



Northern Ireland  
Assembly

Committee for Infrastructure

# OFFICIAL REPORT (Hansard)

City Deals: Department for Infrastructure

22 May 2024

# NORTHERN IRELAND ASSEMBLY

## Committee for Infrastructure

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**Members present for all or part of the proceedings:**

Mrs Deborah Erskine (Chairperson)  
Mr John Stewart (Deputy Chairperson)  
Mr Cathal Boylan  
Mr Keith Buchanan  
Mr Stephen Dunne  
Mr Mark Durkan  
Mr Andrew McMurray  
Mr Peter McReynolds

**Witnesses:**

Mr Darren Campbell	Department for Infrastructure
Mr Brian McClelland	Department for Infrastructure
Mr Jonathan Saulters	Department for Infrastructure

**The Chairperson (Mrs Erskine):** I welcome, from the Department for Infrastructure, Mr Jonathan Saulters, director of major projects; Mr Darren Campbell, principal professional technical officer; and Mr Brian McClelland, principal professional technical officer. Apologies for my voice, but, hopefully, we will get through the session, and I will not lose it. You are very welcome. We have some information, but if you want to make a brief introduction for about five minutes, we will then go to members' questions.

**Mr Jonathan Saulters (Department for Infrastructure):** Good morning. Thank you for giving me the opportunity to brief members on the Department's role and functions in supporting city deals. If I may, I will provide a brief overview of the city and growth deals, moving on to the Department's role and projects in those deals. I will then cover the governance and funding arrangements and conclude with a summary of the projects in the deals and their current position.

First, I will give an overview. The city and growth deals initiative is a long-term capital investment programme, representing a £1.3 billion investment in our region over the next 10 to 20 years. It is made up of Executive investment of over £700 million and a UK Government contribution of over £600 million. Deal partners will also contribute significant funding to each deal, and the initiative will also seek to leverage additional private-sector investment.

Four city and growth deals are being taken forward. The £700 million Belfast region city deal covers six councils: Antrim and Newtownabbey Borough Council; Ards and North Down Borough Council; Belfast City Council; Lisburn and Castlereagh City Council; Mid and East Antrim Borough Council; and Newry, Mourne and Down District Council. The £210 million Derry City and Strabane District Council city deal is a single-council city deal. The £252 million Mid South West growth deal covers three

councils: Armagh City, Banbridge and Craigavon Borough Council; Fermanagh and Omagh District Council; and Mid Ulster District Council. The £72 million Causeway Coast and Glens Borough Council deal is a single-council growth deal.

The deals are at different stages of development. Belfast region is in the delivery phase. Derry City and Strabane District Council plans to sign its deal later this year. Mid South West aims to sign heads of terms in autumn 2024. Causeway Coast and Glens Borough Council signed its heads of terms on 24 April 2024.

The Department for Infrastructure is one of six Departments involved in the city and growth deals and acts as lead Department on specific projects within the deals. DFI is the lead Department on the Belfast region city deal, with schemes such as the Lagan pedestrian and cycle bridge, Belfast Rapid Transit phase 2 (BRT2) and the Newry southern relief road. In the Derry City and Strabane District Council city deal, there is the Derry riverfront scheme. The footbridge is part of the Strabane town centre regeneration scheme. Both are being delivered in conjunction with the council. The Mid South West growth deal includes the A4 Enniskillen southern bypass and the A29 Cookstown bypass. In Causeway Coast and Glens Borough Council, there is the Portrush to Bushmills greenway. In that case, the council is in the lead. Total funding against all the DFI projects in the deal is around £250 million.

On governance, alongside the Executive's agreement to overarching UK Government policy and match funding, the Executive have agreed a set of governance and funding arrangements for the deals. Those arrangements are largely based on best practice from other UK deals that is tailored to ensure that they are fit for purpose for NI. Overall, the strategic responsibility and leadership for the deals lies with the Executive and the UK Government. The Department is represented on the Northern Ireland growth deals delivery board and oversight group, which meets quarterly, and on the working group, which meets monthly. Each deal has its own programme board, chaired by the chief executive of the accountable body. The Department reports and provides updates to each regional city deal programme board. In the case of the Derry City and Strabane deal, we are also on the programme board.

On funding and business cases, infrastructure projects are being funded largely by a combination of Executive funding and inclusive future funding. Inclusive future funding is mainly for the Derry riverfront scheme in the Derry deal. Due to shortfalls in the funding available, the Department has agreed to provide additional resource from its budget allocation. Funding from other sources may also be sought. The accountable Department will be responsible for the approval of expenditure on all projects, and normal Department of Finance delegations apply. Funding is received by the Department directly from DOF but is ring-fenced and cannot be used for any other projects. Any easements have to be returned.

That is an overview of the city and growth deals. If you are content, we can provide a summary of each project, or you may be happier to move to questions.

**The Chairperson (Mrs Erskine):** It might be useful if you provided a brief summary of each project.

**Mr Saulters:** OK. In the Belfast regional city deal is the Lagan pedestrian and cycle bridge. That will be a twin-pylon, cable-stayed bridge spanning 143 metres over the River Lagan from the Gasworks to the Ormeau embankment. It will be a key piece of active travel infrastructure and is key to the Belfast cycling network delivery plan. Unfortunately, the scheme saw a significant increase in the estimate due to rises in construction and inflationary costs, mainly in the price of steel and marine works. The estimate effectively doubled from £12.9 million to around £24.5 million. City deal is providing £12.1 million against the project, and an Executive funding decision made in December 2023 concluded that, to cover the shortfall, the balance of £12.4 million could come from active travel funds. That permitted an addendum to the outline business case (OBC) to be submitted to DOF, which was approved on 27 March this year. Planning approval is in place, contract and tender documents have been completed, and the project is now ready to move to procurement. However, any decision to proceed will be subject to the Minister's current budget considerations.

On BRT2, Minister O'Dowd, in his previous tenure, announced the north/south Glider route from Carryduff in the south along the Antrim Road to Glengormley. Work on feasibility studies to determine the viability of extending the routes into Glengormley and Carryduff has concluded, and work on the outline business case is nearing completion. Currently, the only funding available for the project is the £35 million identified in the city deal. The estimate for the full project is in the range of £142 million to £148 million, so there is a significant shortfall of around £110 million. That is a considerable risk and

will need further consideration. Officials are due to discuss the next steps with the Minister in the coming weeks.

I will pass over to Brian, who will give you an update on the Newry southern relief road.

**Mr Brian McClelland (Department for Infrastructure):** Good morning, everyone. The Newry southern relief road scheme is being developed to provide a strategic link between the A1/N1 Belfast to Dublin dual carriageway and the A2 Warrenpoint Road, bypassing Newry city centre. It will be a 3-kilometre single-lane carriageway that will include overtaking opportunities for up to 2 kilometres of the route.

A specimen design for the preferred route is being developed, and work is progressing to complete the draft statutory orders and environmental impact assessment report (EIAR) Those have been developed on the basis of a non-opening fixed bridge over the Newry ship canal. A review of the Northern Ireland (Executive Formation etc) Act 2022 decision on the bridge to cross the river and ship canal was undertaken recently by the Minister, and he confirmed that the non-opening fixed bridge will be provided within the scheme.

The decision to adopt the non-opening fixed bridge was taken after detailed consideration of a range of factors, including environmental, economic and heritage impact assessments. The non-opening fixed bridge will facilitate access for vessels with mast heights up to 12 metres: that is, an air draft of 12 metres. The project cost range is in the region of £110 million to £130 million, with £93.4 million granted under the Belfast region city deal. The shortfall in the funding is approximately £23 million to £24 million, and that will need to be addressed before any decision can be made to move to procurement for the scheme. An outline business case has been prepared and approved. The project will deliver significant economic and environmental benefits through improved journey times and journey time reliability for the strategic traffic that currently passes through Newry city centre, and it will improve air quality and noise levels in the city. The current stage of the project involves completing the design; the preparation of the draft statutory orders, a number of which have to be prepared; and the environmental impact assessment report. We intend to go out to public consultation on the orders and the EIAR in the summer/autumn of this year. That will open up a wider public consultation, and anyone will be free to comment on the scheme proposals at that stage.

**Mr Saulters:** I move now to Derry City and Strabane District Council's city deal and the Derry riverfront project. The £45 million riverfront project will provide a reimagined public space at Queen's Quay, Guildhall Square, Foyle Street and the Harbour Square roundabout. To facilitate that, a reshaping of the public road space is proposed, and, potentially, a one-way gyratory system will be put in place along the riverfront and Strand Road. The proposal includes the provision of tree-lined avenues, new pedestrian and cycle routes, public transport improvements, pedestrian squares and meeting points. The programme OBC is being drafted, and the council has advised that it will be ready for issue to DFI economists for review. The council anticipates a financial deal later in the year. That will secure the necessary funding for us to appoint a framework consultant to further develop the project and move it through to design. The next step is to develop a memorandum of understanding (MOU) between the council and DFI and to agree an integrated delivery team to undertake the detailed design plan, application, environmental reports etc.

I move now to the Strabane footbridge. The Derry City and Strabane city deal includes a project for Strabane town centre regeneration. The aim is to revitalise Strabane town centre — focusing on the historic canal basin — with a new healthcare hub campus for the North West Regional College and a leisure centre. An integrated part of that is improved connectivity between public transport, residential areas and town centre facilities through a new town centre footway and cycle bridge and associated active travel linkages. The outline business case for the footbridge is in the final stages of preparation, and the estimated cost is about £10.4 million. As is the case with the Lagan pedestrian and cycle bridge shortfall, the £4.4 million funding shortfall for the footbridge is to be covered by the active travel budget through the Executive funding decision that was made in December 2023.

Darren will give you an update on the Mid South West deal.

**Mr Darren Campbell (Department for Infrastructure):** There are two key road infrastructure projects in the Mid South West growth deal: the Enniskillen southern bypass and the A29 Cookstown bypass. The Enniskillen scheme is a key infrastructure project that will deliver a new transport link on the southern side of Enniskillen, connecting the A4 Dublin Road to the A4 Sligo Road. It is approximately 2 kilometres in length, and it will provide a significant piece of active travel infrastructure in the form of

a new footway/cycleway along the *[Inaudible]* route connecting into the existing infrastructure, and it will cover about 3.5 kilometres. The key benefits from the scheme are all about the alleviation of traffic in Enniskillen, reducing delays, improving journey times and improving road safety in the area. It will also serve to improve air quality and noise levels in the town area, and, post scheme, it will provide a big opportunity to introduce active travel and place-making.

The funding for the scheme was agreed by the Executive on 20 February of this year. A full business case had been approved by DOF in 2020, but, due to the large inflationary increases in costs associated with civil engineering projects, a new cost estimate was undertaken, an addendum to the business case was updated and, as a result of that, so were the benefits. That was approved on 12 April 2024. The current scheme estimate, going forward, is £36 million, with an estimate to deliver construction, going forward, of £28.7 million. We are at the procurement stage of the scheme. The first stage of the procurement process, which is the pre-qualification questionnaire, commenced on 30 April. That, effectively, sets a select list of contractors to price for the project. That second stage is also well advanced. As part of that second stage, we have engaged the community, through a social-value engagement survey, to get an understanding of what benefits they feel can come from the construction of the project. That engagement survey was completed on 8 May, and that engagement, along with our local needs assessment, will inform the basis of the social-value initiatives for the project. The commencement of construction is planned for the late spring/early summer of 2025 and is anticipated to take two years to complete.

Similarly, the Cookstown bypass project will provide a 4-kilometre transport link to the east of Cookstown from the A29 Dungannon Road at Loughry roundabout to the A29 Moneymore Road, and it will provide overtaking opportunities in both directions. The existing Sandholes link road will also be upgraded to provide the linkage from the A5 Omagh Road to the A29 Dungannon Road to serve as more of a strategic link right around that edge of the town. A footway/cycleway link will also be provided along the entire length of the project. That is seen as a significant piece of active travel infrastructure for the town. Again, the aims of the project for Cookstown are very similar to those for Enniskillen: they are all about relieving traffic congestion in the town centre, improving journey times along the A29 strategic corridor, improving road safety and, again, providing benefits post scheme in the town to allow for reshaping and to promote active and sustainable travel choices.

The current scheme estimate is £70 million, with an estimate of £62 million being required for the purchase of land and construction. The planned Mid South West growth deal is currently allocating £42 million towards the project, leaving approximately a £20 million shortfall. The Department and the Mid South West team are in the early stages of discussions around the funding shortfall, but it remains a key risk.

The draft orders for the scheme were published in early April 2024, and a public information event was held on 16 April. The public consultation on the project and those draft orders ends on 29 May. That is about getting feedback on the Department's proposals in order to allow it to make the necessary orders and to vest the land to deliver the scheme. The outcome of that public consultation will determine whether we need a public inquiry. If a public inquiry is needed, that will be planned for around autumn 2024, and the timing of construction will be subject to a successful outcome of that public inquiry and funding being in place for the scheme. Again, it is expected that it will take two years to construct that project.

**Mr Saulters:** Finally, I will turn to the Causeway Coast and Glens Portrush to Bushmills greenway. As the lead Department, we recently approved the council's strategic outline case for that scheme, and we are pleased to see that that was included in the growth deal. Any decision to progress will be subject to further review in line with routine approval processes and funding. The estimate is in the region of £8 million for that scheme, and, typically, DFI will contribute about half of that.

That is our brief summary: I apologise that it went on for a wee bit longer, but there are some sizeable schemes here.

**The Chairperson (Mrs Erskine):** No, I was happy to take a look at things in more detail. One of the first things that I was going to ask you was to give us more of a breakdown of where each of the city and growth deals is at.

To be honest, it is quite worrying to hear that there are a lot of shortfalls. To me, it seems that there are risks to projects going forward. Quite a few are key infrastructure projects in some of these areas. It is worrying that we are hearing about that. What is the risk of those projects falling? If there is a

shortfall and, as a result, those projects do not go ahead, what is the risk of losing some of that growth deal money?

**Mr Saulters:** I agree that those shortfalls represent a key risk to the projects. I mentioned some sizeable shortfalls: BRT2, the £20 million for Cookstown and a growing shortfall for the Newry southern relief road. We still get the majority of the funding for those projects through the city and growth deals. Further negotiations and discussions on the shortfalls and how we can fund them are needed.

**The Chairperson (Mrs Erskine):** Who are those negotiations with? Is there likely to be more money? For example, are you solely responsible — not you, personally, but DFI — for picking up any shortfalls? What are your limits when it comes to negotiating?

**Mr Saulters:** Every scheme will have to be dealt with on its own merit. The difficulty with the city and growth deals is that the estimates were taken at a snapshot in time, and no allowance was made for potential inflationary uplifts in cost. It is mainly left to the Departments and councils to have discussions around the shortfalls.

**The Chairperson (Mrs Erskine):** Councils and DFI would take up the discussions about that uplift?

**Mr Saulters:** In the instance of the Mid South West growth deal, in relation to Cookstown, those discussions about whether there is some sort of split of costs that we can look at in who funds the shortfall would be with councils as well.

**The Chairperson (Mrs Erskine):** We heard from you that, at the minute, there are shortfalls connected to certain projects. As things stand, do you envisage any projects being at serious risk of not going forward?

**Mr Saulters:** The project with the biggest shortfall is BRT2. It has a considerable shortfall of about £110 million. An element of funding for that would allow us to do some sort of phased bus priority measure work, maybe starting to implement it and trying to deal with the shortfall further down the line. It is a question of whether that project going forward and getting additional funding is a priority for the Executive. We would need that additional funding for the Glider halts and vehicles. That will be further down the line. Our discussions with the Minister will be about that scheme and what his plans and considerations are for the programme.

**The Chairperson (Mrs Erskine):** I will touch on the Mid South West growth deal. Sorry to be a parish pumper, but, obviously, I have a vested interest in that, given that it is in my area, but it is also connected to Cookstown. I am aware that, in the lead-up to that, because of budget pressures, councils were pretty much asked to go ahead and choose whether the Enniskillen southern bypass or the Cookstown bypass would go forward. Was any other council asked to do that for any other scheme?

**Mr Saulters:** In that instance, Cookstown made the decision to add Cookstown into the deal, even though there was a £20 million shortfall at the time. The deal started off with a shortfall, and that shortfall has grown as time has moved on. That is the issue in the likes of Cookstown. I am not sure whether Darren has anything to add in relation to Mid South West.

**Mr Campbell:** At that time, there was an inability to allocate funding from the Department, because there was no Executive. Discussions were had by those involved in the Mid South West about funding priorities, given that the Enniskillen southern bypass was ready to go to procurement. Funding associated with the new deal for Northern Ireland was paused, so it was all about trying to make sure that we could fund Enniskillen and whether we were prepared, in the interim, to move or reallocate money from Cookstown. That was just a case of scenario planning to help us to understand whether we could deliver the Enniskillen bypass, rather than delivering neither. Those discussions were supported through DOF, and that was to get us through the inability to fund at that time. It was more about trying to ensure that we progressed the Enniskillen project; it was not about preventing the Cookstown project from being delivered.

**The Chairperson (Mrs Erskine):** Are you, as officials, aware of any other Departments or councils that are facing similar difficulties with funding for schemes or projects that they are responsible for?

**Mr Saulters:** Delivery boards, oversight groups and working groups are involved in other schemes across other Departments. They will also face inflationary cost increases, the growing cost of construction and whatever, although maybe not of the same scale as we have had.

**The Chairperson (Mrs Erskine):** Are you sharing expertise and learning? I take it that those Departments have to have negotiations as well about where they get that extra money from.

**Mr Saulters:** The oversight group deals with funding for the city and growth deals. The working group meets monthly, one of the aims of which is to share the lessons across Departments and the different deals.

**Mr Stewart:** Thanks very much for your presentation. I share the Chair's concerns and frustrations, but I know that a lot of what is happening with the city deals is not within the purview of the Department. I appreciate that you have a specific remit in certain city deals. I, as a local representative, have severe concerns about the way in which some of them are progressing on my patch. It seems that a detached approach is being taken by so many players in a detached process, but that is for another day.

You talked about funding for some of the key projects. How did we get to the stage at which a project is identified and money is spent on it without the required money from the Department or the relevant agency here complementing the money from the city deal? Take BRT2, for example. How did we get to a situation in which there is a shortfall of about £100 million for a project that was well identified and advanced? Was it not a requirement to have identified the money before we identified a key infrastructure project?

**Mr Saulters:** The Belfast city deal decided to include BRT2 knowing that it was not funding it fully; it was providing £35 million for it.

**Mr Stewart:** Does that not seem obtuse and short-sighted?

**Mr Saulters:** Unfortunately, I was not about at the time —.

**Mr Stewart:** I appreciate that; I am just asking whether you think that it appears to have been short-sighted in that respect.

**Mr Saulters:** It does. There may have been a level of tactics to make sure that projects were named in the deals, but there is a considerable shortfall in BRT2. We, as a Department, would find it difficult to fund that, because we have other funding pressures and other schemes that we want to deliver. If we had to fund it, it would be competing with those.

**Mr Stewart:** I am entirely sympathetic. I think that we all appreciate the budgetary pressures that you, as a Department, are under. It could be throwing money at something that might not happen.

That leads to my next question. I have spoken to people who are involved in several aspects of the city deal. It seems that vast sums are being spent on consultancy fees without there being any strategic joined-up thinking. We may well have spent a lot on BRT2 — maybe you can elaborate on that — which is a project that might not come to fruition. Are we spending money hand over fist on consultancies and others without really knowing whether some of those projects will be delivered?

**Mr Saulters:** In the case of BRT2, we have not moved to detailed design, which is where you start to incur large costs. We are at OBC stage and have done feasibility work. The costs at this stage are not massive for BRT2. We are looking at feasibility and viability. It will be up to the Minister to decide how to take that forward.

**Mr Stewart:** Are you aware of the spend to date on consultancy fees and other outside agencies that are helping to deliver other projects in which DFI is involved?

**Mr Saulters:** Yes, we have monitored spend to date. We project-manage those consultants. We are therefore over the work that they are doing. The levels of fees that we are spending on the likes of Cookstown, Newry and whatever are commensurate with fees for that type of project. There is considerable work to do on those projects to take them through the different phases and the statutory orders. Road projects tend to take six or seven years from start to finish, or even from the start until

the beginning of construction. There is a fair amount of consultants' fees for that, but none that would cause us concern in relation to the city deal projects.

**Mr Stewart:** At the start, you talked about the various stages that the main deals are at, but, among those deals, there seems to be a wide range of where each council is at. Take the Belfast regional deal: what stage did you say that was at?

**Mr Saulters:** It is in the delivery stage.

**Mr Stewart:** It is in the delivery stage, but I understand that several councils are at vastly different stages. Some are just getting over the starting line, and some are hurtling towards the finish. Are you in any way a hostage to fortune over what you can deliver because of that or are you totally autonomous in your ability to deliver the projects that you are tasked with?

**Mr Saulters:** We are more or less autonomous. We will deliver the projects as the Department would deliver a project. Although we have all the governance arrangements, and we have to go through the profiling and estimating of costs and providing all that information through the city deals, we are delivering the projects as hastily as we can.

**Mr Stewart:** My final question is on how the Department is prioritising this. Everything is a priority — we heard that from the Minister the other day — and I get that every pound is a prisoner, but how are the city deal projects being prioritised against the other priorities that the Department for Infrastructure has for delivering key infrastructure capital projects?

**Mr Saulters:** We did a prioritisation exercise last August, in which we set out the priority of the schemes that we were delivering. We were being transparent and saying, more or less, "This is where we are, these are the resources that we have and this is what we can deliver". At that stage, the priority that we set was to deliver the flagship projects, followed by the city and growth deal schemes, because they had the level of funding. Three other schemes had had previous ministerial commitment: York Street, the A1 junctions and the A32 at Cornamuck. We are at a further level on those and are progressing them to the point where we have contract documents ready and the schemes are ready to go or where we can do no more and have to pause them until further decisions are made. That all has to come into the consideration of what the Department can afford, and work on that is ongoing.

**Mr Stewart:** The final, final one: what is the hard-stop time frame for the funding from the British Government through a city deal that is assigned to a project? Let us go back to BRT2, for example: if you continue to identify that as a priority but cannot identify the funding for it, when does the funding dry up on the other side, should the project not be able to be delivered? Is it after five or 10 years, or does it go the full distance of the city deal project?

**Mr Saulters:** I am not sure of the exact time frame for it, but it is a long-term investment plan. It is not a short-term hit. We can come back to you on that.

**Mr Stewart:** That would be useful to know.

**The Chairperson (Mrs Erskine):** That would be useful, because it seems that there are projects there with quite a gap, and I do not envisage costs coming down too quickly.

**Mr Stewart:** Absolutely. If anything, they will go up.

**Mr Boylan:** Thank you very much for your presentation. You are very welcome. I will make just a couple of points. Over a 10- or 20-year period, the amount that we are talking about may not be insurmountable after all, although I agree that there will be a rise in costs, especially for construction.

Brian, I have a couple of points on the time frame for the Newry project. I know the two projects, because we were invited to the Mid South West launch. There is a lot of ambition in the council, which is grand. If the projects are achievable for every one of the growth deals, they will be beneficial for each of those council areas. Can you give a wee update on Mid South West? Is there anything that you can add, other than what you have said about the two projects — for example, on the working groups or conversations that you are having?



My final question is on the deal partners and leverage from additional private-sector investments that are mentioned in the briefing paper. Can you clarify or elaborate a wee bit on that section, please? You can take the Newry stuff first.

**Mr McClelland:** On the Newry southern relief road, Cathal, public consultation is being planned for the summer or early autumn — hopefully towards the end of the summer — and will involve publication of the draft statutory orders and the environmental impact assessment report. There will be a six-week consultation period. Anyone who wants to express a view or opinion on the scheme can do so by submitting it in writing to the Department. Once the Department receives all that feedback, it will consider it carefully, and a decision will then be made on whether a public inquiry is required for the scheme. At this point, it is hard to be definitive on that, but it is quite likely, because there are a number of voices of concern in relation to the bridge option that has been chosen for the scheme. If a public inquiry is required, it is likely to be some time in the middle of next year. It could take several months for the inspector to make his report to the Department. The Department would give that careful consideration and, following those deliberations, the Department would issue a departmental statement — a commitment — as to whether the scheme will proceed as planned or changes have to be made.

Assuming that a public inquiry is required, you could be looking at making a vesting order and commencing construction by late 2026, possibly, with a three-year contract period, so the scheme could be built by 2030. Those are indicative timelines, depending on what happens after the consultation.

**Mr Boylan:** Fair enough. What about private investment or partners?

**Mr Saulters:** Can you repeat that?

**Mr Boylan:** Your briefing talks about "deal partners" and "additional private sector investments".

**Mr Saulters:** That is mainly to do with the deals and the councils trying to pull private investment into them. They have no real impact on infrastructure projects. It is more about other projects within the deals, where the council is trying to drive investment and bring it into other parts of the city and growth deals.

**Mr Boylan:** Are there any other conversations ongoing on the ambitions for councils that we should know about? Obviously, some of us do not sit on councils any longer, but it is just to find out what is going on. You mentioned working groups.

**Mr Saulters:** As I said, programme boards have been set up for each of the growth deals. They have their own governance arrangements for each of the growth deals, which we feed into. We are part of the Derry City and Strabane District Council one. The chief executive of each council will keep the council informed of progress on the deals, and we do some presentations to them as well.

**Mr Boylan:** So, just for clarification, the private-sector stuff is other opportunities for growth within the deals themselves, in the Mid South West one?

**Mr Saulters:** They could be outside of infrastructure projects.

**Mr Boylan:** I appreciate that. Thank you very much.

**Mr K Buchanan:** Thank you, gentlemen, for coming along. I have a few questions. Capacity within the Department to deliver all this: are you taking more staff on? What is your capacity to deliver all these?

**Mr Saulters:** Capacity is a significant problem for us, particularly in the civil engineering field. We are finding it more difficult to bring that resource into the Department. We are having success at the apprentice and graduate levels, but the problem is that the Department is just not as attractive as it used to be. We do not pay as well as others now, and we are finding it difficult to bring in people from the industry, especially at higher levels. We go for external competitions now, out into the market, and we are not attracting that many from outside at that level. It is mainly internal promotions within the Department. That is a difficulty for us. Resource across major projects is an issue. We are sitting at around a 33% vacancy rate at the minute across our teams, and we are just about coping. If we were

to take on any other additional schemes, we would need additional people. At this stage, we are just about managing.

**Mr K Buchanan:** Let me move on to Cookstown, and why not? With respect to its being a priority, my understanding is that the A29 has been a departmental priority for 33 years. My understanding is that it was always in the strategic plan, or the Mid South West plan, to get both roads done. Bearing in mind that the UK Government are putting up £42 million, we are asking DFI or whoever to pay £20 million. What are you going to do to find that £20 million?

**Mr Saulters:** We are having those discussions —.

**Mr K Buchanan:** Bear in mind that Mid Ulster is the manufacturing capital of Northern Ireland. It has third-class roads. They are bouncing machinery out and in. It is the manufacturing hub of the whole of Northern Ireland; we are not talking about Harland and Wolff, it is bigger than that. What are you going to do to find the £20 million?

**Mr Saulters:** It is a scheme that we want to do and we want to deliver. We are civil engineers, and we want to deliver projects. That is what we want to do. We will work with the council and whatever. We have had those discussions with Mid Ulster District Council in relation to where we find the additional funding for this and whether we can have some arrangement by which the council covers an element and we cover another. Those discussions were ongoing even before the funding arrangements were sorted for Enniskillen. We were having those discussions as part of the discussions with Enniskillen. Now that Enniskillen is sorted, we have the £20 million to find for Cookstown. I am not sure what the answer is for this, but there is a considerable amount of money in the growth deal, and it would be difficult for the Department not to take the majority of the funding and find the additional money for that.

**Mr K Buchanan:** Jonathan, there is no grey area now in the Mid South West deal. Enniskillen is moving on in front of Cookstown. It is irrelevant who is first and who is second, but Cookstown is definitely on your radar? There is no mistake?

**Mr Campbell:** Without a doubt. I think that that was clear from the Minister's decision to publish the draft orders. It is a major milestone for the project to go to that position, because that allows us to set the legal mechanisms to make the direction order, which, effectively, is the planning for the scheme, and the draft vesting order so that the land can be compulsorily purchased for delivery. That is a key commitment. The Department has been prioritising Cookstown, because it has been funding that development right up to that stage. We are now in the consultation period for the draft orders, and if we need a public inquiry, that will be planned. There is currently funding for that to be planned in autumn of this year and to make the orders as soon as possible. So it is certainly a commitment, and we will take full cognisance of the fact that there is a shortfall. We are working with the Mid South West team and in the Department to see how that can be resolved. It is a key risk, but we still have time to be able to resolve that. It will still take some time for us to get to the construction stage, because we have to make the orders and then we have the procurement process.

**Mr K Buchanan:** Darren, based on feedback so far, what is your sense about a public inquiry? If you do not have feedback, what is your sense of that?

**Mr Campbell:** We are still in the consultation period. At the information day that we held, the comments that were coming back to us were very positive: it was needed and wanted and that people wanted to get on with it. That —.

**Mr K Buchanan:** Excuse me. What tips the balance to push for a public inquiry? If 100 people come back and 80% say positive things, what way does it work?

**Mr Campbell:** We have to balance and review all the representations to the scheme and the objections to the project. We have to consider whether the objections are appropriate and whether they should be heard through a public inquiry.

**Mr K Buchanan:** And whether it is a relevant objection.

**Mr Campbell:** There is not really a number that tips the balance. It is the objection in itself and whether it should be heard through a public forum and a public inquiry. It is sometimes important to

hold an inquiry, because we will then get the inspector's report and view on that position, which allows our Minister to be able to take a decision off the back of that report. It sometimes is an important position to take, in any case.

**Mr K Buchanan:** I want to thank you, from the Mid South West team, for your work, Darren, and that of the rest of your team. I look forward to that work being delivered, so I am waiting to see a Komatsu, a Daewoo or whatever make of digger on that road. I do not mind, but we are looking forward to seeing that happen.

**Mr Saulters:** The £20 million will not become an issue until we are at the point where we need to start procurement on the scheme. We can continue delivering and pushing that scheme forward to the point where we are ready to hit procurement, and then the £20 million would be the issue at that stage.

**Mr K Buchanan:** At what point in time will you have to pull the brakes on that, if the £20 million is not there? I have no doubt that it will be.

**Mr Saulters:** It will be at the point where we are at the stage for procurement when the —.

**Mr K Buchanan:** At that point in time?

**Mr Saulters:** Yes.

**Mr McReynolds:** Thank you, guys, for coming in. I want to talk specifically about Belfast Rapid Transit phase 2. As an East Belfast MLA, I am well aware of the Glider and the opportunities that flow from that, so I am really keen for it to come in between north and south Belfast. You mentioned that that £35 million was a snapshot in time. Was £35 million at that point sufficient to deliver it, or was there always going to be a shortfall?

**Mr Saulters:** The point made was that the city deal at the time made a decision to put the £35 million into that, knowing that the scheme would cost more than that. The estimate for that project was between £142 million to £148 million, so £35 million would never have touched the full project. It is for an element of the project. There are options for us on how we could progress. We could progress, potentially, by doing bus priority measures along those routes, which would also help public transport for a Glider. Those are discussions that we will have to have with the Minister on the options and what he wants to take forward.

**Mr McReynolds:** If it was always recognised that £35 million would not be sufficient to deliver it, were there conversations at the time about the avenues or options that could be explored to try to deliver the scheme? What were the options?

**Mr Saulters:** I cannot speak about that time, because I was not involved in the project then, but I am sure that those conversations were had if that was the estimate for the scheme and only £35 million was being provided.

**Mr McReynolds:** You mentioned that you are going to speak to the Minister about this shortly. What options will you present to him? Is it a case of going to Treasury and saying, "We have a major shortfall here. Can Treasury help?"? You mentioned potentially looking at a phased introduction. What would that look like?

**Mr Saulters:** It would be unfair to have that sort of discussion before we discuss the options with the Minister. Ultimately, funding will be an issue, and we will need to decide how to take that forward.

**Mr McReynolds:** Lastly, a concept that I heard of last week — I am not a financial expert — is financial transactions capital. Is that something that could be explored in order to make up the shortfall?

**Mr Saulters:** I am not aware of that, but if there are any opportunities, I am sure that they will be explored by in the Department.

**The Chairperson (Mrs Erskine):** On the back of Peter's questions about the discussions, I appreciate that you were not around at the time, but surely the Department should have made the point at that

earlier time by saying, "We have a budget position, and it will be difficult to deliver some of these things". You have talked about projects coming into the different schemes. It would be good if we could have some information on what was put forward in the negotiations. We are now in a situation where you raise the expectation of the public that certain projects will happen — the projects in each of our council areas are vital on the ground; they are needed — yet I am hearing about shortfall and risk. It would be useful to hear what was actually discussed at the start of the negotiations.

**Mr Saulters:** What I can add is that BRT2 was to receive £20 million of new deal funding — similarly, Enniskillen was to receive £15 million — but that was paused and, I believe, has now been withdrawn, so it is no longer available to the project.

**Mr McReynolds:** It is good to hear that about the £20 million, but it leaves a shortfall of roughly £50 million —.

**Mr Saulters:** The £20 million has been withdrawn. It is no longer available.

**Mr McReynolds:** OK, so that was mentioned. I remember attending events and presentations about the city deal — I think that I actually went to Westminster at one point — and its benefits. I do not think that I heard about shortfalls. To be blunt, this sounds largely aspirational.

**Mr Saulters:** It is difficult for us, because we do not have funding for the scheme. We just have to explore the options with the Minister, and that is what we will do.

**Mr McMurray:** Thank you for all the information. Northern Ireland is small enough for us to see the validity of all the projects, from Cookstown to Portrush, Bushmills and the rest, but I will get to my parish pump now. You have been candid about the southern relief road in acknowledging that it is going to be a non-opening bridge, and you have outlined the consultation process. That is fine. I was in council long enough to know the well-rehearsed arguments, so there is no point in my going over them here. Having said that, I thank you for the clarification on the consultation; it will probably run its course.

Mr Boylan touched on these issues, but, again, to confirm the timelines for the southern relief road — essentially you are saying 2030. Will you elaborate on that? We have had the conversation about needing the finances to be in place to ensure that the project will happen. Everybody — even those who refer to the issue of whether the bridge will be opening or non-opening — knows what a vital function this project, being halfway up and in the middle of the island, will have in linking Dublin and Belfast. We all get that. It is super important to clarify that the finances are there and to give information on the project's status and security

**Mr McClelland:** The finance is there to a point. There was £93.4 million agreed for the Belfast region city deal. Our latest estimate would require us to obtain approximately another £24 million for the scheme. That has to be sorted, and procurement cannot happen until that is resolved.

You asked about the timeline. It would be a three-year construction period, hopefully with an opening time of mid-2030. That assumes that a public inquiry will be held in between times. We are where we are.

**The Chairperson (Mrs Erskine):** I want to clarify something about the public inquiry, which Darren, I think, mentioned. Is the money to fund that element built in, despite the shortfall that you discussed?

**Mr Campbell:** Yes.

**Mr Durkan:** I thank the team for coming along. You have more than my gratitude; you have my sympathy as well. This should really be good news, but it has more of a kind of 'Bullseye' vibe: "This is what you could have won". The first point to be made is that a previous Executive completely slept on the potential of city deals. We are now in a situation where it is like waiting for a bus; we got nothing, or there was no appetite for the city deals for ages, but the value of them dawned on the Executive, and we now have four at once. That has serious implications for the Department, and the answer to Keith's question outlined the capacity issues that that will cause or, potentially, exacerbate for you.

John asked what your priorities are. You said that they are the flagship projects and then the city and growth deals, but how do you prioritise the priorities, even within the city and growth deals, given the huge pressures on finances and human resources?

**Mr Saulters:** We are taking the city and growth deals forward together. We are not prioritising any of them above anything else; we are taking them all forward as we can. We have identified elements of shortfalls, but I do not think that those will come into play until further down the line when we move to the procurement stage on certain schemes. We have addressed the shortfall in the Lagan cycle and pedestrian bridge. Enniskillen's project is moving forward now, and there is nothing imminently that requires us to address the shortfalls. A way forward to deliver BRT2 may need to be mapped out, but we are moving the other city and growth deals forward. We also have to take the view of the Minister on his priorities when it comes to major projects across the Department and what he wants to deliver.

**Mr Durkan:** The rising costs and increasing budgetary constraints will, ultimately, determine achievability. Will we see a dilution of ambition, and, if so, when? Will we leave it too late, which will mean that you will be fighting all those battles on all those different fronts? As a consequence, delivery of all the projects could potentially suffer. All of them certainly have their merits. I have been hearing about a lot of them for a long time. The partners — not necessarily just DFI, but including it — see the city deal process as a hook on which to hang some of these projects. I understand that if there is funding to be attracted or leveraged from somewhere, you will try to do it, but things like the Newry southern relief road and the Cookstown bypass have taken on almost mythical proportions. I also think of the Derry City and Strabane District Council city deal. The walls of Derry could be papered with strategies and plans that have not come to fruition. The Chair made the point about people's expectations being raised. I am sure that officials' expectations were high as well when the process was entered. At what point do you step back and say, "No, we can only do so much, and this is what we are going to do"? I understand that the Minister has to make that call, but someone has to present him with that.

**Mr Saulters:** The difficulty that city deals are experiencing is the increased costs in the construction industry and across the world. That was not expected when the estimates were done on these schemes. We are reviewing the estimates now in light of that, and this is where the shortfalls in funding are coming from. That is a difficulty that we are facing and all Departments are facing, not just Infrastructure.

**Mr Durkan:** OK. Finally, the Derry riverfront project looks absolutely fabulous. It will be transformational for the city centre, but it is even more ambitious than it looks. It is more than reshaping the public road scheme. Has additional investment for public transport been factored into the costings for that?

**Mr Saulters:** Do you want to come in on that one, Darren?

**Mr Campbell:** You are correct that the riverfront is planned to be transformational. It will bring that area of road into the city. That is what they are trying to do, and to promote active and sustainable travel and reshape that whole area. Within the funding envelope that they had, we developed the scheme and had done detailed costings, a detailed programme for delivery and identified the team that would be required to oversee its delivery within that £45 million. That will deliver the key infrastructure around public transport — the potential for additional bus lanes and the physical aspects of public transport infrastructure. For future public transport, a level of traffic modelling has been done with the existing bus fleet. With journey time reliability, more people will use the buses. It will allow and attract more people to use them, which will then take the pressures off the roads. It is part of a bigger plan and part of the council's wider local development plan for the city, and it will also feed into the north-west transport plan. There are a number of pieces of the jigsaw associated with this project around infrastructure. It is a major step in the right direction around prioritising public transport and getting more people to walk and cycle within the city area.

**Mr Durkan:** Thank you.

**The Chairperson (Mrs Erskine):** Cathal, were you looking back in?

**Mr Boylan:** Just on that point, Chair, and, to be fair, you asked the question about going back to the start, and I know that Jonathan was not there at the time. There was a lot of ambition with all the council projects, and they picked out these projects. When they received this money, they were not

going to turn it down. There is a lot of ambition to build. There has been a 30% to 40% increase in construction costs over the past number of years. It is a heavy duty. I do not want the meeting to go all doom and gloom that these projects are not going to reach fruition, but there is a conversation to be had. It is about tying that all up, Jonathan, around what was there originally. Keith and I were at the Mid South West one, and there was good ambition there. Those projects were selected. They are 10- to 20-year projects. They may be delivered in a shorter time of three or four years. It is just to get more detail on the conversations and the figures. Thank you.

**The Chairperson (Mrs Erskine):** Just picking up on that point, obviously, nobody could have predicted the massive increase in costs within the construction industry, but what percentage or level of inflation was factored in for some of these projects?

**Mr Saulters:** Originally, when we were putting those cost estimates and profiles through for the city and growth deals, we would have had a level of inflation built in, but that was at the low levels of that time. It is not just future inflation that has been the problem, it is the jump in prices. We are stuck with those now, and then the increased inflation on top of that. That has had a significant effect on us. It is the biggest cost increase that we have seen over a period of time on projects.

**The Chairperson (Mrs Erskine):** To pick up on Cathal's point, we do not want to be doom and gloom, because there are some green shoots there, but it is worrying to hear the levels of shortfall, and it will be interesting to see how those negotiations continue. You mentioned that the Minister would be imminently presented with options for his consideration. What does "imminently" mean?

**Mr Saulters:** It is next week. We will talk to him next week about BRT2. There will also be further work on the prioritisation of major projects.

**The Chairperson (Mrs Erskine):** Are members content? Yes?

**Mr Boylan:** Yes. Thank you very much.

**The Chairperson (Mrs Erskine):** OK. Thank you very much for coming to the Committee today. We appreciate your time. There are some aspects to be followed up on from the points that have been raised. We appreciate your coming to the Committee today. Thank you.