

STRATEGIC INVESTMENT BOARD

MANAGEMENT STATEMENT

Final approved version

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MANAGEMENT STATEMENT FOR THE STRATEGIC INVESTMENT BOARD

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ANNEX 1: ARTICLES OF ASSOCIATION

**ANNEX 2: THE STRATEGIC INVESTMENT AND
REGENERATION OF SITES (NI) ORDER
2003**

DEFINITIONS

In this memorandum:

“Board”	means the Company’s Board of Directors
“Body”	means “SIB”
“AMU”	means Asset Management Unit
“C&AG”	means the Comptroller and Auditor General for NI
“The Chair”	means the Chair of the Board
“Chief Executive”	means the senior executive official of SIB
“DAO”	means “Dear Accounting Officer” letter
“Department”	means OFMDFM
“DEL”	means “Departmental Expenditure Limits”
“DFP”	means the Department of Finance and Personnel
“DFPO”	means “Dear Principal Finance Officer” letter
“The Directors”	means the duly appointed Directors of the Company
“the Financial Memorandum”	means the Financial Memorandum within the latter part of this document.
“FREM”	means Financial Reporting Manual.
“GIAS”	means Government Internal Audit Standards
“Grant”	means any form of payment, of which “grant-in-aid” is an asset
“SIB or the Company”	means Strategic Investment Board Ltd

“the Management Statement”	means this Statement and all attachments
“Members’ Agreement”	is the agreement entered into between the Department and the Company recording details of their relationship
“Ministers”	means the First Minister and deputy First Minister
“MPMNI”	means Managing Public Money NI
“MSFM”	means the <i>Management Statement</i> and <i>Financial Memorandum</i> document
“OFMDFM”	means “the Office of the First Minister and Deputy First Minister”
The “Order”	means “the Strategic Investment and Regeneration of Sites Order 2003”
“PfG	means the Programme for Government published by the Northern Ireland Executive.
“PFO”	means Principal Finance Officer
“Voted”	means provision voted by the Assembly

MANAGEMENT STATEMENT

1. INTRODUCTION

1.1 This document

1.1.1 This *Management Statement* and *Financial Memorandum* (MSFM) has been drawn up by the Office of the First Minister and deputy First Minister in consultation with the Strategic Investment Board (SIB). The document is based on a model prepared by the Department of Finance and Personnel (DFP).

1.1.2 The terms and conditions set out in the combined *Management Statement* and *Financial Memorandum* may be supplemented by guidelines or directions issued by the First Minister and deputy First Minister in respect of the exercise of any individual functions, powers and duties of the SIB.

1.1.3 A copy of the MS/FM for the SIB should be given to all newly appointed Board Members, senior SIB executive staff and departmental sponsor staff on appointment. Additionally the MS/FM should be tabled for the information of Board Members at least annually at a full meeting of the Board. Amendments made to the MS/FM should also be brought to the attention of the full Board on a timely basis.

1.1.4 Subject to the legislation noted below, this *Management Statement* sets out the broad framework within which the SIB will operate, in particular:

- the SIB's overall aims, objectives and targets in support of the sponsor Department's wider strategic aim[s] and the outcomes and targets contained in the current Programme for Government (PfG);
- the rules and guidelines relevant to the exercise of the SIB's functions, duties and powers;
- the conditions under which any public funds are paid to the SIB;
- how the SIB is to be held to account for its performance.

1.1.5 The associated *Financial Memorandum* sets out in greater detail certain aspects of the financial provisions which the SIB shall observe. However, the *Management Statement* and *Financial Memorandum* do not convey any legal powers or responsibilities.

1.1.6 The document shall be periodically reviewed by OFMDFM in accordance with the timetable referred to in Section 7 below.

- 1.1.7 The SIB, OFMDFM, or Ministers, may propose amendments to this document at any time. Any such proposals by the SIB shall be considered in the light of evolving departmental policy aims, operational factors and the track record of the SIB itself. The guiding principle shall be that the extent of flexibility and freedom given to the SIB shall reflect both the quality of its internal controls to achieve performance and its operational needs. OFMDFM shall determine what changes, if any, are to be incorporated in the document. Legislative provisions shall take precedence over any part of the document. Significant variations to the document shall be cleared with DFP Supply after consultation with the SIB, as appropriate. (The definition of “significant” will be determined by OFMDFM in consultation with DFP).
- 1.1.8 The *MSFM* is approved by DFP Supply, and signed and dated by OFMDFM and the SIB’s Chief Executive.
- 1.1.9 Any question regarding the interpretation of the document shall be resolved by OFMDFM after consultation with the SIB and, as necessary, with DFP Supply.
- 1.1.10 Copies of this document and any subsequent substantive amendments shall be placed in the Library of the Assembly. (Copies shall also be made available to members of the public on the SIB’s website).
- 1.2 Founding legislation; status
- 1.2.1 The SIB is established under the Strategic Investment and Regeneration of Sites (NI) Order 2003 as a company limited by guarantee. The constitution of the SIB is set out in its Articles of Association (Annex 1). The SIB does not carry out its functions on behalf of the Crown.
- 1.3 The functions, duties and powers of the SIB
- 1.3.1 The functions, duties and powers of the SIB are set out in the Order 2003 (copy attached at Annex 2), this Management Statement and associated Financial Memorandum and the SIB’s Articles of Association.
- 1.4 Classification
- 1.4.1 For policy/administrative purposes the SIB is classified as an executive non-departmental public body.

- 1.4.2 For national accounts purposes the SIB is classified to the central government sector.
- 1.4.3 References to the SIB include, (where they exist), all its subsidiaries and joint ventures that are classified to the public sector for national accounts purposes. If such a subsidiary or joint venture is created, there shall be a document setting out the arrangements between it and the SIB (paragraphs 67 – 68 of the *Financial Memorandum refer*).

2. AIM, OBJECTIVES AND TARGETS

2.1 Overall aim

- 2.1.1 Within the founding legislation the First Minister and deputy First Minister have defined the overall aim for the SIB as follows:

To make provision for, and in connection with, the exercise by a designated company of strategic investment functions in relation to:

- (a) the Executive; and
- (b) bodies carrying out major investment projects.

In relation to the Executive, “strategic investment functions” means advising the Executive in relation to the formulation and implementation of its programme of major investment projects.

In relation to bodies carrying out major investment projects, “strategic investment functions” means:

- (a) advising those bodies in relation to the carrying out of such projects;
- (b) assisting those bodies in relation to the carrying out of such projects, including providing research, consultancy, advisory and other services and general assistance; and
- (c) participating, by agreement with those bodies, in the carrying out of such projects.

In particular, strategic investment functions (in relation to the Executive and bodies carrying out major investment projects) include advising on:

- (a) the planning and prioritisation of programmes and projects;
- (b) the funding of projects, including borrowings for that purpose; and
- (c) the general implementation of projects (including, in the case of projects of statutory bodies, arrangements for procuring

implementation wholly or partly by persons other than statutory bodies).

References to “major investment projects” are to projects which:

- (a) are of major strategic importance to Northern Ireland (or a part thereof); and
- (b) involve substantial investment (whether or not provided out of public money).

2.2 Objectives and key targets

2.2.1 OFMDFM determines the SIB’s performance framework in the light of the Departments’ wider strategic aims, corporate business plans and current PfG objectives and targets. The Ministers have agreed the following objectives, key targets and performance measures within SIB’s corporate and business planning process (see section 4 below).

3. RESPONSIBILITIES AND ACCOUNTABILITY

3.1 Ministers

3.1.1 The First Minister and deputy First Minister are accountable to the Assembly for the activities and performance of the SIB. Their responsibilities include:

- in consultation with the Board, approving the SIB’s strategic objectives and the policy and performance framework within which the SIB will operate (as set out in this *Management Statement* and *Financial Memorandum* and associated documents). *This will include meeting with the Chair of the Board annually to discuss these issues;*
- keeping the Assembly informed about the SIB’s performance;
- approving the amount of grant-in-aid to be paid to the SIB, subject to approval of the relevant Budget Bill provided by the Assembly; and
- carrying out responsibilities specified in the founding legislation and other legislation / Codes of Practice, including appointments to the Board, approving the terms and conditions of Board members, approving the appointment of the Chief Executive, and approval of terms and conditions of staff.

3.2 The Accounting Officer of the Sponsor Department

3.2.1 OFMDFM's principal Accounting Officer (the 'departmental Accounting Officer') is responsible for the overall organisation, management and staffing of OFMDFM and for ensuring that there is a high standard of financial management in the Department as a whole. The departmental Accounting Officer is accountable to the Assembly for the issue of any grant-in-aid to the SIB. The departmental Accounting Officer designates the Chief Executive of the SIB as its Accounting Officer, and may withdraw the Accounting Officer designation if he/she believes that the incumbent is no longer suitable for the role.

3.2.2 In particular, the departmental Accounting Officer of OFMDFM shall ensure that:

- the SIB's strategic aims and objectives support the sponsor Department's wider strategic aims, corporate business plan and current PfG objectives and targets;
- the financial and other management controls applied by OFMDFM to the SIB are appropriate and sufficient to safeguard public funds and for ensuring that the SIB's compliance with those controls is effectively monitored ("public funds" include not only any funds granted to the SIB by the Assembly but also any other funds falling within the stewardship of the SIB);
- the internal controls applied by the SIB conform to the requirements of regularity, propriety and good financial management; and
- any grant-in-aid to the SIB is within the ambit and the amount of the Request for Resources and that Assembly authority has been sought and given.
- He/she meets with a new Chair of SIB within 6 weeks of their appointment and with the full Board and with the Chair of the Audit Committee annually.

3.2.3 The responsibilities of a departmental Accounting Officer are set out in more detail in Chapter 3 of Managing Public Money NI (MPMNI).

3.3 The sponsoring team in the Department

3.3.1 Within the sponsoring Department, the Strategic Investment Unit is the sponsoring team for the SIB. The team, in consultation as necessary with the relevant departmental Accounting Officer, is the primary source of advice to the First Minister and deputy First Minister on the discharge of their responsibilities in respect of the SIB, and the primary point of contact for the SIB in dealing with the sponsor Department. The sponsoring team

shall carry out its duties under the management of a senior officer, who shall have primary responsibility within the team for overseeing the activities of the SIB.

3.3.2 The sponsoring team shall advise the First Minister and deputy First Minister on:

- an appropriate framework of objectives and targets for the SIB in the light of the Department's wider strategic aims, corporate business plan and current PfG objectives and targets; and
- an appropriate budget for the SIB in the light of the Department's overall public expenditure priorities;
- how well the SIB is achieving its strategic objectives and whether it is delivering value for money.

3.3.3 In support of the departmental Accounting Officer, the sponsoring team shall:

on performance and risk management -

- monitor the SIB's activities on a continuing basis through an adequate and timely flow of information from the SIB on performance, budgeting, control, and risk management, including sight of the SIB's Statement on Internal Control and of draft Board and Audit Committee minutes;
- Undertake quarterly Accountability and Liaison meetings, twice yearly verification visits and other stocktake meetings as required.
- address in a timely manner any significant problems arising in the SIB, whether financial or otherwise, making such interventions in the affairs of the SIB as OFMDFM judges necessary to address such problems;
- periodically carry out a risk assessment of the SIB's activities to inform the sponsor Department's oversight of the SIB; strengthen these arrangements if necessary; and amend the *Management Statement* and *Financial Memorandum* accordingly. The risk assessment shall take into account the nature of the SIB's activities; the public monies at stake; the body's corporate governance arrangements, including its own risk management processes; its financial performance; internal and external auditors' reports; the openness of communications between the body and the sponsor Department; and any other relevant matters;

on communication with the SIB -

- inform the SIB of relevant Executive / government policy in a timely manner; if necessary, advise on the interpretation of that policy; and issue specific guidance to the SIB as necessary;
- bring concerns about the activities of the SIB to the attention of the full Board, and require explanations and assurances from the Board that appropriate action has been taken;
- on appointment of a new Board member or Audit Committee Chair meet with them within three months of appointment to discuss their roles and responsibilities and Departmental priorities;
- attend at least two board meetings per year, at least one of which the departmental Accounting Officer should also attend.

3.4 The SIB's Board

3.4.1 The Board members are appointed by the First Minister and deputy First Minister, in line with the Code of Practice issued by the Commissioner for Public Appointments, for a term of up to three years, renewable for a second term.

3.4.2 The Board has corporate responsibility for ensuring that the SIB fulfils the aims and objectives set by OFMDFM and approved by the First Minister and deputy First Minister, and for promoting the efficient, economic and effective use of staff and other resources by the SIB. To this end, and in pursuit of its wider corporate responsibilities, the Board shall:

- establish the overall strategic direction of the SIB within the policy and resources framework determined by the sponsor Minister and Department;
- constructively challenge the SIB's executive team in their planning, target setting and delivery of performance;
- ensure that OFMDFM is kept informed of any changes which are likely to impact on the strategic direction of the SIB or on the attainability of its targets, and determine the steps needed to deal with such changes;
- ensure that any statutory or administrative requirements for the use of public funds are complied with; that the Board operates within the limits of its statutory authority and any delegated authority agreed with the sponsor Department, and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, the Board takes into account all relevant guidance issued by DFP and the sponsor Department;

- ensure that the Board receives and reviews regular financial information concerning the management of the SIB; is informed in a timely manner about any concerns about the activities of the SIB; and provides positive assurance to OFMDFM that appropriate action has been taken on such concerns;
- demonstrate high standards of corporate governance at all times, including using the independent audit committee, (see paragraph 4.7) to help the Board to address the key financial and other risks facing the SIB; and
- appoint, with the approval of the First Minister and deputy First Minister, a Chief Executive to the SIB and, in consultation with OFMDFM, set performance objectives and remuneration terms linked to these objectives for the Chief Executive, which give due weight to the proper management and use of public monies.

3.4.3 Individual Board Members shall act in accordance with their wider responsibilities as Members of the Board – namely to:

- comply at all times with the Code of Practice (see paragraph 3.5.5) that is adopted by the SIB and with the rules and guidance relating to the use of public funds and to conflicts of interest;
- not misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations; and to declare publicly and to the board any private interests that may be perceived to conflict with their public duties;
- comply with the Board's rules on the acceptance of gifts and hospitality, and of business appointments; and
- act in good faith and in the best interests of the SIB.

3.4.4 OFMDFM shall have access to all Board meeting minutes and papers in a timely manner.

3.5 The Chair of the SIB

3.5.1 The Chair is appointed by the First Minister and deputy First Minister, in line with the Code of Practice issued by the Commissioner for Public Appointments, for three years.

3.5.2 The Chair is responsible to the First Minister and deputy First Minister. The Chair shall ensure that the SIB's policies and actions support the wider strategic policies of the the First Minister and deputy First Minister; and that

the SIB's affairs are conducted with probity. The Chair shares with other Board members the corporate responsibilities set out in paragraph 3.4.2, and in particular for ensuring that the SIB fulfils the aims and objectives set by OFMDFM and approved by the First Minister and deputy First Minister. The Chair should meet annually with the First Minister and deputy First Minister to discuss these issues.

3.5.3 The Chair has a particular leadership responsibility on the following matters:

- formulating the Board's strategy;
- ensuring that the Board, in reaching decisions, takes proper account of guidance provided by the First Minister and deputy First Minister or OFMDFM;
- promoting the efficient, economic and effective use of staff and other resources;
- encouraging and delivering high standards of regularity and propriety;
- representing the views of the Board to the general public; and
- ensuring that the Board meets at regular intervals throughout the year and that the minutes of meetings accurately record the decisions taken and, where appropriate, the views of individual Board Members.

3.5.4 The Chair shall also:

- ensure that all members of the Board, when taking up office, are fully briefed on the terms of their appointment and on their duties, rights and responsibilities, and receive appropriate induction training, including on the financial management and reporting requirements of public sector bodies and on any differences which may exist between private and public sector practice;
- advise OFMDFM of the needs of the SIB when Board vacancies arise, with a view to ensuring a proper balance of professional and financial expertise;
- assess the performance of individual Board Members. Board Members will be subject to ongoing performance appraisal, with a formal assessment being completed by the Chair of the Board at the end of each year, and prior to any re - appointment of individual Members taking place. Members will be made aware that they are being appraised, the standards against which they will be appraised, and will have an opportunity to contribute to and view their report. The Chair of the Board will also be appraised on an annual basis by the Departmental Accounting Officer; and
- undertake an annual appraisal process for the Chief Executive the outcome of which should be shared with the Department prior to sign-off.

- 3.5.5 The Chair shall also ensure that a Code of Practice for Board Members is in place, based on the Cabinet Office's *Code of Practice for Board Members of Public Bodies*, (FD (DFP) 03/06 refers). The Code shall commit the Chair and other Board Members to the Nolan "seven principles of public life", and shall include a requirement for a comprehensive and publicly available register of Board Members' interests.
- 3.5.6 Communications between the Board, the First Minister and deputy First Minister and the Department shall normally be through the Chair. The Chair shall ensure that the other Board Members are kept informed of such communications on a timely basis.
- 3.6 The Chief Executive's role as Accounting Officer
- 3.6.1 The Chief Executive of the SIB is designated as the SIB's Accounting Officer by the departmental Accounting Officer of the sponsor Department.
- 3.6.2 The Accounting Officer of the SIB is personally responsible for safeguarding the public funds for which he/she has charge; for ensuring propriety and regularity in the handling of those public funds; and for the day-to-day operations and management of the SIB.
- 3.6.3 As Accounting Officer, the Chief Executive shall exercise the following responsibilities in particular:

on planning and monitoring -

- establish, in agreement with OFMDFM, the SIB's corporate and business plans in support of the Department's wider strategic aims, corporate business plan and current PfG objectives and targets;
- inform OFMDFM of the SIB's progress in helping to achieve the Department's policy objectives and in demonstrating how resources are being used to achieve those objectives;
- ensure that timely forecasts and monitoring information on performance and finance are provided to the sponsor Department; that OFMDFM is notified promptly if overspends or underspends are likely and that corrective action is taken; and that any significant problems, whether financial or otherwise, and whether detected by internal audit or by other means, are notified to OFMDFM in a timely fashion;

on advising the Board -

- advise the Board on the discharge of its responsibilities as set out in this document, in the founding legislation and in any other relevant instructions and guidance that may be issued from time to time by DFP or OFMDFM;
- advise the Board on the SIB's performance compared with its aims and objectives;
- ensure that financial considerations are taken fully into account by the Board at all stages in reaching and executing its decisions, and that standard financial appraisal techniques are followed appropriately;
- take action in line with Section 3.8 of MPMNI if the Board, or its Chair, is contemplating a course of action involving a transaction which the Chief Executive considers would infringe the requirements of propriety or regularity, or does not represent prudent or economical administration, efficiency or effectiveness;

on managing risk and resources -

- ensure that a system of risk management is maintained to inform decisions on financial and operational planning and to assist in achieving objectives and targets;
- ensure that an effective system of programme and project management and contract management is maintained;
- ensure compliance with the Northern Ireland Public Procurement Policy;
- ensure that all public funds made available to the SIB including any income or other receipts are used for the purpose intended by the Assembly, and that such monies, together with the SIB's assets, equipment and staff, are used economically, efficiently and effectively;
- ensure that adequate internal management and financial controls are maintained by the SIB, including effective measures against fraud and theft;
- maintain a comprehensive system of internal delegated authorities that are notified to all staff, together with a system for regularly reviewing compliance with these delegations;
- ensure that effective personnel management policies are maintained;

on accounting for the SIB's activities –

- sign the accounts and be responsible for ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any directions issued by the First Minister and deputy First Minister, OFMDFM, or DFP;
- sign a Statement of Accounting Officer's responsibilities, for inclusion in the annual report and accounts;
- sign a Statement on Internal Control regarding the SIB's system of internal control, for inclusion in the annual report and accounts;
- ensure that effective procedures for handling complaints about the SIB are established and made widely known within the SIB;
- act in accordance with the terms of this document and with the instructions and relevant guidance in *MPMNI* and other instructions and guidance issued from time to time by OFMDFM and DFP - in particular, Chapter 3 of *MPMNI* and the Treasury document *Regularity and Propriety and Value for Money*, which the Chief Executive shall receive on appointment. Section IX of the *Financial Memorandum* refers to other key guidance;
- give evidence, normally with the Accounting Officer of OFMDFM, if summoned before the Public Accounts Committee on the use and stewardship of public funds by the SIB;
- ensure that an Equality Scheme is in place, reviewed and equality impact assessed as required by the Equality Commission and OFMDFM;
- ensure that Lifetime Opportunities is taken into account. and
- ensure that the requirements of the Data Protection Act 1998 and the Freedom of Information Act 2000 are complied with.

- 3.7 The Chief Executive's role as Consolidation Officer
- 3.7.1 For the purposes of Whole of Government Accounts, the Chief Executive of the SIB is normally appointed by DFP as the SIB's Consolidation Officer.
- 3.7.2 As the SIB's Consolidation Officer, the Chief Executive shall be personally responsible for preparing the consolidation information, which sets out the financial results and position of the SIB; for arranging for its audit; and for sending the information and the audit report to the Principal Consolidation Officer nominated by DFP.
- 3.7.3 As Consolidation Officer, the Chief Executive shall comply with the requirements of the SIB Consolidation Officer Letter of Appointment as issued by DFP and shall, in particular:
- ensure that the SIB has in place and maintains sets of accounting records that will provide the necessary information for the consolidation process; and
 - Prepare the consolidation information (including the relevant accounting and disclosure requirements and all relevant consolidation adjustments) in accordance with the consolidation instructions and directions ("Dear Consolidation Officer" (DCO) and "Dear Consolidation Manager" (DCM) letters) issued by DFP on the form, manner and timetable for the delivery of such information.
- 3.8 Delegation of duties
- 3.8.1 The Chief Executive may delegate the day-to-day administration of his/her Accounting Officer and Consolidation Officer responsibilities to other employees in the SIB. However, he/she shall not assign absolutely to any other person any of the responsibilities set out in this document.
- 3.9 The Chief Executive's role as Principal Officer for Ombudsman cases
- 3.9.1 The Chief Executive of the SIB is the Principal Officer for handling cases involving the Northern Ireland Commissioner for Complaints. As Principal Officer, he/she shall inform the Permanent Secretary of OFMDFM of any complaints about the SIB accepted by the Ombudsman for investigation, and about the SIB's proposed response to any subsequent recommendations from the Ombudsman.

3.10 Consulting customers

- 3.10.1 The SIB will work in partnership with its stakeholders and customers to deliver the services/programmes, for which it has responsibility, to agreed standards. It will consult regularly to develop a clear understanding of the need for and expectations of its services, to seek feedback from both stakeholders and customers, and will work to deliver a modern, accessible service.

4. PLANNING, BUDGETING AND CONTROL

4.1 The corporate plan

- 4.1.1 Consistent with the timetable for the Executive's Budget process reviews, the SIB shall submit to OFMDFM a draft of the SIB's corporate plan normally covering three years ahead. The Corporate Plan will be submitted to the Department by March of each year for the incoming financial year. SIB shall have agreed with the sponsor Department the issues to be addressed in the plan and the timetable for its preparation.

- 4.1.2 DFP reserves the right to ask to see and agree the SIB's corporate plan.

- 4.1.3 The plan shall reflect the SIB's statutory duties and, within those duties, the priorities set from time to time by the Minister. In particular, the plan shall demonstrate how the SIB contributes to the achievement of the Department's strategic aims and Programme for Government and Investment Strategy objectives and targets.

- 4.1.4 The corporate plan shall set out:

- the SIB's key objectives and associated key performance targets for the three forward years, and its strategy for achieving those objectives;
- a review of the SIB's performance in the preceding financial year;
- alternative scenarios to take account of factors which may significantly affect the execution of the plan, but which cannot be accurately forecast;
- a forecast of expenditure and income, taking account of guidance on resource assumptions and policies provided by OFMDFM at the beginning of the planning round. These forecasts should represent the SIB's best estimate of all its available income not just any grant or grant-in-aid; and
- other matters as agreed between OFMDFM and the SIB.

- 4.1.5 The main elements of the plan, including the key performance targets, shall be agreed between OFMDFM and the SIB in the light of the sponsor Department's decisions on policy and resources taken in the context of the Executive's wider policy and spending priorities and decisions.

- 4.2 The business plan
 - 4.2.1 Each year of the corporate plan, amplified as necessary, shall form the basis of the business plan for the relevant forthcoming year. The business plan should be submitted to OFMDFM by March each year. The business plan shall include key targets and milestones for the year immediately ahead and shall be linked to budgeting information so that resources allocated to achieve specific objectives can readily be identified by OFMDFM.

 - 4.2.2 DFP reserves the right to ask to see and agree the SIB's annual business plan.

 - 4.2.3 SIB's corporate and business plans will be formally approved by the senior sponsor in OFMDFM.

- 4.3 Publication of plans
 - 4.3.1 The corporate and business plans shall be made available to the public and staff through the internet.

- 4.4 Reporting performance to the sponsor Department
 - 4.4.1 The SIB shall operate management information and accounting systems which enable it to review in a timely and effective manner its financial and non-financial performance against the budgets and targets set out in its agreed corporate and business plans.

 - 4.4.2 The SIB shall take the initiative in informing OFMDFM of changes in external conditions, which make the achievement of objectives more or less difficult, or which may require a change to the budget or objectives as set out in the corporate or business plans.

 - 4.4.3 The SIB's performance in helping to deliver OFMDFM policies, including the achievement of key objectives, shall be reported to the Department on a quarterly basis. Performance will be formally reviewed quarterly by OFMDFM. The First Minister and deputy First Minister shall meet the Board

formally each year to discuss the SIB's performance, its current and future activities, and any policy developments relevant to those activities.

4.4.4 The SIB's performance against key targets shall be reported in the SIB's annual report and accounts (see Section 5.1 below). OFMDFM sponsor arrangements, including attendance at the Investment and Audit committees, will contribute towards assessment of the SIB performance as reported.

4.5 Budgeting procedures

4.5.1 The SIB's budgeting procedures are set out in the *Financial Memorandum*.

4.6 Internal audit

4.6.1 The SIB shall establish and maintain arrangements for internal audit in accordance with the Government Internal Audit Standards (GIAS).

4.6.2 OFMDFM should outline the arrangements that they have determined as appropriate for the SIB taking account of DAO (DFP) 01/10 Internal Audit Arrangements between Departments and Arm's Length Bodies.) This will include specifying the Department's requirements in terms of

- having input to SIB planned internal audit coverage;
- arrangements for the receipt of audit reports, assignment reports, the Head of Internal Audit's annual report and opinion etc;
- arrangements for the completion of Internal and External Assessments of the SIB internal audit function against GIAS including advising that OFMDFM reserves a right of access to carry out its own independent reviews of internal audit in the SIB;
- the right of access to all documents prepared by the SIB's internal auditor, including where the service is contracted out. Where the SIB's audit service is contracted out the SIB should stipulate this requirement when tendering for the services.

4.6.3 The SIB shall consult OFMDFM to ensure that the latter is satisfied with the competence and qualifications of the Head of Internal Audit and that the requirements for approving the appointment are in accordance with GIAS and relevant DFP guidance.

4.6.4 OFMDFM will review the SIB's terms of reference for internal audit service provision. The SIB shall notify OFMDFM of any subsequent changes to internal audit's terms of reference.

4.7 Audit Committee

4.7.1 The SIB shall set up an independent audit committee as a committee of its Board, in accordance with the Cabinet Office's *Guidance on Codes of Practice for Public Bodies* (FD (DFP) 03/06 refers) and in line with the Audit Committee Handbook DAO (DFP) 07/07.

4.7.2 OFMDFM should specify the arrangements it has determined appropriate for the SIB which will include the need for:-

- Attendance by departmental representatives at SIB Audit Committee meetings;
- access required to the Audit Committee papers and minutes;
- any input required from the SIB Audit Committee to the Department's own Audit Committee.
- An annual meeting between the Departmental Accounting Officer and the Audit Committee Chair.

4.7.3 OFMDFM will review the SIB's audit committee terms of reference. The SIB shall notify OFMDFM of any subsequent changes to the audit committee's terms of reference.

4.8 Fraud

4.8.1 The SIB shall report immediately to OFMDFM all frauds (proven or suspected), including attempted fraud. OFMDFM shall then report the frauds immediately to DFP and the Comptroller and Auditor General (C&AG). In addition the SIB shall forward to OFMDFM the annual fraud return, commissioned by DFP, on fraud and theft suffered by the SIB.

4.8.2 OFMDFM will review the SIB's Anti Fraud Policy and Fraud Response Plan. The SIB shall notify OFMDFM of any subsequent changes to the policy or response plan.

4.9 Additional departmental access to the SIB

4.9.1 In addition to the right of access referred to in paragraph 4.6.2 above, OFMDFM shall have a right of access to all the SIB's records and personnel for purposes such as sponsorship audits and operational investigations.

(See also paragraphs 3.4.4 and 4.7.2 access to Board and Audit Committee minutes).

5. EXTERNAL ACCOUNTABILITY

5.1 The annual report and accounts

5.1.1 After the end of each financial year the SIB shall publish as a single document an annual report of its activities together with its audited annual accounts. The report shall also cover the activities of any corporate bodies under the control of the SIB. A draft of the report shall be submitted to OFMDFM at least two weeks before the proposed publication date although it is expected that the Department and the SIB will have had extensive pre publication discussion on the content of the report prior to formal submission to the Department. OFMDFM will agree an appropriate timeframe or specific date for the publication of the annual report and accounts.

5.1.2 As a Company limited by guarantee, SIB is required to produce its accounts in accordance with the accounting and disclosure requirements of the Companies Act 2006. The accounts must comply with the accounting and disclosure requirements contained in the Northern Ireland International Financial Reporting Standards based Financial Reporting Manual (I-FReM) and accounting disclosure requirements issued by the Department of Finance and Personnel with the exception of the treatment of Grant in Aid. SIB should provide additional disclosures in its accounts to take account of this difference. The accounts shall be prepared in accordance with any relevant statutes and the specific Accounts Direction issued by OFMDFM.

5.1.3 The report and accounts shall outline the SIB's main activities and performance during the previous financial year and set out in summary form the SIB's forward plans. Information on performance against key financial targets shall be included in the notes to the accounts, and shall therefore be within the scope of the audit.

5.1.4 The report and accounts shall be presented to the Assembly and made available, in accordance with the guidance on the procedures for presenting and laying the combined annual report and accounts as prescribed in the relevant FD letter issued by DFP.

5.1.5 Due to the potential accounting and budgetary implications, any changes to accounting policies or significant estimation techniques underpinning the preparation of annual accounts, requires the prior written approval of the sponsor Department.

5.2 External audit

5.2.1 The Comptroller and Auditor General (C&AG) audits SIB's annual accounts and passes the accounts to OFMDFM who shall deposit them in the Assembly library, together with SIB's annual report. For the purpose of Audit, the C&AG has a statutory right of access to relevant documents as provided for in Articles 3 & 4 of the Audit and Accountability (NI) Order 2003.

5.2.2 The C&AG will liaise with the SIB on the arrangements for completing the audit of the SIB's accounts. This will either be undertaken by staff of the NIAO or a private sector firm appointed by the C&AG to undertake the audit on his behalf. The final decision on how such audits will be undertaken rests with the C&AG, who retains overall responsibility for the audit.

5.2.3 The C&AG has agreed to share with sponsor Departments relevant information identified during the audit process including the report to those charged with governance at the end of the audit. This shall apply in particular to issues which impact on OFMDFM's responsibilities in relation to financial systems within the SIB. The C&AG will also consider, where asked, providing Departments and other relevant bodies with reports which Departments may request at the commencement of the audit and which are compatible with the independent auditor's role.

5.3 VFM examinations

5.3.1 The C&AG may carry out examinations into the economy, efficiency and effectiveness with which the SIB has used its resources in discharging its functions. For the purpose of these examinations the C&AG has statutory access to documents as provided for under Articles 3 and 4 of the Audit and Accountability (NI) Order 2003. Where making payment of a grant, or drawing up a contract, the SIB should ensure that it includes a clause which makes the grant or contract conditional upon the recipient or contractor providing access to the C&AG in relation to documents relevant to the transaction. Where subcontractors are likely to be involved, it should also be made clear that the requirements extend to them.

6. STAFF MANAGEMENT

6.1 General

6.1.1 Within the arrangements approved by the First Minister and deputy First Minister and DFP, the SIB shall have responsibility for the recruitment, retention and motivation of its staff. To this end the SIB shall ensure that:

- its rules for the recruitment and management of staff create an inclusive culture in which diversity is fully valued; where appointment and advancement is based on merit; and where there is no discrimination on grounds of gender, marital status, domestic circumstances, sexual orientation, race, colour, ethnic or national origin, religion, disability, community background or age;

- the level and structure of its staffing, including grading and numbers of staff, are appropriate to its functions and the requirements of efficiency, effectiveness and economy;
- the performance of its staff at all levels is satisfactorily appraised and the SIB's performance measurement systems are reviewed from time to time;
- its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve the SIB's objectives;
- proper consultation with staff takes place on key issues affecting them;
- adequate grievance and disciplinary procedures are in place;
- whistle blowing procedures consistent with the Public Interest (NI) Order 2003 are in place; and
- a code of conduct for staff is in place based on Annex 5A of Public Bodies: A Guide for NI Departments (available at www.afmdni.gov.uk).
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7. REVIEWING THE ROLE OF THE SIB

7.1 The SIB shall be reviewed periodically, in accordance with the business needs of OFMDFM and the SIB. Reference should be made to Chapter 9 of Public Bodies: a Guide for NI Departments.

7.2 The next review of the SIB will take place in the financial year 2014/15.

ANNEX 1

STRATEGIC INVESTMENT BOARD ARTICLES OF ASSOCIATION

Reviewed and formally adopted by OFMDFM on 22 May 2012

ANNEX 2

THE STRATEGIC INVESTMENT AND REGENERATION OF SITES ORDER 2003

STATUTORY INSTRUMENTS

2003 No. 410 (N.I. 1)
NORTHERN IRELAND

The Strategic Investment and Regeneration of Sites
(Northern Ireland) Order 2003

Made - - - - 27th February 2003

Coming into operation 7th March 2003

ARRANGEMENT OF ORDER

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The relevant sites

9. The relevant sites

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15. Power to establish development corporations for relevant sites
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SCHEDULES:

Schedule 1 Development Corporations

Schedule 2 Acquisition of Land

Part I Acquisition by the Office

Part II Acquisition by a Development Corporation

Part III Acquisition of Land: General Provisions

At the Court at Buckingham Palace, the 27th day of February 2003

Present,

The Queen's Most Excellent Majesty in Council

Whereas a draft of this Order in Council has been approved by resolution of each House of Parliament:

Now, therefore, Her Majesty, in exercise of the powers conferred by paragraph 1(1) of the Schedule to the Northern Ireland Act 2000 (c. 1) and of all other powers enabling Her in that behalf, is pleased, by and with the advice of Her Privy Council, to order, and it is hereby ordered, as follows: –

PART I

INTRODUCTORY

Title and commencement

1.—(1) This Order may be cited as the Strategic Investment and Regeneration of Sites (Northern Ireland) Order 2003.

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(2) This Order shall come into operation on the expiration of one week from the day on which it is made.

Interpretation

2.—(1) The Interpretation Act (Northern Ireland) 1954 (c.33) applies to this Order as it applies to an Act of the Assembly.

(2) In this Order –

“the designated company” has the meaning given by Article 5(6);

“the Executive” means the Executive Committee of the Assembly;

“the Office” means the Office of the First Minister and deputy First Minister;

“public body” means –

(a) a Northern Ireland department;

(b) a district council; and

(c) any other body which is –

(i) established or constituted by or under a statutory provision or Royal Charter;

and

(ii) funded wholly or mainly out of money appropriated by Act of the Assembly;

“relevant site” has the meaning given by Article 9(1) (read with Article 12(3));

“statutory body” means –

(a) a Northern Ireland department; and

(b) any other body which is –

(i) established or constituted by or under a statutory provision; and

(ii) funded wholly or mainly out of money appropriated by Act of the Assembly;

“statutory provision” has the meaning given by section 1(f) of the Interpretation Act (Northern Ireland) 1954 (c. 33).

(3) References in this Order to the site of a development corporation shall be construed in accordance with Articles 15(7) and 20(5).

(4) Any power of giving directions conferred by any provision of this Order includes power to vary or revoke any direction given under that provision.

(5) At any time when section 1 of the Northern Ireland Act 2000 (c. 1) (suspension of devolved government) is in force, references in Part II to the Executive shall be construed as references to the Secretary of State.

PART II

EXERCISE BY DESIGNATED COMPANY OF STRATEGIC INVESTMENT FUNCTIONS

Strategic investment functions

3.—(1) The purpose of this Part is to make provision for, and in connection with, the exercise by a designated company of strategic investment functions in relation to –

- (a) the Executive; and
- (b) bodies carrying out major investment projects.

(2) In relation to the Executive, “strategic investment functions” means advising the Executive in relation to the formulation and implementation of its programme of major investment projects.

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PART I

(3) In relation to bodies carrying out major investment projects, “strategic investment functions” means –

- (a) advising those bodies in relation to the carrying out of such projects;
- (b) assisting those bodies in relation to the carrying out of such projects, including providing research, consultancy, advisory and other services and general assistance; and
- (c) participating, by agreement with those bodies, in the carrying out of such projects.

(4) In particular strategic investment functions (in relation to the Executive and bodies carrying out major investment projects) include advising on –

- (a) the planning and prioritisation of programmes and projects;
- (b) the funding of projects, including borrowings for that purpose; and
- (c) the general implementation of projects (including, in the case of projects of statutory bodies, arrangements for procuring implementation wholly or partly by persons other than statutory bodies).

(5) References in this Part to “major investment projects” are to projects which –

- (a) are of major strategic importance to Northern Ireland (or a part thereof); and
- (b) involve substantial investment (whether or not provided out of public money).

Power of Office to arrange for formation of a company

4. For the purpose of this Part the Office may arrange for the formation of a company.

Designation of company to exercise strategic investment functions

5.—(1) The Office may by order designate a company for the purposes of this Part.

(2) A company shall not be designated under paragraph (1) unless it fulfils the following conditions, namely –

- (a) it is formed by virtue of Article 4;
- (b) it is formed and registered under the Companies (Northern Ireland) Order 1986 (NI 6);
- (c) it is a private company limited by guarantee (and not having a share capital) within the meaning of that Order;
- (d) its objects are such as to enable it to exercise strategic investment functions; and
- (e) the composition of its board of directors is controlled by the Office.

(3) Article 4(2) and (3) of the Companies (Northern Ireland) Order 1986 shall apply with appropriate modifications in relation to the determination of the matter mentioned in paragraph (2)(e).

(4) The Office –

- (a) may at any time revoke an order under paragraph (1);
- (b) shall revoke such an order if the designated company ceases to fulfil any of the conditions mentioned in paragraph (2).

(5) No order may be made under this Article unless a draft of the order has been laid before and approved by resolution of the Assembly.

(6) Only one company may be designated under paragraph (1) at any time; and references in this Part to the designated company are to the company for the time being designated under that paragraph.

(7) In Schedule 2 to the Commissioner for Complaints (Northern Ireland) Order 1996 (N.I. 7) (bodies subject to investigation) there shall be inserted, at the appropriate place – “The company for the time being designated under Article 5 of the Strategic Investment and Regeneration of Sites (Northern Ireland) Order 2003.”.

Funding of designated company

6.—(1) The Office may make payments to the designated company out of money appropriated for the purpose.

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PART II

(2) Payments under this Article shall be made on such terms and conditions as the Office may with the approval of the Department of Finance and Personnel determine.

Exercise of strategic investment functions by designated company

7. The arrangements in connection with the exercise by the designated company of strategic investment functions in relation to the Executive and statutory bodies shall be such as are approved by the Executive; and such arrangements may in particular make provision for the exercise of those functions in relation to statutory bodies –

- (a) for the purposes of such particular projects as are identified in accordance with the arrangements; and
- (b) in accordance with such further arrangements as are agreed in writing between the statutory body concerned and the designated company.

Duty on statutory bodies in relation to designated company

8.—(1) It is the duty of every statutory body in the exercise of its functions –

- (a) to facilitate the exercise by the designated company of strategic investment functions; and
- (b) to co-operate with the designated company in the exercise of strategic investment functions,

to such extent as arrangements for the time being approved or made under Article 7 may require.

(2) It is the duty of every statutory body to have regard to any advice given to it by the designated company in accordance with arrangements approved or made under Article 7.

(3) Paragraph (2) applies whether the advice is given by the designated company –

- (a) in relation to projects generally, in relation to projects of a specified class or description or in relation to any particular project or projects; or
- (b) to the body individually, to all statutory bodies generally or to a specified class or description of body to which the body belongs.

PART III

REGENERATION OF SITES

The relevant sites

The relevant sites

9.—(1) In this Part references to a relevant site are references to an area of land which –

- (a) on 2nd May 2002 was held by or on behalf of the Crown in right of Her Majesty's Government in the United Kingdom; and
- (b) is made available to the Executive in pursuance of arrangements (known as “the reinvestment and reform initiative”) made between that Government and the Executive and announced on that date.

(2) Subject to the following provisions of this Part, the Office shall have power –

- (a) to hold and manage a relevant site; and
- (b) generally to implement the arrangements mentioned in paragraph (1)(b) so far as relating to relevant sites.

(3) A certificate signed by the First Minister and deputy First Minister that an area of land is a relevant site is conclusive evidence of that fact for the purposes of this Part.

Functions of the Office in relation to relevant sites

Disposal of relevant sites by the Office

10.—(1) The Office may, with the approval of the Department of Finance and Personnel, dispose of any land forming all or part of a relevant site and vested in the Office.

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PART II

(2) A disposal under this Article –

- (a) may be for value or otherwise; and
- (b) shall be on such terms and conditions as the Office may think fit.

(3) In particular on any such disposal the Office may –

- (a) impose such restrictions as the Office may think necessary on the use of the land disposed of; and
- (b) grant or reserve such rights over the land as the Office may think fit.

(4) Nothing in section 5 of the Stormont Regulation and Government Property Act (Northern Ireland) 1933 (c. 6) affects the disposal by the Office of land forming all or part of a relevant site.

Regeneration of relevant sites by the Office

- 11.**—(1) For the purpose of securing the regeneration of a relevant site, the Office may –
- (a) carry out the development or redevelopment of land, including the conversion or demolition of existing buildings;
 - (b) carry out building and other operations;
 - (c) provide services and facilities;
 - (d) form, or acquire interests in, bodies corporate;
 - (e) act with other persons, whether in partnership or otherwise;
 - (f) give financial assistance to other bodies or persons in accordance with paragraphs (2) to (5);
 - (g) carry out studies, investigations and research;
 - (h) generally do anything necessary or expedient for that purpose.
- (2) The Office may, with the approval of the Department of Finance and Personnel, provide financial assistance for any body or person doing or intending to do on or in relation to a relevant site anything falling within paragraph (3).
- (3) Financial assistance under paragraph (2) may be provided for –
- (a) the promotion, development or regeneration of commercial, industrial or other economic activity;
 - (b) the improvement of the environment;
 - (c) the provision of housing;
 - (d) the provision of social, cultural, recreational or community facilities;
 - (e) the refurbishment or restructuring of buildings;
 - (f) anything not falling within sub-paragraphs (a) to (e) which the Office considers will benefit the site.
- (4) Financial assistance under paragraph (2) may include –
- (a) grants;
 - (b) loans;
 - (c) guarantees;
 - (d) the taking of any interest in property or in a body corporate.
- (5) In providing financial assistance under paragraph (2), the Office may impose such conditions as it thinks fit, including conditions for repayment in specified circumstances.

Acquisition of land by the Office

- 12.**—(1) The Office may acquire by agreement or compulsorily land which –
- (a) is adjacent to a relevant site and is required by the Office for purposes connected with the discharge of its functions in relation to the site; or
 - (b) is required to provide or improve access to a relevant site.

(2) Parts I and III of Schedule 2 shall have effect in relation to –

- (a) the compulsory acquisition of land under paragraph (1); and

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PART III

- (b) powers of entry in connection with the acquisition of land under that paragraph.
- (3) Where land is acquired by the Office under paragraph (1) in connection with a relevant site, that land shall for the purposes of this Part be taken to form part of the relevant site.

Agreements and consultation with other bodies and persons

- 13.**—(1) The Office may –
- (a) enter into an agreement with any person for the development of any land forming all or part of a relevant site, and
 - (b) do anything which is required in order to secure the development of that land in accordance with such agreement.
- (2) The Office shall consult –
- (a) the district council for the district in which a relevant site is situated;
 - (b) such other public bodies as the Office thinks appropriate; and
 - (c) such other bodies or persons as appear to the Office to have an interest in the site, about the exercise of the Office's functions under Article 11 in relation to the site.

Powers of Office not exercisable where development corporation established

14. Articles 10 to 13 do not apply in relation to any relevant site for which a development corporation is for the time being established under Article 15.

Regeneration of relevant sites by development corporations

Power to establish development corporations for relevant sites

- 15.**—(1) The Office may by order establish a body (to be known as a “development corporation”) for a relevant site or for two or more such sites.
- (2) A development corporation shall be a body corporate by such name as is specified in the order establishing it.
- (3) Schedule 1 shall have effect in relation to a development corporation.
- (4) The Office may by order provide for a development corporation for the time being established for any relevant site or sites to exercise its functions in relation to any additional relevant site or sites specified in the order.
- (5) The Office may by order subject to negative resolution provide for a development corporation for the time being established for two or more relevant sites to cease to exercise its functions in relation to a relevant site or sites specified in the order.
- (6) No order shall be made under paragraph (1) or (4) in relation to a relevant site unless –
- (a) a draft of the order has been laid before, and approved by resolution of, the Assembly; and
- (b) the site is vested in the Office.
- (7) If a development corporation is for the time being established for two or more relevant sites, references in this Part to the site of a development corporation shall be read as references to both or all of those sites.

Object and general powers of development corporations

- 16.**—(1) The object of a development corporation is to secure the regeneration of its site.
- (2) That object is to be achieved in particular by the following means (or by such of them as seem to the corporation to be appropriate) –
- (a) by bringing land and buildings into effective use;
- (b) by encouraging public and private investment and the development of industry and commerce;
- (c) by creating an attractive environment;

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PART III

- (d) by ensuring that social, recreational, cultural and community facilities are available.
- (3) Subject to the following provisions of this Part, for the purpose of achieving its object a development corporation may –
- (a) hold, manage and dispose of land and other property;
- (b) carry out the development or redevelopment of land, including the conversion or demolition of existing buildings;
- (c) carry out building and other operations;
- (d) provide services and facilities;
- (e) act with other persons, whether in partnership or otherwise;
- (f) give financial assistance to other bodies or persons in accordance with Article 18;
- (g) carry on any business or undertaking;
- (h) carry out studies, investigations and research;
- (i) generally do anything necessary or expedient for the purposes of its object or for purposes incidental to those purposes.
- (4) Paragraph (3) relates only to the capacity of a development corporation as a statutory corporation and nothing in this Article authorises a development corporation to disregard a statutory provision or rule of law.
- (5) A transaction between a person and a development corporation is not invalidated by reason of any failure of the corporation to observe –
- (a) the object in paragraph (1); or
- (b) the requirement in paragraph (3) that the corporation shall exercise the powers conferred by that paragraph for the purpose of achieving that object.

Special provision concerning powers of development corporation

- 17.** An order under Article 15(1) may provide –
- (a) that any powers which may be exercisable by a development corporation under this Part and which are specified in the order –
- (i) are not to be exercisable by the corporation established by the order; or
- (ii) are not to be so exercisable without the consent of the Office or the Department of Finance and Personnel, or both;

(b) that such powers as are specified in the order are to be exercisable by the corporation established by the order in addition to those otherwise so exercisable; and this Part shall apply in relation to the corporation accordingly.

Financial assistance by development corporation

18.—(1) A development corporation may provide financial assistance for any body or person doing or intending to do on or in relation to the site anything falling within paragraph (2).

(2) Financial assistance under paragraph (1) may be provided for –

- (a) the promotion, development or regeneration of commercial, industrial or other economic activity;
- (b) the improvement of the environment;
- (c) the provision of housing;
- (d) the provision of social, cultural, recreational or community facilities;
- (e) the refurbishment or restructuring of buildings;
- (f) anything not falling within sub-paragraphs (a) to (e) which the corporation considers will benefit its site.

(3) Financial assistance under paragraph (1) may include –

- (a) grants;
- (b) loans;

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(c) guarantees;

(d) the taking of any interest in property or in a body corporate.

(4) In providing financial assistance under paragraph (1), the corporation may impose such conditions as it thinks fit, including conditions for repayment in specified circumstances.

Directions to development corporation by the Office

19.—(1) The Office may give directions of a general or specific nature to a development corporation as to the manner in which it is to discharge its functions under this Part.

(2) A development corporation shall act in accordance with any direction given to it under paragraph (1).

(3) Before giving a direction under paragraph (1) to a development corporation the Office shall consult the corporation, unless the Office is satisfied that because of urgency consultation is impracticable.

(4) A transaction between a person and a development corporation acting in purported exercise of its powers under this Part shall not be void by reason only that it was carried out in contravention of a direction given under paragraph (1), and such a person shall not be concerned to see or enquire whether a direction under that paragraph has been given or complied with.

Land: transfer to, and acquisition of land by, development corporation

20.—(1) The Office may by order transfer to a development corporation any land forming all or part of the corporation's site which is vested in the Office.

(2) A development corporation may acquire by agreement or compulsorily land which –

- (a) is adjacent to its site and is required by the corporation for purposes connected with the discharge of the corporation's functions in relation to its site; or
- (b) is required to provide or improve access to the site.

(3) Parts II and III of Schedule 2 shall have effect in relation to –

- (a) the compulsory acquisition of land under paragraph (2); and
- (b) powers of entry in connection with the acquisition of land under that paragraph.

(4) A development corporation may, with the approval of the Office, make an order extinguishing or modifying any public right of way over land acquired by it under this Article; and subsections (2) to (9) of section 67F of the Transport Act (Northern Ireland) 1967 (c. 37) shall apply to an order under this paragraph as they apply to an order under subsection (1) of that section, but with the substitution –

(a) for references to the Holding Company of references to the development corporation; and

(b) for references to the Department of references to the Office.

(5) Where land is acquired by a development corporation under paragraph (2), references in this Part to the site of the corporation shall be taken to include the land so acquired.

Land: disposal or transfer of land held by development corporation

21.—(1) A development corporation may dispose of any land for the time being held by it to such person or body and in such manner as it considers expedient for securing the regeneration of the corporation’s site or for purposes connected with the regeneration of that site.

(2) A disposal under paragraph (1) –

(a) may be for value or otherwise;

(b) shall be on such terms and conditions as the corporation may think fit.

(3) In particular on any such disposal the corporation may –

(a) impose such restrictions as the corporation may think necessary on the use of the land disposed of; and

(b) grant or reserve such rights over the land as the corporation may think fit.

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PART III

(4) The Office may by order vest any land for the time being held by a development corporation in any public body (including the Office itself).

Agreements and arrangements with other bodies and persons

22.—(1) A development corporation may –

(a) enter into an agreement with any person for the development of any land forming all or part of its site, and

(b) do anything which is required in order to secure the development of that land in accordance with such agreement.

(2) Where under any statutory provision powers are conferred on a public body to do anything (of whatever kind and for whatever purpose) –

(a) that body and the corporation may enter into an agreement that those powers shall, to such extent and subject to such conditions as the agreement may specify, be exercised on or in relation to its site by the corporation on behalf of that public body;

(b) the corporation shall have power to carry any such agreement into effect; and

(c) for that purpose references to the public body in any such statutory provision shall be construed as including references to the corporation.

(3) The corporation shall not enter an agreement under paragraph (2) with a public body other than a Northern Ireland department except with the approval of the Office.

(4) A public body may enter into an agreement with a development corporation that any powers of the corporation under this Part shall, to such extent and subject to such conditions as the agreement may specify, be exercised by the public body on behalf of the corporation and the public body shall have power to carry any such agreement into effect.

(5) The provisions of this Part shall, with any necessary modifications, apply to the exercise of powers under this Part by a public body in pursuance of an agreement under paragraph (4) as they would have applied to their exercise by the development corporation.

Exercise of other statutory powers in relation to site of development corporation

23.—(1) The Office may by order provide –

(a) that prescribed functions of any public body shall not be exercisable on, or in relation to, the site of a development corporation; or

(b) that prescribed functions of a public body shall not be so exercisable except with the consent of the corporation or in accordance with an agreement under Article 22.

(2) No order shall be made under this Article unless a draft of the order has been laid before, and approved by resolution of, the Assembly.

(3) In this Article “prescribed” means prescribed by an order under this Article.

Duty on public bodies to co-operate with and facilitate development corporation

24. It is the duty of a public body in the exercise of its functions –

(a) to facilitate the exercise by a development corporation of its functions; and

(b) to co-operate with a development corporation in the exercise of its functions, to such extent as the corporation may reasonably require.

Consultation

25.—(1) A development corporation shall consult –

(a) the district council for the district in which its site is situated;

(b) such other public bodies as the corporation thinks appropriate; and

(c) such other bodies or persons as appear to the corporation to have an interest in the regeneration of the corporation’s site,

about the exercise of the corporation’s functions in relation to that site.

(2) Where under the Planning (Northern Ireland) Order 1991 (NI 11) the Department of the Environment is required to consult with the relevant district council about any matter relating to or affecting the site of a development corporation, the Department shall also consult with the corporation about that matter.

Power to dissolve a development corporation

26.—(1) The Office may by order make provision for, and in connection with, the dissolution of a development corporation.

(2) An order under this Article may –

- (a) provide for the transfer of the property, rights and liabilities of the corporation (including rights and liabilities under a contract of employment) to any other public body;
- (b) enable any public body to continue and complete anything which has been commenced by the corporation before its dissolution; and
- (c) contain such other provisions as appear to the Office to be necessary or expedient for giving full effect to the order.

(3) No order shall be made under this Article unless a draft of the order has been laid before and approved by resolution of the Assembly.

Orders under this Part

27.—(1) An order under this Part may contain such incidental, consequential, supplementary and transitional provisions as the Office thinks necessary or expedient, including provisions amending or repealing any statutory provision (including this Order).

(2) Paragraph (1) and the Statutory Rules (Northern Ireland) Order 1979 (NI 12) do not apply to orders under Article 20(1) or (4) or 21(4) or paragraph 1 or 3 of Schedule 2 (orders vesting land, etc.).

A. K. Galloway

Clerk of the Privy Council

SCHEDULES

SCHEDULE 1 Article 15

DEVELOPMENT CORPORATIONS

Status

1.—(1) A development corporation shall not be regarded –

- (a) as the servant or agent of the Crown; or
- (b) as enjoying any status, immunity or privilege of the Crown.

(2) The property of a development corporation shall not be regarded as property of, or held on behalf of, the Crown.

(3) Subject to the following provisions of this Schedule, section 19 of the Interpretation Act (Northern Ireland) 1954 (c.33) applies to a development corporation.

Membership, chairman, etc.

2.—(1) A development corporation shall consist of –

- (a) a chairman; and
- (b) such number of other members as is specified in the order establishing the corporation.

(2) The chairman and other members shall be appointed by the Office.

(3) In making appointments under this paragraph, the Office shall –

- (a) secure that each member has experience in a field of activity relevant to the discharge of the functions of the corporation;
- (b) have regard to the desirability of securing the services of people having specialist knowledge of the locality in which the site is situated; and
- (c) as far as practicable secure that the members of the corporation (taken together) are representative of the community in Northern Ireland.

(4) At least one of the members appointed under sub-paragraph (1)(b) shall be appointed after consultation with the district council for the district in which the site of the corporation is situated.

(5) The Office may appoint one of the members mentioned in sub-paragraph (1)(b) as deputy chairman of the corporation.

(6) It shall be the duty of the Office –

- (a) to satisfy itself, before it appoints a person to be a member of the corporation, that that person will have no such financial or other interest as is likely to affect prejudicially the performance of his functions as a member; and
- (b) to satisfy itself from time to time with respect to each member that he has no such interest;

and a person who is a member or whom the Office proposes to appoint as a member shall, whenever requested by it to do so, give the Office such information as it may specify with a view to carrying out its duty under this sub-paragraph.

Tenure of office

3.—(1) Subject to the provisions of this Schedule, a member shall hold and vacate office in accordance with the terms of his appointment.

(2) A person shall not be appointed as a member for more than five years at a time.

(3) A person may at any time resign his office as a member by notice in writing to the Office.

(4) A person appointed as chairman or deputy chairman of the corporation –

(a) shall hold and vacate that office in accordance with the terms of his appointment;

(b) may resign that office by notice in writing to the Office; and

(c) shall cease to hold that office if he ceases to be a member.

(5) The Office may by notice in writing remove a person from office as a member or as chairman or deputy chairman of the corporation.

(6) A person who ceases (otherwise than by virtue of sub-paragraph (5)) to be a member or to be the chairman or deputy chairman of the corporation shall be eligible for re-appointment.

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Remuneration, etc. of members

4.—(1) A development corporation shall pay to its members such remuneration and allowances as the Office may determine.

(2) If –

(a) a person ceases to be a member or ceases to be the chairman or deputy chairman of the corporation; and

(b) it appears to the Office that there are special circumstances which make it right that he should receive compensation,

the Office may direct the corporation to make a payment of such amount as the Office may determine.

(3) A determination of the Office under this paragraph requires the approval of the Department of Finance and Personnel.

Staff, etc.

5.—(1) A development corporation shall have –

(a) a chief executive, with responsibility to the corporation for the carrying out of its functions and the management of its employees; and

(b) such other employees as the corporation may appoint.

(2) The first chief executive of a corporation shall be appointed by the Office.

(3) Every subsequent chief executive shall be appointed by the corporation with the approval of the Office.

6.—(1) A development corporation may make arrangements with a Northern Ireland department for persons employed in the Northern Ireland civil service to be seconded to the corporation.

(2) Arrangements made with a department other than the Department of Finance and Personnel require the approval of that Department.

7.—(1) A development corporation shall pay to its employees such remuneration and allowances as it may determine.

(2) A development corporation shall –

(a) pay, or make payments in respect of, such pensions or gratuities to or in respect of its employees or former employees as it may determine; and

(b) provide and maintain such schemes (whether contributory or not) as it may determine for the payment of pensions or gratuities to or in respect of its employees or former employees.

(3) A determination of a development corporation under this paragraph requires the approval of the Office and the Department of Finance and Personnel.

(4) References in this paragraph to pensions and gratuities include references to pensions or gratuities by way of compensation to or in respect of employees who suffer loss of employment or loss or diminution of emoluments.

Committees

8.—(1) A development corporation may establish committees.

(2) A person who is not a member of the corporation shall not, except with the approval of the Office, be appointed to a committee of the corporation.

(3) A development corporation may pay to members of its committees who are neither members nor employees of the corporation such remuneration and allowances as the corporation may, with the approval of the Office, determine.

Delegation to committees and staff

9.—(1) A development corporation may, to such extent as it may determine, delegate any of its functions to –

(a) any committee of the corporation;

- (b) any employee of the corporation; or
- (c) any person seconded to the corporation in accordance with arrangements made under paragraph 6.

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(2) Any committee of a development corporation may, to such extent as the committee may determine, delegate any functions of the committee to –

- (a) any employee of the corporation; or
- (b) any person seconded to the corporation in accordance with arrangements made under paragraph 6.

Proceedings

10.—(1) Subject to the following provisions of this paragraph and paragraph 11, a development corporation may regulate –

- (a) its own procedure (including quorum); and
- (b) the procedure (including quorum) of its committees.

(2) A development corporation shall make provision for a quorum for meetings of its committees to include at least one member or employee of the corporation.

11.—(1) A member who is in any way, directly or indirectly, interested in any matter which falls to be considered by a development corporation shall disclose the nature of his interest at a meeting of the corporation and the disclosure shall be recorded in the minutes of the meeting.

(2) Where such a disclosure is made by any member in relation to any matter, he shall not take part in any deliberation or decision of the corporation with respect to the matter, if the corporation decides that the interest in question might prejudicially affect the member's consideration of the matter.

(3) For the purposes of this paragraph a notice given by a member at a meeting of the corporation to the effect that he is a member of a specified body corporate or firm and is to be regarded as interested in any matter concerning the body or firm which falls to be considered by the corporation after the date of the notice shall be a sufficient disclosure of his interest.

(4) A member need not attend in person at a meeting of the corporation in order to make a disclosure which he is required to make under this paragraph, if he takes reasonable steps to secure that the disclosure is made by a notice which is taken into consideration at such a meeting.

(5) Sub-paragraphs (1) to (4) apply in relation to committees of the corporation as they apply in relation to the corporation.

12. The validity of any proceedings of a development corporation, or of any of its committees, shall not be affected by –

- (a) any vacancy among the members of the corporation or of members of the committee;
- (b) any vacancy in the office of the chairman or deputy chairman of the corporation;
- (c) any defect in the appointment of any one or more members or of the chairman or deputy chairman of the corporation; or
- (d) any failure to comply with paragraph 11.

Application of seal and evidence

13. The application of the seal of a development corporation shall be authenticated by the signature –

- (a) of any member; or
- (b) of any other person who has been authorised by the corporation (whether generally or specially) for that purpose.

14. A document purporting to be –

- (a) duly executed by a development corporation under its seal; or
- (b) signed on its behalf,

shall be received in evidence and shall, unless the contrary is proved, be taken to be so executed or signed.

15. Any contract or instrument which if entered into or executed by an individual would not require to be under seal may be entered into or executed on behalf of a development corporation by any person generally or specially authorised by the corporation for that purpose.

Finance

16.—(1) The Office may make payments to a development corporation out of money appropriated for the purpose.

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(2) Payments under this paragraph shall be made on such terms and conditions as the Office may, with the approval of the Department of Finance and Personnel, determine.

17.—(1) A development corporation shall –

- (a) keep proper accounts and proper records in relation to the accounts; and
- (b) prepare a statement of accounts in respect of each financial year.

(2) The statement of accounts shall –

- (a) be in such form; and

(b) contain such information,
as the Office may, with the approval of the Department of Finance and Personnel, direct.
(3) A development corporation shall, within such period after the end of each financial year as the Office may direct, send copies of the statement of accounts relating to that year to –

(a) the Office; and

(b) the Comptroller and Auditor General for Northern Ireland.

(4) The Comptroller and Auditor General shall –

(a) examine, certify and report on every statement of accounts sent to him by a corporation under this paragraph; and

(b) send a copy of his report to the Office.

(5) The Office shall lay a copy of the statement of accounts and of the Comptroller and Auditor General's report before the Assembly.

18.—(1) After consultation with a development corporation, the Office may, with the approval of the Department of Finance and Personnel, determine the financial duties of the corporation.

(2) The Office shall give the corporation notice of every determination and a determination may –

(a) relate to a period beginning before the date on which it is made;

(b) contain incidental or supplementary provisions; and

(c) be varied by a subsequent determination.

(3) The Office, with the approval of the Department of Finance and Personnel, may direct a development corporation to pay to the Office out of any money which appears to the Office to be surplus to the requirements of the corporation such sums as the Office may determine.

(4) The corporation shall comply with any such direction.

(5) Any sums received by the Office under this paragraph shall be paid into the Consolidated Fund.

Annual report

19.—(1) As soon as practicable after the end of each financial year, a development corporation shall send to the Office a report on the carrying out of its functions during that year.

(2) The Office shall lay a copy of the report before the Assembly.

Information

20. A development corporation shall –

(a) provide the Office with such information relating to its activities as the Office may require; and

(b) permit any person authorised by the Office to inspect and make copies of the accounts, books or other papers of the corporation and give that person such explanation of them as he may reasonably require.

The Commissioner for Complaints (Northern Ireland) Order 1996 (NI. 7)

21. In Schedule 2 to the Commissioner for Complaints (Northern Ireland) Order 1996 (bodies subject to investigation) there shall be inserted, at the appropriate place –

“A development corporation established under Part III of the Strategic Investment and Regeneration of Sites (Northern Ireland) Order 2003”.

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The Northern Ireland Assembly Disqualification Act 1975 (c. 25)

22. In Part II of Schedule 1 to the Northern Ireland Assembly Disqualification Act 1975 (bodies whose members are disqualified) there shall be inserted, at the appropriate place –

“A development corporation established under Part III of the Strategic Investment and Regeneration of Sites (Northern Ireland) Order 2003”.

The Freedom of Information Act 2000 (c. 36)

23. In Part VII of Schedule 1 to the Freedom of Information Act 2000 (bodies, etc. which are public authorities for the purposes of the Act) there shall be inserted, at the appropriate place –

“A development corporation established under Part III of the Strategic Investment and Regeneration of Sites (Northern Ireland) Order 2003”.

Interpretation: “financial year” and “member”

24.—(1) If the period beginning with the day on which a development corporation is established and ending with the next 31st March is 6 months or more, the first financial year of the corporation is that period.

(2) Otherwise the first financial year of the corporation is the period beginning with the day on which the corporation is established and ending with the second following 31st March.

(3) In this Schedule “member” means a member of a development corporation.

SCHEDULE 2 Articles 12 and 20

ACQUISITION OF LAND

PART I

ACQUISITION BY THE OFFICE

Compulsory acquisition: vesting orders

1.—(1) Where the Office proposes to acquire land compulsorily it may make an order (a “vesting

order”) vesting the land in the Office.

(2) The power to make a vesting order in respect of any land by virtue of this paragraph includes power to create and vest in the Office new rights over the land as well as to vest existing rights.

(3) The Planning Blight (Compensation) (Northern Ireland) Order 1981 (NI 16) shall apply to land which the Office has resolved to acquire under this paragraph as it applies to land specified in Article 3(1) of that Order.

Compulsory acquisition: procedure, etc.

2.—(1) Schedule 6 to the Local Government Act (Northern Ireland) 1972 (c.9) shall apply for the purposes of the acquisition of land by means of a vesting order made under paragraph 1 in the same manner as it applies to the acquisition of land by means of a vesting order made under that Act, subject to the following modifications –

(a) for any reference to the Department or the council there shall be substituted a reference to the Office;

(b) for any reference to that Act there shall be substituted a reference to this Order;

(c) paragraph 1 shall be omitted;

(d) in paragraph 2 –

(i) for the words “Notice of the application” there shall be substituted “Notice of the Office’s intention to acquire the land compulsorily”;

(ii) the words “in such form and manner as the Ministry directs” shall be omitted;

(iii) in sub-paragraph (c) for the words “as may be prescribed” there shall be substituted “as the Department considers fit”;

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(e) in paragraph 3(1)(b) after the word “held” there shall be inserted the words “by the planning appeals commission or by any other person”;

(f) in paragraph 4 the words from “and may provide” onwards shall be omitted;

(g) in paragraph 5 –

(i) in sub-paragraph (1)(a) the words “in the prescribed form and manner” shall be omitted;

(ii) in sub-paragraph (1)(d) the words “in the prescribed form” shall be omitted;

(iii) in sub-paragraph (2) for the words “as may be prescribed” there shall be substituted “as the Office thinks fit”;

(h) in paragraph 6(2) for the words from “fund out of which the expenses of the council in acquiring the land are to be defrayed” there shall be substituted “Consolidated Fund” and for the words “out of the compensation fund” there shall be substituted “made by the Office”;

(i) in paragraph 11(3) the words “in the prescribed form” shall be omitted;

(j) in paragraph 12 –

(i) in sub-paragraph (1) the words “such” and “as may be prescribed” shall be omitted;

(ii) in sub-paragraph (2) for the words from “clerk” to “directs” substitute “Department as correct, and publish”;

(k) in paragraph 14(1) the words “in the prescribed form” shall be omitted;

(l) in paragraph 15(1) for the words “in the prescribed form” there shall be substituted “in such form as may be approved by the Department”;

(m) paragraphs 19 and 20(2) shall be omitted.

PART II

ACQUISITION BY A DEVELOPMENT CORPORATION

Compulsory acquisition: vesting orders

3.—(1) Where a development corporation proposes to acquire land compulsorily it may apply to the Office for an order (a “vesting order”) vesting the land in the corporation and the Office shall have power to make a vesting order.

(2) The power to make a vesting order in respect of any land by virtue of this paragraph includes power to create and vest in the corporation new rights over the land as well as to vest existing rights.

(3) The Planning Blight (Compensation) (Northern Ireland) Order 1981 (NI 16) shall apply to land which a corporation has resolved to acquire under this paragraph as it applies to land specified in Article 3(1) of that Order.

Compulsory acquisition: procedure, etc.

4.—(1) Schedule 6 to the Local Government Act (Northern Ireland) 1972 (c.9) shall apply for the purposes of the acquisition of land by means of a vesting order made under paragraph 3 in the same manner as it applies to the acquisition of land by means of a vesting order made under that Act, subject to the following modifications –

(a) for any reference to the council there shall be substituted a reference to the development corporation;

(b) for any reference to the Department concerned there shall be substituted a reference to the Office;

(c) for any reference to that Act there shall be substituted a reference to this Order;

- (d) in paragraph 6(2) for the words from “the fund” onwards there shall be substituted “funds of the development corporation (in this Schedule referred to as “the compensation fund”), and shall be discharged by payments made by that corporation”; and
- (e) in paragraph 12(2) for “the clerk of the council” there shall be substituted “such person as may be designated for the purposes of this Schedule by the development corporation”; and
- (f) paragraphs 19 and 20(2) shall be omitted.

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PART III

ACQUISITION OF LAND: GENERAL PROVISIONS

Compulsory acquisition: land belonging to statutory bodies and inalienable land

5. The power to make a vesting order under this Schedule in respect of land –

- (a) which is the property of any statutory body which has power under any statutory provision to acquire land compulsorily; or
- (b) which is declared by or under any statutory provision to be inalienable, shall not, where representations objecting to the proposal for making the order have been duly made by the owner of the land and have not been withdrawn, be exercised in relation to that land unless the proposal for making the order has been approved by a resolution of the Assembly.

Compulsory acquisition: land of industrial undertakings

6.—(1) Nothing in this Schedule shall authorise the acquisition of any land of an industrial undertaking to which this paragraph applies which is in use for the purposes of that undertaking.

(2) This paragraph applies to an undertaking which provides employment which is substantial having regard to the extent of the land used for its purposes and the nature of the undertaking.

Compulsory acquisition: land containing historic monuments or archaeological object

7.—(1) Nothing in this Schedule shall authorise the acquisition, without the consent of the Department of the Environment, of any land on or in which there is, to the knowledge of the Office, any historic monument or archaeological object.

(2) In this paragraph “historic monument” and “archaeological object” have the same meanings as in the Historic Monuments and Archaeological Objects (Northern Ireland) Order 1995 (NI 9).

Acquisition of land: powers of entry

8.—(1) Subject to this paragraph, a person authorised in writing by the Office may, on production if required of his authority, at any reasonable time enter any land –

(a) for the purpose of surveying or examining the land in order to ascertain whether it ought to be acquired by the Office under Article 12; or

(b) in connection with any claim for compensation in respect of any such acquisition.

(2) Subject to this paragraph, a person authorised in writing by a development corporation may, on production if required of his authority, at any reasonable time enter any land –

(a) for the purpose of surveying or examining the land in order to ascertain whether it ought to be acquired by the corporation under Article 20; or

(b) in connection with any claim for compensation in respect of any such acquisition.

(3) No person shall be entitled to exercise a power of entry conferred by this paragraph in relation to any land unless he has given at least 24 hours’ notice of the intended entry to the occupier of the land or such lesser period of notice as may be agreed between him and the occupier.

(4) If it is shown to the satisfaction of a justice of the peace on a sworn complaint in writing –

(a) that admission to the land which any person is entitled to enter by virtue of this paragraph, has been refused to that person, or that refusal is apprehended, or that the land is unoccupied, or the occupier is temporarily absent, or that the case is one of urgency; and

(b) that there are reasonable grounds for entry to the land for any purpose for which entry is required, the justice may by warrant under his hand authorise that person to enter on the land if need be by force.

(5) Every warrant granted under this paragraph shall continue in force until the purpose for which entry is necessary has been satisfied.

(6) Any person entering any land by virtue of the power of entry conferred by this paragraph or by virtue of a warrant issued under this paragraph –

(a) may take with him such other persons and such equipment as may be necessary; and

(b) on leaving any unoccupied land which he has entered by virtue of such a power of entry or such a warrant shall leave it as effectually secured against trespassers as he found it.

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(7) A person who intentionally obstructs any person who enters, or is attempting to enter, land by virtue of the power of entry conferred by this paragraph or by virtue of a warrant issued under this paragraph shall be guilty of an offence and liable on summary conviction to a fine not exceeding level 3 on the standard scale.

(8) Where in the exercise of the power conferred by this paragraph or in executing any warrant under

this paragraph, any damage is caused to land or chattels, any person interested in the land or chattels may recover compensation in respect of that damage from the Office or (as the case may be) the development corporation.

(9) Any question of disputed compensation under this paragraph shall be referred to and determined by the Lands Tribunal.

(10) Any power conferred by this paragraph to survey land shall be construed as including power to ascertain or fix boundaries or to search and bore for the purposes of ascertaining the course of any sewers or drains or of ascertaining the nature of the subsoil and to take and carry away, for the purpose of examination, specimens of the subsoil.

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EXPLANATORY NOTE

(This note is not part of the Order.)

Part II of this Order makes provision for and in connection with the exercise by a designated company of strategic investment functions in relation to the Executive Committee of the Northern Ireland Assembly and statutory bodies.

Part III makes provision for certain sites made available under the reinvestment and reform initiative, including provision for their regeneration.

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STRATEGIC INVESTMENT BOARD

FINANCIAL MEMORANDUM

Approved by OFMDFM 6 June 2012

Approved by DFP 29 August 2012

**STRATEGIC INVESTMENT BOARD
FINANCIAL MEMORANDUM**

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I. INTRODUCTION

- 1 This *Financial Memorandum* sets out certain aspects of the financial framework within which the Strategic Investment Board Limited (SIB) is required to operate.
- 2 The terms and conditions set out in the combined *Management Statement* and *Financial Memorandum* may be supplemented by guidelines or directions issued by the Office of the First Minister and deputy First Minister (OFMDFM) in respect of the exercise of any individual functions, powers and duties of the SIB.
- 3 The SIB shall satisfy the conditions and requirements set out in the combined document, together with such other conditions as OFMDFM may from time to time impose.

II. THE SIB'S INCOME AND EXPENDITURE - GENERAL

The Departmental Expenditure Limit (DEL)

- 4 The SIB's current and capital expenditure form part of the sponsoring Department's Resource Departmental Expenditure Limits (DEL) and Capital DEL respectively.

Expenditure not proposed in the budget

- 5 The SIB shall not, without prior written Departmental approval, enter into any undertaking to incur any expenditure which falls outside the SIB's delegations or which is not provided for in the SIB's annual budget as approved by OFMDFM.

Procurement

- 6 The SIB's procurement policies shall reflect the public procurement policy adopted by the Executive in May 2002 (refreshed May 2009); Procurement Guidance Notes; and any other guidelines or guidance issued by Central Procurement Directorate (CPD) and the Procurement Board. The SIB's procurement activity should be carried out by means of a Service Level Agreement with CPD or another recognised Centre of Procurement Expertise (CoPE) – this should ensure compliance with relevant UK, EU and international procurement rules.

- 7 Periodic reviews of the SIB's procurement activity should be undertaken. The results of any such review will be shared with OFMDFM.

Competition

- 8 Contracts shall be awarded on a competitive basis and tenders accepted from suppliers who provide best value for money overall.
- 9 Direct Award Contracts (DAC) are contracts awarded to a supplier or contractor without competition. SIB shall follow the procedure outlined in OFMDFM Summary of Policy and Procedures for approval of Departmental Expenditure in force (currently CG01/12 issued on 6th April 2012):
- Any proposal to procure through a Direct Award Contract (DAC) must be supported by a business case, setting out the rationale and justification for doing so, and supported by CPD advice, prior to any commitment being made;
 - SIB's Accounting Officer can approve their own DAC up to their delegated limit set out in the Department's Policy and Procedures (currently £25,000) with the exception of external consultancy DACs;
 - Direct Award Contracts above this limit and all external consultancy, will be subject to approval by the Departmental Accounting Officer;
 - SIB shall seek advice from Central Procurement Directorate or a Centre of Expertise in Procurement, or their legal advisor to provide assurance for the Accounting Officer that the use of DAC is legitimate in a particular case
- 10 Guidance within CPD's Procurement Guidance Notes set out a number of exceptions to the procurement control limits. These will not be regarded as DAC and therefore neither AO approval nor CPD advice is required. Further information is published in Procurement Guidance Notes on the Award of Contracts without a Competition (currently (PGN) 03/11). www.cpdni.gov.uk/index/guidance-for-purchasers/guidance-notes.htm
- 11 The SIB shall send to the Department after each financial year a report for that year explaining all contracts in which competitive tendering was not employed. Details of all Direct Award Contracts entered into will be tabled at SIB's Audit Committee and reported on a quarterly basis to the Department in an annexe to the stewardship statements.

Best value for money

- 12 Procurement by the SIB of works, supplies and services shall be based on best value for money, ie the optimum combination of whole life cost and

quality (or fitness for purpose) to meet the SIB's requirements. Where appropriate, a full option appraisal shall be carried out before procurement decisions are taken.

Timeliness in paying bills

- 13 The SIB shall collect receipts and pay all matured and properly authorised invoices in accordance with Annex 4.5 and 4.6 of *MPMNI* and any guidance issued by DFP or OFMDFM.

Novel, contentious or repercussive proposals

- 14 The SIB shall obtain the approval of OFMDFM and DFP before:
- incurring any expenditure for any purpose which is or might be considered novel or contentious, or which has or could have significant future cost implications, including on staff benefits;
 - making any significant change in the scale of operation or funding of any initiative or particular scheme previously approved by OFMDFM;
 - making any change of policy or practice which has wider financial implications (e.g. because it might prove repercussive among other public sector bodies) or which might significantly affect the future level of resources required. (OFMDFM will advise on what constitutes "significant" in this context).

Risk management/Fraud

- 15 The SIB shall ensure that the risks it faces are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance, and shall develop a risk management strategy, in accordance with the Treasury guidance *Management of Risk: A Strategic Overview (The "Orange Book")*.
- 16 The SIB shall take proportionate and appropriate steps to assess the financial and economic standing of any organisation or other body with which it intends to enter into a contract or to which it intends to give grant or grant-in-aid.
- 17 The SIB shall adopt and implement policies and practices to safeguard itself against fraud and theft, in line with DFP's guide *Managing the Risk of Fraud*.

- 18 All cases of attempted, suspected or proven fraud shall be reported to OFMDFM who shall report it to DFP and the NIAO (see section 4.8 in the Management Statement) as soon as they are discovered, irrespective of the amount involved.

Wider markets

- 19 The SIB shall seek to maximise receipts from non-Consolidated Fund sources, provided that this is consistent with (a) the SIB's main functions (b) its corporate plan as agreed with OFMDFM. OFMDFM will confirm with the DFP Supply Officer that such proposed activity is appropriate.

Fees and charges

- 20 Fees or charges for any services supplied by the SIB shall be determined in accordance with Chapter 6 of MPMNI.

III. THE SIB'S INCOME

Grant-in-aid

- 21 Grant-in-aid will be paid to the SIB in instalments, on the basis of a written application from the SIB showing evidence of need. The application shall certify that the conditions applying to the use of grant-in-aid have been observed to date and that further grant-in-aid is now required for purposes appropriate to the SIB's functions.
- 22 The SIB should have regard to the guidance in DAO (DFP) 04/03 and to the general principle enshrined in Annex 5.1 of *MPMNI* that it should seek grant-in-aid according to need.
- 23 Cash balances accumulated during the course of the year shall be kept at the minimum level consistent with the efficient operation of the SIB. Grant-in-aid not drawn down by the end of the year shall lapse. However, where draw-down of grant-in-aid is delayed to avoid excess cash balances at year-end, OFMDFM will make available in the next financial year (subject to approval by the Assembly of the relevant Estimates provision) any such grant-in-aid required to meet any liabilities at year end, such as creditors.

Receipts from sale of goods or services

- 24 Receipts from the sale of goods and services (including certain licences), rent of land and dividends normally provide additional DEL spending power. If SIB wishes to retain a receipt or utilise an increase in the level of receipts, it must gain the prior approval of OFMDFM.
- 25 If there is any doubt about the correct classification of a receipt, the SIB shall consult OFMDFM, which may consult DFP as necessary.

Interest earned

- 26 Interest earned on cash balances cannot necessarily be retained by the SIB. Depending on the budgeting treatment of this receipt, and its impact on the SIB's cash requirement, it may lead to commensurate reduction of grant-in-aid or be required to be surrendered to the NI Consolidated Fund via OFMDFM. If the receipts are used to finance additional expenditure by the SIB, OFMDFM will need to ensure it has the necessary budget cover.

Unforecast changes in in-year income

- 27 If the negative DEL income realised or expected to be realised in-year is less than estimated, the SIB shall, unless otherwise agreed with OFMDFM, ensure a corresponding reduction in its gross expenditure so that the authorised provision is not exceeded. [NOTE: *For example, if the SIB is allocated £100 resource DEL provision by its sponsor Department and expects to receive £10 of negative DEL income, it may plan to spend a total of £110. If income (on an accruals basis) turns out to be only £5 the SIB will need to reduce its expenditure to £105 to avoid breaching its budget. If the SIB still spends £110 OFMDFM will need to find £5 of savings from elsewhere within its total DEL to offset this overspend.*]
- 28 If the negative DEL income realised or expected to be realised in the year is more than estimated, the SIB may apply to OFMDFM to retain the excess income for specified additional expenditure within the current financial year without an offsetting reduction to grant-in-aid. OFMDFM shall consider such applications, taking account of competing demands for resources, and will consult with DFP in relation to any significant amounts. If an application is refused, any grant-in-aid shall be commensurately reduced or the excess receipts shall be required to be surrendered to the NI Consolidated Fund via OFMDFM.

Build-up and draw-down of deposits

- 29 The SIB shall comply with the rules that any DEL expenditure financed by the draw-down of deposits counts within DEL and that the build-up of deposits may represent a saving to DEL (if the related receipts are negative DEL in the relevant budgets).
- 30 The SIB shall ensure that it has the necessary DEL provision for any expenditure financed by draw-down of deposits.

Proceeds from disposal of assets

- 31 Disposals of land and buildings are dealt with in Section VI below.

Gifts and bequests received

- 32 The SIB is free to retain any gifts, bequests or similar donations, subject to paragraph 33. These shall be capitalised at fair value on receipt and must be notified to OFMDFM. *[NOTE: A release from the donated assets reserve should offset depreciation in the operating cost statement. The latest FReM requirements should be applied.]*
- 33 Before accepting a gift, bequest, or similar donation, the SIB shall consider if there are any associated costs in doing so or any conflicts of interests arising. The SIB shall keep a written record of any such gifts, bequests and donations and of their estimated value and whether they are disposed of or retained.

Borrowing

- 34 Normally, the SIB will not be allowed to borrow, but when doing so it shall observe the principles set out in Chapter 5 and the associated annexes of MPMNI when undertaking borrowing of any kind. The SIB shall seek the approval of OFMDFM and, where appropriate, DFP, to ensure that it has any necessary authority and budgetary cover for any borrowing or the expenditure financed by such borrowing. Medium or long term private sector or foreign borrowing is subject to the value for money test in *Section 5.7 of MPMNI*. SIB must comply with the specific arrangements agreed with OFMDFM and DFP should borrowing be approved.

Fines and Taxes

- 35 Most fines and taxes (including some levies and licences) do not provide additional DEL spending power and should be surrendered to the sponsor Department.

IV. EXPENDITURE ON STAFF

Staff costs

- 36 Subject to its delegated levels of authority the SIB shall ensure that the creation of any additional posts does not incur forward commitments which will exceed its ability to pay for them.

Pay and conditions of service

- 37 The staff of the SIB, whether on permanent or temporary contract, shall be subject to levels of remuneration and terms and conditions of service which have been agreed in principle with OFMDFM and DFP and which are in line with the Board's agreed pay remit and the terms and conditions set out in the SIB Staff handbook. SIB has no delegated power to amend these terms and conditions.

- 38 Current terms and conditions for staff of the SIB are those set out in its Employee Handbook. The SIB shall provide OFMDFM and DFP with a copy of the Handbook and subsequent amendments.

- 41 Annual pay increases of SIB staff must be in accordance with the annual FD letter on Pay Remit Approval Process and Guidance issued by DFP. Therefore, all proposed pay awards must have prior approval of OFMDFM and the Minister for Finance before implementation.

- 42 The travel expenses of SIB's staff and Board Members shall be tied to Departmental rates. Reasonable actual costs shall be re-imbursed.

- 43 SIB shall only operate a performance-related pay scheme in accordance with Executive policy. The Executive's policy as at January 2012 is that there should not be such a scheme in operation in Arm's Length Bodies. If the Executive amends this policy in the future, SIB shall only operate a performance-related pay scheme approved by OFMDFM which shall form part of the general pay structure approved by OFMDFM and DFP.

- 44 The SIB shall comply with the EU directive on contract workers Fixed Term Employees Regulations (Prevention of Less Favourable Treatment).

Pensions; redundancy/compensation

- 45 The SIB's staff shall be eligible for a pension provided by their own funded defined contribution scheme.
- 46 Staff may opt out of the occupational pension scheme provided by the SIB. This scheme allows for an equivalent contribution to be made to a pension scheme of the employee's choice.
- 47 Any proposal by the SIB to move from the existing pension arrangements, or to pay any redundancy or compensation for loss of office, requires the approval of OFMDFM and DFP. Proposals on severance payments must comply with DAO (DFP) 17/05.

V. NON-STAFF EXPENDITURE

Economic appraisal

- 48 SIB is required to apply the principles of economic appraisal, with appropriate and proportionate effort, to all decisions and proposals concerning spending or saving public money, including European Union (EU) funds, and any other decisions or proposals that involve changes in the use of public resources. For example, appraisal must be applied irrespective of whether the relevant public expenditure or resources:
- a. involve capital or current spending, or both;
 - b. are large or small;
 - c. are above or below delegated limits (see Appendix A).
- 49 Appraisal itself uses up resources. The effort that should go into appraisal and the detail to be considered is a matter for case-by-case judgement, but the general principle is that the resources to be devoted to appraisal should be in proportion to the scale or importance of the objectives and resource consequences in question. Judgement of the appropriate effort should take into consideration the totality of the resources involved in a proposal.
- 50 General guidance on economic appraisal that apply to SIB can be found in:

- DFP's on-line guide *The Northern Ireland Guide to Expenditure Appraisal and Evaluation* ("NIGEAE", 2009). See <http://www.dfpni.gov.uk/eag>
- The HM Treasury Guide, *The Green Book: Appraisal and Evaluation in Central Government* (2003).

Capital expenditure

- 51 In reflection of the fact that SIB does not normally undertake its own capital projects it does not have delegated authority for expenditure that is capital in nature beyond the capitalisation threshold. OFMDFM's and where necessary, DFP's prior authority must be obtained before expenditure on any individual project or acquisition is incurred beyond this threshold. This provision does not apply to the capital projects of other public bodies supported by SIB. Such projects will be governed by the normal delegations for capital expenditure that apply to the individual supported bodies.
- 52 Should SIB be authorised to undertake capital expenditure above the agreed capitalisation threshold, all such expenditure on the acquisition or creation of fixed assets shall be capitalised on an accruals basis in accordance with relevant accounting standards. Expenditure to be capitalised shall normally include the (a) acquisition, reclamation or laying out of land; (b) acquisition, construction, preparation or replacement of buildings and other structures or their associated fixtures and fittings; and (c) acquisition, installation or replacement of movable or fixed plant, machinery, vehicles and vessels.
- 53 Proposals for any large-scale individual capital projects or acquisitions will normally be considered within the SIB's corporate and business planning process. Subject to paragraph 55, applications for approval within the corporate/business plan by OFMDFM and DFP, if necessary, shall be supported by formal notification that the proposed project or purchase has been examined and duly authorised by the Board. Regular reports on the progress of projects shall be submitted to OFMDFM.
- 54 Approval of the corporate/business plan does not obviate the SIB's responsibility to abide by the economic appraisal process.

Transfer of funds within budgets

- 55 Unless financial provision is subject to specific Departmental or DFP controls (e.g. where provision is ring-fenced for specific purposes) or delegated limits, transfers between budgets within the total capital budget, or between budgets within the total revenue budget, do not need Departmental approval. The one exception to this is that, due to HM

Treasury controls, any movement into, or out, of depreciation and impairments within the resource budget will require departmental and possibly DFP approval. *[NOTE: Under resource budgeting rules, transfers from capital to resource budgets are not allowed.]*

Lending, guarantees, indemnities; contingent liabilities; letters of comfort

- 56 The SIB shall not, without OFMDFM's and where necessary, DFP's prior written consent, lend money, charge any asset or security, give any guarantee or indemnities or letters of comfort, or incur any other contingent liability (as defined in Annex 5.5 of MPMNI), whether or not in a legally binding form.

Grant or loan schemes

- 57 Unless covered by a delegated authority, all proposals to make a grant or loan to a third party, whether one-off or under a scheme, together with the terms and conditions under which such grant or loan is made shall be subject to prior approval by OFMDFM, and where necessary DFP. If grants or loans are to be made under a continuing scheme, statutory authority is likely to be required.
- 58 The terms and conditions of a grant or loan to a third party shall include a requirement on the receiving organisation to prepare accounts and to ensure that its books and records in relation to the grant or loan are readily available for inspection by the SIB, OFMDFM and the C&AG.
- 59 See also below under the heading *Recovery of grant-financed assets* (paragraphs 82 - 84).

Gifts made, write-offs, losses and other special payments

- 60 Proposals for making gifts or other special payments (including issuing write-offs) outside the delegated limits set out in the Appendix A of this document must have the prior approval of OFMDFM and where necessary DFP.
- 61 Losses shall not be written off until all reasonable attempts to make a recovery have been made and proved unsuccessful.

62 Gifts by management to staff are subject to the requirements of DAO (DFP) 05/03.

Leasing

63 Prior Departmental approval must be secured for all property and finance leases. The SIB must have capital DEL provision for finance leases and other transactions which are, in substance, borrowing (paragraphs 35 - 37 above).

64 Before entering into any lease (including an operating lease) the SIB shall demonstrate that the lease offers better value for money than purchase.

Public/Private Partnerships

65 Should SIB be given approval to undertake a capital project of its own, it shall seek opportunities to enter into Public/Private Partnerships where this offers better value for money than conventional procurement. Where cash flow projections may result in delegated spending authority being breached, the SIB shall consult OFMDFM. The SIB should also ensure that it has the necessary budget cover.

66 Any partnership controlled by the SIB shall be treated as part of the SIB in accordance with guidance in the FReM and consolidated with it subject to any particular treatment required by the FReM. Where the judgment over the level of control is difficult OFMDFM will consult DFP (who may need to consult with the Office of National Statistics over national accounts treatment).

1.

Subsidiary companies and joint ventures

67 The SIB shall not establish subsidiary companies or joint ventures without the express approval of OFMDFM and DFP. In judging such proposals OFMDFM will have regard to the Department's wider strategic aim, objectives and current Public Service Agreement.

68 For public expenditure accounts purposes any subsidiary company or joint venture controlled or owned by the SIB shall be consolidated with it in accordance with guidance in the FReM subject to any particular treatment required by the FReM. Where the judgment over the level of control is difficult, OFMDFM will consult DFP (who may need to consult with the Office of National Statistics over national accounts treatment). Unless specifically agreed with OFMDFM and DFP, such subsidiary companies or joint ventures shall be subject to the controls and requirements set out in this *Management Statement* and *Financial Memorandum*, and to the further provisions set out in supporting documentation.

Financial investments

- 69 The SIB shall not make any investments in traded financial instruments without the prior written approval of OFMDFM, and where appropriate DFP, nor shall it build up cash balances or net assets in excess of what is required for operational purposes. *[Unless specifically provided for:]* Funds held in bank accounts or as financial investments may be a factor for consideration when grant-in aid is determined. Equity shares in ventures which further the objectives of the SIB shall equally be subject to Departmental and DFP approval unless covered by a specific delegation.

Unconventional financing

- 70 The SIB shall not enter into any unconventional financing arrangement without the approval of OFMDFM and DFP.

Commercial insurance

- 71 The SIB shall not take out any insurance without the prior approval of OFMDFM and DFP, other than third party insurance required by the Road Traffic (NI) Order 1981 (as amended) and any other insurance which is a statutory obligation or which is permitted under Annex 4.5 of MPMNI.
- 72 In the case of a major loss or third-party claim OFMDFM shall liaise with the SIB about the circumstances in which an appropriate addition to budget out of OFMDFM's funds and/or adjustment to the SIB's targets might be considered. OFMDFM will liaise with DFP Supply where required in such cases. A Certificate of Exemption for Employer's Liability Insurance has been issued to the SIB.

Payment/Credit cards

- 73 The SIB, in consultation with OFMDFM, shall ensure that a comprehensive set of guidelines on the use of payment cards (including credit cards) is in place. Reference should be made to DAO (DFP) 24/02.

Hospitality

- 74 The SIB, in consultation with OFMDFM, shall ensure that a comprehensive set of guidelines on the provision of hospitality is in place. Reference should be made to DAO (DFP) 10/06 (Revised).

Use of Consultants

- 75 The SIB shall adhere to the guidance issued by DFP, as well as any produced by OFMDFM in relation to the Use of Consultants.
- 76 Special arrangements apply to the use of consultants by SIB when they are deployed for the facilitation of major projects. These arrangements are reviewed annually and require the approval of the First Minister and deputy First Minister for their continuation at the beginning of each financial year. SIB's delegated limits are set out in Appendix A, while Appendix B sets the conditions governing the use of SIB's Enabling Budget. The SIB will provide OFMDFM with an annual statement on the status of all consultancies completed and/or started in each financial year along with a projection for the incoming year. Appendix A and Appendix B also apply to expenditure in support of the work of the Asset Management Unit which is under the full management control of the SIB.
- 78 **Care should be taken to avoid actual, potential, or perceived conflicts of interest when employing consultants.**

VI. MANAGEMENT AND DISPOSAL OF FIXED ASSETS

Register of assets

- 79 The SIB shall maintain an accurate and up-to-date register of its fixed assets.

Disposal of assets

- 80 The SIB shall dispose of assets which are surplus to its requirements. Assets shall be sold for best price, taking into account any costs of sale. Generally assets shall be sold by auction or competitive tender unless otherwise agreed by OFMDFM, and in accordance with the principles in MPMNI.
- 81 All receipts derived from the sale of assets (including grant financed assets, see below) must be declared to OFMDFM, which will consult with DFP on the appropriate treatment.

Recovery of grant-financed assets

- 82 Where the SIB has financed expenditure on capital assets by a third party, the SIB shall set conditions and make appropriate arrangements to ensure that any such assets individually above a value of £100 are not disposed of by the third party without the SIB's prior consent.

83 The SIB shall therefore ensure that such conditions and arrangements are sufficient to secure the repayment of the NI Consolidated Fund's due share of the proceeds of the sale, in order that funds may be surrendered to OFMDFM.

84 The SIB shall ensure that if the assets created by grants made by the SIB cease to be used by the recipient of the grant for the intended purpose, a proper proportion of the value of the asset shall be repaid to the SIB for surrender to OFMDFM. The amounts recoverable under the procedures in paragraphs 82-83 above shall be calculated by reference to the best possible value of the asset and in proportion to the NI Consolidated Fund's original investment(s) in the asset.

VII. BUDGETING PROCEDURES

Setting the annual budget

85 Each year, in the light of decisions by OFMDFM on the SIB's corporate plan (Section 4.1 of the *Management Statement*), OFMDFM will send to the SIB a formal statement of the annual budgetary provision allocated by OFMDFM in the light of competing priorities across OFMDFM and of any forecast income approved by OFMDFM; along with a statement of any planned change in policies affecting the SIB. :

86 The SIB's approved annual business plan will take account both of its approved funding provision and of any forecast receipts, and will include a budget of estimated payments and receipts together with a profile of expected expenditure and of draw-down of any sponsor departmental funding and/or other income over the year. These elements will form part of the approved business plan for the year in question (Section 4.1 of the *Management Statement*.)

87 Any grant-in-aid provided by OFMDFM for the year in question will be voted in OFMDFM's Estimate and will be subject to Assembly control.

General conditions for authority to spend

88 Once the SIB's budget has been approved by OFMDFM, and subject to any restrictions imposed by Statute/the Minister/this MSFM, the SIB shall have authority to incur expenditure approved in the budget without further reference to OFMDFM, on the following conditions:

- the SIB shall comply with the delegations set out in Appendix A of this document. These delegations shall not be altered without the prior agreement of OFMDFM and DFP;
- the SIB shall comply with the conditions set out in paragraph 13 above regarding novel, contentious or repercussive proposals;
- inclusion of any planned and approved expenditure in the SIB's budget shall not remove the need to seek formal departmental and where necessary, DFP approval where such proposed expenditure is above the delegated limits set out in Appendix A or is for new schemes not previously agreed; and
- the SIB shall provide OFMDFM with such information about its operations, performance individual projects or other expenditure as OFMDFM may reasonably require (see paragraph 90 below); and
- the SIB shall comply with NI Procurement Policy and carry out procurement via CPD or another recognized CoPE.

Providing monitoring information to OFMDFM

89 The SIB shall provide OFMDFM with, as a minimum, information on a monthly basis which will enable the satisfactory monitoring by OFMDFM of:

- the SIB's cash management;
- its draw-down of any grant-in-aid;
- the expenditure for that month;
- forecast outturn by resource headings (this should be undertaken in line with departmental in-year monitoring arrangements); and
- other data required for the DFP Outturn and Forecast Outturn Return

VIII. BANKING

Banking arrangements

90 **SIB's accounting Officer is responsible for ensuring that its banking arrangements are in accordance with requirements of Annex 5.7 of MPMNI.** In particular, he/she shall ensure that the arrangements safeguard public funds and that their implementation ensures efficiency, economy and effectiveness.

91 He/she shall therefore ensure that:

- these arrangements are suitably structured and represent value-for-money, and are reviewed at least every two years, with a

comprehensive review, usually leading to competitive tendering, at least every three to five years;

- sufficient information about banking arrangements is supplied to OFMDFM's Accounting Officer to enable the latter to satisfy his/her own responsibilities (Section 3.2 of the *Management Statement*);
- the SIB's banking arrangements shall be kept separate and distinct from those of any other person or organisation; and
- adequate records are maintained of payments and receipts and adequate facilities are available for the secure storage of cash.

IX. COMPLIANCE WITH INSTRUCTIONS AND GUIDANCE

Relevant documents

92 The SIB shall comply with the following general guidance documents:

- This document (both the *Financial Memorandum* and the *Management Statement*);
- *Managing Public Money NI (MPMNI)*;
- *Public Bodies - a Guide for NI Departments* issued by DFP;
- *Government Internal Audit Standards*, issued by DFP;
- The document *Managing the Risk of Fraud* issued by DFP;
- The Treasury document *The Government Financial Reporting Manual (FReM)* issued by DFP;
- Relevant DFP *Dear Accounting Officer* and *Finance Director* letters;
- Relevant *Dear Consolidation Officer* and *Dear Consolidation Manager* letters issued by DFP;
- *Regularity, Propriety and Value for Money*, issued by Treasury;
- The *Consolidation Officer Letter of Appointment*, issued by DFP;
- Other relevant instructions and guidance issued by the central Departments (DFP/OFMDFM) including Procurement Board and CPD Guidance;
- Specific instructions and guidance issued by OFMDFM;
- Recommendations made by the Public Accounts Committee, or by other Assembly authority, which have been accepted by the government and which are relevant to the SIB.

X. REVIEW OF FINANCIAL MEMORANDUM

93 The *Management Statement* and *Financial Memorandum* will normally be reviewed at least every five years or following a review of the SIB's functions as provided for in Section 7 of the *Management Statement*.

94 DFP Supply will be consulted on any significant variation proposed to the *Management Statement* and *Financial Memorandum*.

Signed: _____

Date: _____

on behalf of the SIB

Signed: _____

Date: _____

on behalf of the Department

DELEGATED EXPENDITURE LIMITS

General

These delegated expenditure limits have been agreed by the Department and the Department of Finance and Personnel. Adherence to these limits will be verified through regular test drilling by the Department.

1. PURCHASING ALL GOODS, SERVICES AND WORKS

Table 1 Delegated Authority for the Purchase of Goods, Services and Works

(All costs include VAT)

	Expenditure Thresholds
Enabling Expenditure*	Unlimited*
General Expenditure	£25,000
Capital Expenditure	£50,000
Consultancy Expenditure (non core)	£50,000 **
Direct Awards Contracts	£25,000

* Once SIB's annual Enabling Budgets have received Ministerial and Departmental approval, SIB will not seek further approval from OFMDFM or any other Department for individual consultancies or contracts awarded under the Enabling Budgets. These budgets are used for SIB's core functions as set out in the founding legislation and MAA of SIB.

**A £50,000 delegation applies for consultancy expenditure on non-core functions.

Economic Appraisal

The principles of economic appraisal should be applied in all cases where expenditure is proposed, whether the proposal involves capital or current expenditure, or both. The effort put into economic appraisal should be commensurate with the size or importance of the needs or resources under consideration. However, the SIB should undertake a comprehensive business case of all projects involving expenditure of £250,000 and over.

Where the minimum number of quotation/tenders is not obtained

Where the SIB is unable to obtain a sufficient number of tenders, it must advise OFMDFM of the situation and supply reasons for insufficient number of tenders having been sought.

Direct Award Contracts

Direct Award Contracts should be avoided and advice from CPD must be sought. Paragraphs 8-9 of the Financial Memorandum refer.

The SIB Accounting Officer can approve DAC's up to the SIB's delegated limit (currently £25,000), with the exception of external consultancy DACs. Direct Award Contracts above the delegated limit and all external consultancy must also be approved by the Departmental Accounting Officer.

Any proposal to procure services through a direct award contract must be supported by a business case setting out the rationale and justification for doing so. The relevant Accounting Officer(s) approval is required before awarding any contract through a direct award contract.

Novel and Contentious Projects

Any novel and/or potentially contentious projects, regardless of the amount of expenditure, require the approvals of OFMDFM and DFP.

2. CAPITAL PROJECTS

Capital expenditure over this capitalisation threshold requires the prior approval of OFMDFM, and may be subject to quality assurance by the Department of Finance and Personnel if requested.

3. DISPOSAL OF SURPLUS EQUIPMENT

Items of minimal value such as obsolete office equipment may be disposed of under local arrangements without reference to OFMDFM through relevant accommodation officers, so long as SIB continues in its current accommodation in Clare House or in a similar location shared with NICS. Surplus IT equipment should be disposed of through a disposal agent approved by IT Assist.

SIB should advise OFMDFM of any significant surplus equipment not covered by the above and seek the Department's approval for disposal arrangements.

4. LEASE AND RENTAL AGREEMENTS

SIB should seek OFMDFM approval for all new lease or rental agreements, or significant amendments to previously approved agreements beyond normal uprating for pay and prices. OFMDFM approval is not required for short-term leases or rentals of no more than 7 days duration and £500.

5. APPROVAL OF INFORMATION TECHNOLOGY PROJECTS

The appraisal of Information Technology (IT) projects should include the staffing and other resource implications.

The principles of appraisal, evaluation and management apply equally to proposals supported by information communication technology (ICT) as to all other areas of public expenditure. ICT-enabled projects should be appraised and evaluated according to the general guidance in the Northern Ireland Guide to Expenditure Appraisal and Evaluation (*NIGEAE*) and managed using the new *Successful Delivery (NI)* guidance which was issued in June 2009.

The purchase of IT equipment and systems should be in line with the guidance on Procedures and Principles for Application of Best Practice in Programme/Project Management (PPM), (available at www.dfpni.gov.uk/successful-delivery) and be subject to competitive tendering unless there are convincing reasons to the contrary. The form of competition should be appropriate to the value and complexity of the project, and in line with the Procurement Control Limits in Table 1. Delegated authority for each IT project is set out in Table 2.

Table 3 Delegation Arrangements for Information Technology Projects, Systems and Equipment
(All costs exclude VAT)

THRESHOLDS	AUHTORISATION
Up to £10,000	The Chief Executive
Projects over £10,000	The Chief Executive with prior approval from OFMDFM

6. ENGAGEMENT OF CONSULTANTS

General

The SIB has authority to appoint consultants subject to any guidance as may be issued by DFP or OFMDFM. Procedures for the use of consultancy funded through the Enabling Budget are set out in Appendix B.

Economic appraisal

A full business case should be prepared for all consultancy assignments expected to exceed £10,000. A proportionate business case should be prepared for all assignments below this threshold. Section 3 of the guidance

note attached to FD (DFP) 07/12 explains the nature of the required business case.

7. LOSSES AND SPECIAL PAYMENTS

The Chief Executive with prior approval from OFMDFM, will have the authority to write off losses and make special payments up to:

- (a) Cash losses – up to £1,000 per case/incident
- (b) Stores/Equipment losses – up to £1,000 per case/incident
- (c) Constructive losses and fruitless payments – up to £1,000 per case.
- (d) Compensation payments:
 - i. Made under legal obligation, e.g. by Court Order – up to £1,000 per case plus reasonable legal expenses
 - ii. For damage to personal property of staff – up to £1,000 per case
 - iii. Where written legal advice is that the SIB should not fight a court action because it is unlikely that it would win – up to £1,000 per case
- (e) Claims abandoned or waiver of claim – up to £1,000 per case
- (f) Extra contractual payments – up to £1,000 per case
- (g) Ex gratia payments – up to £1,000 per case (Pensions payments are not covered by this threshold)
- (h) Extra statutory and extra regulatory payments – no delegation, all proposals must be submitted to OFMDFM for approval

The prior approval of OFMDFM must be obtained for amounts above these values.

Where total losses exceed £5,000 in any financial year, an explanatory note should be included in the SIB's accounts.

Details of all losses and special payments should be recorded in a Losses and Special Payments Register, which will be available to auditors. The Register should be kept up-to-date and should show evidence of the approval by the Chief Executive, where appropriate, and OFMDFM.

SIB'S ENABLING BUDGET

1. Purpose of the Enabling Budget

SIB has limited internal resources, and in order to maximise the attainment of SIB's objectives, SIB may supplement its own resources by buying in specialist skills from a range of appropriate external consultants and specialists. SIB has been allocated an Enabling Budget that it uses to co-sponsor projects and to provide generic support for the Executive's capital programme such as PPP issues, legal assistance with drafting Standardisation of PPP Contracts, or to support the development of the Investment Strategy and Asset Management Strategy. Consultants will only be used when they will add value to the work of the SIB.

The purposes for which the Enabling Fund may be used must align with the provisions of The Strategic Investment and Regeneration of Sites Order (2003) relevant to SIB. Some illustrative examples of both generic and project support for which the Enabling Budget may properly be used include:

- Assisting departments in identifying and appraising options for major capital investment;
- Assessing the condition and fitness for purpose of an existing asset base;
- Helping departments to manage and deliver projects, including the recruitment of specialist staff such as project managers and legal experts on term contracts;
- Scoping options for the management of public sector assets;
- Assistance with development of guidance on Standardisation of PPP contracts;
- Executive Investment Strategy development; and
- The ongoing development of information systems to support the Investment Strategy and Asset Management.

SIB will provide to OFMDFM at the beginning of each financial year a projection of how it anticipates its Enabling Budget will be deployed, identifying the amount of consultancy expenditure included in the projection. Information to facilitate the monitoring of the Enabling Budget will be provided to OFMDFM during the course of the year, with a final statement following at year end.

The Enabling Budget will be used only for externally obtained services to fulfil SIB's functions as set out in the founding legislation and Memorandum and Articles of Association of SIB. This may include the costs of specialist staff on fixed-term contracts related to the delivery of specific projects or programmes. It is recognised that this approach can in some instances be a viable and cost-effective alternative to the use of external consultants to perform the same roles. However, the Enabling Budget may not be used for SIB's administrative costs, or the costs of its core

complement of staff which will be met from SIB's Administration Budget. Any external consultancy to support the administration of SIB should not be met from the Enabling Budget. Any instances of doubt over whether or not a cost should be met from the Enabling Budget should be referred to OFMDFM for guidance.

During the course of the Financial Year, OFMDFM will advise SIB of the amount available in the Enabling Budget following the outcome of each monitoring round. OFMDFM may approve changes to Enabling and Administrative Budgets for the purposes of prudent budget management and ensuring the effective delivery of services, provided that these represent value for money and do not distort or undermine SIB's overall strategic aims.

2. Consultancy met from the Enabling Budget.

SIB's Enabling Budget is approved by OFMDFM at the start of each year. The Department will advise the First Minister and deputy First Minister on renewal of SIB's special delegation for consultancy on an annual basis. On agreement by Ministers to this renewal SIB will not seek further approval from OFMDFM or any other Department for individual consultancies or contracts awarded under the Enabling Budget. This negates the necessity of seeking Ministerial approval for any individual contract valued at over the prevailing delegated limit for external consultancy. However, the approval of the OFMDFM Accounting Officer must be sought if it is proposed to procure a service by means of a Single Tender Action.

Many of the advisorships on large contracts will exceed the delegated limit. It would therefore seriously impede SIB's ability to perform its mandate to accelerate infrastructure procurement if it had to await individual approvals on a contract by contract basis.

It is an essential condition of SIB's special delegation that Business Cases must be prepared by SIB for expenditure met from the Enabling Fund in accordance with DFP guidance, and any additional requirements that may be stipulated by OFMDFM. The requirements are explained further below.

3. Business Cases

Business cases for expenditure from the Enabling Budget will be carried out in accordance with the NI Guide to the Green Book and all other relevant DFP Guidance, including that on Business Cases for consultancy. OFMDFM has approved a format for the production of consultancy business cases for use by SIB that incorporates the relevant DFP template. This may be updated from time-to-time as required, for example if DFP issues new guidance.

4. Procurement

Procurement of services from the Enabling Fund will be carried out in accordance with Paragraph 5 of this Financial Memorandum.

5. Expenditure on staff

Section IV of the Financial Memorandum applies to any expenditure on staff met from the Enabling Fund.