

Belfast Waterfront and Ulster Hall Ltd. Shareholders' Committee

Monday, 19th June, 2017

MEETING OF BELFAST WATERFRONT AND ULSTER HALL LTD. SHAREHOLDERS' COMMITTEE

Members present: Councillor Walsh (Chairperson);
The High Sheriff, Alderman Haire; and
Councillors Attwood, Campbell, Dorrian,
Graham, Johnston, Mullan and O'Donnell.

In attendance: Mr. D. Durkan, Director of Development;
Ms. C. Toolan, Managing Director, Belfast Waterfront
and Ulster Hall Ltd;
Mr. I. Bell, Business Support Director, Belfast Waterfront
and Ulster Hall Ltd; and
Mrs. L. McLornan, Democratic Services Officer.

Apologies

Apologies for inability to attend were reported from the Deputy Lord Mayor, Councillor Copeland and Councillor Hargey.

Minutes

The minutes of the meeting of 20th February were taken as read and signed as correct. It was reported that those minutes had been adopted by the Council at its meeting on 1st March.

Declarations of Interest

No declarations of interest were recorded.

RESTRICTED ITEM

The information contained in the following report is restricted in accordance with Part 1 of Schedule 6 of the Local Government Act (Northern Ireland) 2014.

Year-End Finance and Performance

The Managing Director provided the Members with an update on Belfast Waterfront and Ulster Hall Ltd.'s (BWUH Ltd) performance for Quarter 4, January – March 2017, and for the year, 1st April 2016 – 31st March 2017.

She advised the Committee that this was the first year of operation for the new company, as the new Belfast Waterfront venue had only been operational from the end

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of April, 2016. It was reported that the final quarter had contributed to an excellent first year for the new business, where the financial performance had reflected a total sales income which exceeded the budget by 13%.

The Business Support Director reported that, despite several budgetary challenges, the company had generated additional revenue above its predicted budget as a result of increased sales activities and one-off savings in marketing, utilities and rates. The Managing Director, however, pointed out that the company did not expect to benefit from such savings in future years.

The Committee was advised that the surplus would be allocated to the Capital Expenditure Sinking Fund, while the final year-end figures would be subject to external audit.

The Members were advised that, by year-end, BWUH Ltd. had delivered 34 conferences, generating 51,183 delegate days, which had delivered an economic return of £20.9million for the city.

The Members were advised that the company had recently won the award for the World's Best Kentico website for the Entertainment and Hospitality sector, and had also won the award for Best Website Overall. A number of Members paid tribute to the success of the staff for their hard work in this regard.

She provided the Committee with an update on the defects with the Belfast Waterfront building, which included an ongoing issue with the heating/cooling of some of the areas in the Belfast Waterfront. The Members were advised that the issues had been raised with the contractor.

A Member requested information on any training which staff had been provided with in relation to the ongoing change within the organisation. The Managing Director provided a brief update in relation to a number of programmes which the BWUH staff had undertaken, including eighteen participants on the Leadership Programme, and agreed to submit a report to the next meeting with further detail.

The Committee noted the results of recent Mystery Shopper exercises which had been carried out in the Waterfront venue and was advised that anecdotal feedback from clients had been very positive.

In response to a Member's question regarding staff sickness levels, the Managing Director explained that a number of staff had been out of work for work related or non-work related stress and that she had held regular meetings with the Trade Unions. She advised the Members that she had been made aware of some internal staffing matters but that the Unions had raised no specific issues with her at that time.

In relation to Brexit, the Managing Director explained that the currency exchange rates had been favourable for their business thus far and that there had been no major impact on future bookings as yet, but that it remained a watching brief.

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In response to a Member's question regarding sponsorship, or naming rights, for the venue, the Managing Director advised the Committee that work was ongoing to determine if it was a viable option for the Belfast Waterfront.

A Member requested additional information on what the target market was for attracting conferences to the Belfast Waterfront. The Managing Director confirmed to the Members that there were many avenues to discover but that their current focus was on Science and Technology based conferences, as well as developing their own events and summits.

The Managing Director advised the Members that the Director of Sales and Marketing, Mrs S. McCullough, had recently been appointed as the Director of Development in Ards and North Down Borough Council and that the vacant position had recently been advertised.

The Director of Development confirmed to the Members that their attendance at events and conferences in the Belfast Waterfront and the Ulster Hall, particularly events which were sponsored by the Council, was to be encouraged.

The Committee:

1. noted the contents of the report; and
2. agreed that a report be submitted to the next meeting with an update on any training which staff at the Belfast Waterfront and Ulster Hall (BWUH) had undertaken in relation to the changes in the organisation.

Internal Audit Update

(Mr. A. Harrison, Head of Audit, Governance and Risk Services, and Mr. M. Whitmore, Principal Auditor, attended in connection with this item.)

The Committee considered the undernoted report:

“1.0 Purpose of Report/Summary of Main Issues

1.1 The purpose of this report is to provide Members with an update on the outcome of an internal audit review undertaken at the Belfast Waterfront and Ulster Hall (BWUH) Ltd.

2.0 Recommendation

2.1 That the Committee notes the report.

3.0 Main Report

3.1 When BWUH Ltd was established a number of measures were put in place to ensure that there would be appropriate governance / oversight. This included a requirement for the

Company to have an internal audit function and an audit and risk committee.

- 3.2 The Council's Audit, Governance and Risk Services (AGRS) has fulfilled the internal audit role at the Company and has recently completed an internal audit review at the Company. This review focused on key financial controls but also examined key governance areas, such as risk and performance management.**
- 3.3 The detailed audit report has now been issued and agreed with Company management and the Company's Audit & Risk Committee. The executive summary from the audit report is attached in the appendix. In summary, AGRS has been able to provide a positive assurance with the overall outcome / opinion of "some improvement needed" – the 2nd level of 4 possible levels of assurance. Management has agreed an action plan to address the issues arising from the audit and these will be tracked by the Company's Audit and Risk Panel.**
- 3.4 AGRS is in the process of developing a three-year internal audit plan which is to be discussed / agreed by the Company's Audit & Risk Committee.**

4.0 Financial and Resource Implications

None.

5.0 Equality or Good Relations Implications

None."

The Committee noted the contents of the report.

Corporate Risk Update

The Committee considered the undernoted report:

1.0 Purpose of Report/Summary of Main Issues

- 1.1 The purpose of this report is to provide Members with an update on the progress being made to manage the corporate risk that is of direct relevance to the Belfast Waterfront and Ulster Hall (BWUH) Ltd Shareholders' Committee.**

1.2

2.0 Recommendation

- 2.1 That the Committee notes the reduction in the risk evaluation for 2017/2018 and the arrangements in place to manage this risk. Committee is also asked to note the progress being made**

to implement controls / measures to reduce the level of risk further and the proposed six monthly process for reporting.

3.0 Main Report

3.1 Managing Corporate Risks to an Acceptable Level

The risk of particular relevance to the Belfast Waterfront and Ulster Hall (BWUH) Ltd Shareholders' Committee is as follows:

- 3.1.1 "Inability to effectively manage business performance as set out in the contract in order to meet the terms and conditions of the Letter of Offer."

Progress in managing this risk is set out below.

3.2 Risk Assessment

- 3.2.1 Following a review of the corporate risk by the Audit Governance and Risk Service, this risk was assessed in terms of 'impact' and 'likelihood' (using the Council's risk scoring system, available on modern.gov) as follows:

Impact – 3 (moderate)
Likelihood – 3 (possible)

- 3.2.2 This assessment reflects that ineffective performance management would have significant financial and reputational consequences. Performance management at BWUH Ltd is a key strand of the Belfast Agenda and the ability to achieve some of the anticipated strategic outcomes will require the support of key stakeholders and a number of external partners. Failure to meet agreed objectives and achieve targets would have financial consequences for the Council and impact on the rate setting process.

- 3.2.3 The impact of this risk is currently evaluated at a 3 and whilst it is difficult to reduce the potential impact if the risk materialises, we are committed to doing all we can to reduce the likelihood of the risk occurring. The risk is subject to regular review and is updated through the Councils corporate system in line with the corporate risk manage update process.

3.3 Current Measures in place to Manage the Risk

- 3.3.1 There are a variety of controls in place to help manage the risk:

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- Legal agreements (Shareholders Agreement and Services Contract) are in place with BWUH Ltd which were developed and finalised with independent legal advice.
- A Shareholders' Committee has been established and meets quarterly. Capacity building and induction training has been completed and the Committee is now well established. The Committee holds the BWUH Ltd to account on contract and business performance issues; they scrutinise the quarterly finance and performance reports ensuring social and financial return on the Council and other funders investments; they control and make decisions on reserved matters; authorise the annual business plan; they also agree and monitor performance framework targets, including decreasing dependency on Council subsidy. BWUH Ltd provides risk assurance on a quarterly basis to the Shareholders Committee.
- The Standing Orders have been amended to reflect the establishment of this new Committee with a review of governance arrangements taking place after 3 years.
- A Business Plan for 2016/17 was presented to and agreed at Committee in June 2016 with the 2017/18 Business Plan due to be presented at Committee in January 2017. Member briefings on the business plan were facilitated in December 2016 where the draft business plan for 2017/18 was presented and discussed with Members.
- The BWUH Ltd Board has been set up and meets bi-monthly. Capacity and induction training has been delivered to the Board. The Board is collectively responsible for ensuring the success of the BWUH Ltd and ensuring compliance with all legal and regulatory obligations; they set and monitor the strategic direction of the organisation. The Councils Chief Executive and Director of Finance sit as observers to the Board. The BWUH Board has also established its own Audit and Risk Committee of which two Board Members sit on and an external Auditor has been appointed. A Strategic Change Committee has also been established and again is governed by two Members of the Board.
- SLA's have been set up with internal BCC providers and are in operation.
- Project governance Governance arrangements were established in 2016/17, and a contract and business plan is in place which clearly sets out the expected performance of the company. Contract management and relationship management arrangements have been built in to the governance arrangements and at present BCC have sought to strike a balance between strict adherence to the contract and the need to develop relationships with the BWUH management team. At present, the governance arrangement involve monthly meeting with the SRO and senior management of

BWUH. In addition, the Councils Chief Executive and Deputy Chief Executive & Director of Finance attend the BWUH Board meetings as no-voting members. A benefits realisation and governance workshop was held in January 2017 with Tourism NI and other key partners to support the delivery of the project's objectives and ensure appropriate governance with our funders going forward.

- A handover process from the SRO of the construction phase to the SRO of the operational phase has been finalised and is due at CMT for sign-off.
- A Venue Event Management System (VEMS) is now in place within BWUH Ltd and has been operational since 1st October 2017, and a time & attendance system is now also in place. These systems will support the performance of the BWUH Ltd and help inform the management of this risk.

3.3.2 An independent Gateway Review was conducted in August 2016 which provided an 'amber' assessment and made a series of recommendation. A further Gateway Review is planned for 2017.

3.3.3 The controls listed against the risk were found by the Audit Governance and Risk Service to be adequate, effective and relevant to the management of the risk.

3.4 Areas for Future Consideration

3.4.1 To ensure future management of this risk, the relationship, performance and risk management between the Council and BWUH Ltd needs to continue with the governance arrangements being reviewed as appropriate to ensure they are operating effectively. It is important the projections for future years are monitored closely and that any longer term challenges are dealt with effectively along with any future uncertainties that may arise in the market. Financial performance and future projections will be considered in terms of the potential impact on funding received for the project and any potential future financial claw back if the Letter of Offer conditions in relation to the funding are not fully met.

3.5 Progress Updates to Committee

In order to ensure that members have an understanding of the corporate risks that relate to their Committees and have clear information on how they are being managed, it is proposed that Committee is provided with a progress update reports in a further six months.

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4.0 Financial and Resource Implications

None.

Equality or Good Relations Implications

None.”

In response to a Member's question regarding the recent terrorist attacks in Manchester and London, the Managing Director advised the Committee of the security checks which were being carried out at the venues. She outlined that the current policy would be in place for three months and would be reviewed after that time. She also reported that all visitors, apart from those attending ticketed events, had to sign in at reception. The Members were also advised that a number of staff had recently participated in Project Griffin training, which was the national counter terrorism awareness initiative for businesses.

The Committee noted the recommendations within the report.

2017/2018 Committee Dates

The Committee agreed that meetings of the Belfast Waterfront and Ulster Hall Shareholders' Committee would be held at 5.15 p.m. on the following dates:

- 1st August, 2017;
- 6th November, 2017;
- 22nd January, 2018;
- 19th February, 2018; and
- 21st May, 2018 (AGM).

Chairperson