data is published by HM Treasury and the 2014 information (for the financial year 2013/14) can be accessed at <https://www.gov.uk/government/publications/private-finance-initiative-projects-2014-summary-data>. The data includes historic information on PFI projects that have been completed as well as information on active projects.

The Northern Ireland data covers PFI projects entered into by departments and their ALBs. It does not cover PFI contracts entered into by other bodies, such as District Councils, although two District Council waste management projects which were in the procurement stage at 31 March 2014 are listed on a separate spreadsheet for information. The data which is being published separately is made up of the information published by Treasury supplemented by some additional information for the sake of completeness and clarity. A copy of this data has been placed in the Assembly Library and will be published on the OFMDFM website.

The data shows that at 31 March 2014 there were 39 PFI projects listed across 9 departments (including their ALBs). Five of these projects were completed prior to 2013/14, having either reached their contract term or having been terminated early. One further PFI contract, for renal dialysis services, reached the end of its contract during 2013/14.

The total capital value of the listed PFI contracts was £1,988 million. Unitary charges amounted to £249 million in 2013/14. Projected Revenue commitments will peak at £266 million in 2016/17 and will fall to £5 million in 2042/2043 (the last year for which payments are due on current contracts). However, future costs are subject to change in line with contractual arrangements and any reviews undertaken.

No new contracts became operational in 2013/14.

There were 2 PFI contracts in procurement at 31 March 2014. Both of these were waste management contracts being undertaken by District Councils and are noted for the sake of

completeness. As they were being funded by the District Councils they would not have an impact on departmental Revenue expenditure. One of the procurements was brought to a conclusion in May 2014 without award of contract.

The DHSSPS Minister announced in April 2013 that he intended to procure two new Health and Social Care Centres in Newry and Lisburn through a PPP model known as Third Party Development (3PD). These projects entered initial procurement stages in 2014/15.

We will continue to collect and report information on PFI contracts on an annual basis.