

# **STRATEGIC INVESTMENT BOARD LIMITED**

Company Registration No. NI 45710

Annual Review and Financial Statements 2014-2015

Year Ended 31st March 2015

The  
**Strategic  
Investment  
Board**

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# 1 Officers and Professional Advisers

## 1.1 Directors

Mr Gerry McGinn	Chairman (from September 2013)	
Mr. Frank Hewitt	Non-Executive Director	(since December 2010)
Ms. Geraldine McAteer	Non-Executive Director	(from November 2009, resigned November 2014)
Mr Duncan McCausland	Non-Executive Director	(since September 2013, temporarily withdrew from active participation in the Board in June 2014)
Mr. Arthur McFerran	Non-Executive Director	(since November 2009)
Ms. Marie-Thérèse McGivern	Non-Executive Director	(since September 2013)
Mr Chris Thompson	Non-Executive Director	(since December 2010)
Mr. Brett Hannam	Chief Executive	(since June 2012)

## 1.2 Secretary

Gregor Hamilton

## 1.3 Auditors

Northern Ireland Audit Office

106 University Street

Belfast

BT7 1EU

## 1.4 Registered Office

Carleton House

Gasworks Business Park

1 Cromac Ave

Belfast

BT7 2JA

## 1.5 Principal Bankers

Danske Bank

8/9 Donegall Square North

Belfast

BT1 5GJ

## 2 Strategic Report for the Year Ended 31<sup>st</sup> March 2015

The directors are pleased to present their annual review and the financial statements for the year to 31 March 2015.

### 2.1 *Principal Activities*

SIB was established in April 2003 by The Strategic Investment and Regeneration of Sites (Northern Ireland) Order 2003. The legislation created the mechanisms and structures required to enable ministers to coordinate work across departments to deliver the new schools, hospitals, roads and other civic infrastructure the region requires for the 21st century.

SIB is a company limited by guarantee. It is owned by the Office of the First Minister and deputy First Minister (OFMDFM) and financed from within its departmental expenditure limit. The Board of SIB is accountable, through its Chair, to the First Minister and deputy First Minister.

SIB supports government departments and agencies by helping them

- plan infrastructure;
- deliver major projects; and
- manage assets.

SIB works with the private sector to stimulate market interest and ensure that companies have the information they need about government's investment plans. SIB seeks to develop the market in ways that deliver competitive tension and thus help departments achieve better value for public money.

SIB has four key responsibilities. Firstly, it prepares the Investment Strategy for Northern Ireland (ISNI). This is a rolling ten-year plan that describes the public infrastructure government intends to deliver. The scope of the ISNI encompasses almost every area of government including education, health, and transport and is the expression of the priorities of the Northern Ireland Executive ('the Executive'), which published the latest revision of the strategy in October 2012 which covers the years 2011 - 2021.

To inform the development of the Investment Strategy and of the investment plans of individual departments, SIB has developed expertise and techniques that can assist departments to produce strategic infrastructure planning models. These inform infrastructure planning decisions by modelling the impact of different options for service delivery.

SIB acts as a 'bridge' between the public and private sectors across which innovation, specialist skills and market intelligence can be shared to the mutual benefit of both sectors and the wider region. SIB manages the ISNI Delivery Tracking System (DTS) and the Executive's ISNI Web Portal ([www.isni.gov.uk](http://www.isni.gov.uk)) to keep supplier markets and other stakeholders, including Ministers, MLAs, and Assembly Committees, informed of the Executive's future infrastructure development plans. Information and activities such as soft market-testing, enhances value for money by encouraging market interest, competition and capacity building. SIB also liaises with the finance industry to

advance the Executive's stated aim to encourage the use, where appropriate, of private sector investment in the region's infrastructure.

Secondly, SIB assists the public sector to develop and deliver investment programmes and projects. SIB's role is to work in partnership with government departments to accelerate delivery timetables and obtain better value for the taxpayer. SIB provides staff to fulfill project management and advisory roles in support of departments. Such staff have specialist skills, knowledge and experience that suit them to the particular projects on which they are deployed.

Thirdly, SIB contains the Asset Management Unit (AMU). The Executive authorised the establishment of this unit in January 2011. The AMU maintains the ePIMS public sector asset database, assists Departments to develop effective asset management plans and has developed and published an Asset Management Strategy for the effective and efficient management of public sector property assets. The AMU also helps departments achieve the Executive's programme for raising additional capital for re-investment during the period 2011-2015. In 2014-15 AMU facilitated the realisation of £28.13m in capital receipts. For the period 2011-12 to 2014-15 £76.62m receipts were generated, which is in excess of the Executive's target of £71.8m

Finally, SIB works to improve the capability of the public sector through championing reform in the systems and processes for infrastructure delivery; by developing specialist skills and capabilities and by carrying out relevant research and analysis.

## **2.2 *Review of Results***

During 2014-15 SIB continued to provide advice to Ministers and departments in relation to the articulation and delivery of the Executive's major investment programmes. For the third year in succession, SIB has provided assistance (including research, consultancy, project management and other services) to every government Department and a range of other partners including agencies, NDPBs and district councils.

In 2014-15 SIB made significant contributions to the success of its partners in the following areas:

- managing projects contained in the Programme for Government such as the Lisanelly Shared Education Campus, the Community Safety College at Desertcreat, the Regional Sports Stadiums Programme, Social Housing Reform, Belfast Rapid Transit, e-Cars, Prison Service Reform and the implementation of the Education Authority;
- supporting other projects with a regional or sub-regional significance such as arc21; HEaT (Household Energy and Thermal efficiency); and Urban Villages;
- continuing to support Belfast City Council and other district councils in the delivery of investment projects such as the Waterfront Hall Conference Centre, Connswater Greenway and the North West Sports Village; and
- achieving the Executive's targets for the realisation of capital from surplus assets; the development of the Executive's asset management strategy and the implementation of departmental asset management plans.

Specifically, SIB:

- supported the Office of the First Minister and deputy First Minister (OFMDFM) by:
  - providing the acting Chief Executive for the MLK Development Corporation;
  - advising on the management disposal of the strategic sites passed to the Executive under the terms of the Hillsborough Agreement;
  - providing the Head of the Delivering Social Change (DSC) Delivery Unit;
  - providing project advisors to the Social Investment Fund capital and revenue programmes;
  - drafting business cases and providing a range of other support to the Delivering Social Change Programme;
  - and seconding three interns into the Delivering Social Change unit;
  - providing a project manager and procurement advisor for the HEaT programme;
  - publishing the 'Buy Social' social value toolkit.
- supported the Department of Finance and Personnel (DFP) by:
  - assisting with the implementation of the actions arising from the review of the processes and procedures for the commissioning, procurement and delivery of major capital projects;
  - providing a project manager and delivery team for the Reform of Property Management project; and
  - providing a project manager for the Government Data Centre Project.
- supported Department of Education (DE) by:
  - providing the Change Director for the Education Authority;
  - providing an Acting Director of Operations and Estates to the Education Authority;
  - providing a Programme Director and Construction Manager for the Lisanelly Shared Educational Campus programme; and
  - providing analytical support to the department's planning for school transport and primary education.
- supported the Department of the Environment (DoE) by:
  - providing project managers to the arc21 residual waste management infrastructure project; and
  - providing strategic advice on waste management.
- supported the Department for Regional Development (DRD) by:



- providing a Director of Projects who is managing the Belfast Rapid Transit Programme;
- providing a project manager for the 'Plugged in Places' (e-cars) project;
- seconding a transport modeller to procure a Transport Planning and Modelling Framework Managed Service; and
- developing proposals for the use of Financial Transactions Capital (FTC) in the Belfast Transport Hub Project and funding pre-procurement project development work.
- supported the Department of Health, Social Services and Public Safety (DHSSPS) through:
  - membership of the Health Infrastructure Board;
  - implementing a programme of revenue funded investment in primary health care facilities (including the preparation of business cases; the conduct of bidder negotiations and the provision of legal advice);
  - advising on the reform of GP Out of Hours services;
  - advising on the development of the 111 and National Pan-endemic Flu service; and
  - managing the Small Business Research Initiative (SBRI) procurement for the delivery of a medicines optimisation solution.
- assisted the Department of Justice (DoJ) by
  - providing a Director and Procurement Manager for the Community Safety College at Desertcreat;
  - providing a Director for the Northern Ireland Prison Service (NIPS) strategic change programme;
  - providing an advisor to devise and implement the NIPS estate strategy;
  - providing a manager for the Forensic Science Agency's change programme; and
  - advising on the NI Courts Service estate.
- supported the Department of Culture Arts and Leisure (DCAL) by
  - providing a Programme Director for the Regional Stadiums Programme;
  - providing a Project Manager for the World Police and Fire Games Legacy Projects; and
  - developing a visual arts strategy for Derry-Londonderry.
- supported the Department for Social Development (DSD) by
  - providing a project director and two other senior staff to advise on the Social Housing Reform Programme;
  - providing an Interim Chief Executive to the NI Housing Executive;

- devising a sustainable framework for the development of the Colin Town Centre and by providing a Programme Director and other staff;
  - producing a business case in respect of Craigavon House; and
  - drafting an evaluation of the Urban Development Grant Scheme.
- supported the Department of Agriculture and Rural Development (DARD) by
  - providing a manager for the Wind Farm project; and
  - assisting the Agri-food and Biosciences Institute (AFBI) to implement its commercialisation strategy.
- Supported the Department of Enterprise, Trade and Investment (DETI) by:
  - advising on the potential for a new Belfast Media Hub;
  - providing a Project Director for the SBRI Nitrates project;
  - providing a project manager for the Apprentice Boys of Derry (ABOD) Heritage Project;
  - providing a project manager for the Museum of Free Derry Project;
  - providing a project manager for the HMS Caroline project; and
  - drafting a review of the economic impact of the G8 summit meeting.
- supported the Department for Employment and Learning (DEL) by:
  - providing an adviser for the 'United Youth' programme;
  - providing analytical support to the Regional Further Education Colleges;
  - developing proposals for further investment in FE colleges; and
  - managing DEL's £73m FTC loan to the University of Ulster.
- supported Ilex through:
  - the provision of a Project Manager to deliver the Ebrington underground car park and other projects; and
  - completing a review of the economic benefits of the 'City of Culture'.
- assisted the Police Service of Northern Ireland (PSNI) by:
  - the provision of a Project Director and a procurement manager for the Northern Ireland Community Safety College at Desertcreat;
  - extending the Police Operations Decision Support System (PODSS);
  - providing a project manager for the RUC GC museum project; and
  - advising on the management of the 'Safety House' (RADAR) and obtaining sponsorship for the project.
- supported Belfast City Council by
  - providing a project manager for the Connswater Greenway Project; and

- providing a project manager for the Waterfront Hall conference centre extension project.
- supported the Southern Health and Social Care Trust and Banbridge District Council by advising on the redevelopment of the Rathfriland site;
- supported Fermanagh District Council in the development of a shared service facility on the former Erne Hospital site at Enniskillen through the provision of a project manager;
- supported Coleraine Council through the provision of a project manager for the North Coast Sports Village project; and
- provided advice to the cross-departmental Portrush Regeneration Group.
- supported departments and other organisations through the provision of recruitment advice.
- provided support to partners through the deployment of Associate Strategic Advisers.

The company has continued to develop its organisational capabilities. During the year:

- 263 days were spent on training and development activities, an average of 3.24 per full time employee (2014: 140 days: 1.92 per full time employee);
- Three members of staff are working towards a Masters in Public Administration with University of Ulster;
- One member of staff completed a PhD in Statistical Modelling of School Demand with Queens University in June 2014;
- One member of staff has commenced professional studies in accountancy;
- One member of staff is completing a CIPFA executive-level course in accounting and project appraisal;
- Two members of staff have completed the Women in Leadership course from the Chief Executives' forum and another member has commenced the course in 2015;
- The organisation has continued to run its successful internship programme providing placements for three recent graduates;
- One member of staff commenced an Executive MBA at Queens University;
- Members of staff undertook training in recruitment and selection and tender evaluation; and

- The Human Resources team have undertaken certified training to become qualified in Occupation Psychometric Testing.

As at 31st March 2015, SIB employed 59 male members of staff and 38 females (2014: 55 male and 34 females). There were three members of staff defined as senior managers, as at 31st March. Of these, two were male and one was female (2014: two male, two female). Of the eight company directors in 2014-15, there were six males and two females (one female member resigned November 2014).

During the year 2014-15 the company continued to develop its website. In 2014-15 there were 22,335 visits to the website (2013-14: 33,711) viewing 66,437 pages (2013-14: 96,577), an average of 182 page views per day (2013-14: 264). Reports from the ISNI Delivery Tracking System are distributed monthly to Members of the Legislative Assembly and the relevant Assembly Committees.

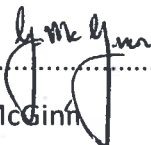
### 2.3 Sustainability Report

SIB is committed to the Executive's Sustainable Development Strategy.

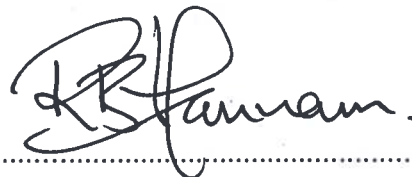
Policies and practices have been introduced within SIB to encourage efficiency in the use of resources. These include the 100% use of recycled paper, the introduction of multifunction printing/ copying/ scanning devices which are set to duplex printing by default and the use of efficient heaters to provide hot water for refreshments.

In September 2013, SIB moved to Carleton House. Despite increasing its headcount during the past two years, the organisation has not increased the size of its office space. This has been made possible through the aggressive use of 'hot-desking'. The company has also, in order to reduce its carbon footprint, pursued a policy of enabling staff to work from home for up to 20% of their time and to use video-conferencing as an alternative to travelling by air. During 2014-15, staff recorded 720 days worked from home (2013-14: 645), saving around 28,800 miles which equates to an estimated 10.33 tonnes of CO2 emissions prevented (2013-14: 9.46 tonnes).

SIB promotes economic, social and environmental sustainability in all its projects. Over the past year it has, for example, promoted the development of renewable energy through its work on the Forest Service wind farm programme; encouraged the wider use of social clauses in construction and service contracts and supported sustainable economic growth through its work on the Investment Strategy. SIB has provided a manager for the e-cars project and is assisting OFMDFM with the launch of the HEaT programme.



Gerry McGinn  
Chairman



Brett Hannam  
Chief Executive

Date: 9<sup>th</sup> June 2015

## **3 Directors Report for the year ended 31<sup>st</sup> March 2015**

### ***3.1 Future Developments***

SIB derives its strategic priorities from the targets set by Ministers in the Programme for Government<sup>1</sup>. These are:

- Growing a Sustainable Economy and Investing in the Future;
- Creating Opportunities, Tackling Disadvantage and Improving Health and Well-Being;
- Protecting Our People, the Environment and Creating Safer Communities;
- Building a Strong and Shared Community; and
- Delivering High Quality and Efficient Public Services.

The over-arching priority for SIB is to help government deliver “enhanced economic infrastructure”<sup>2</sup>.

The priority issues SIB will address are:

- the statutory requirement for SIB to advise the Executive in relation to the formulation and implementation of its programme of major investment projects;
- the need to deliver those projects to the required quality, on time and within budget;
- the need to obtain value for money for infrastructure investment (including the delivery of social value through sustainable procurements and use of assets);
- the need to make best use of existing assets and dispose of those that are surplus to requirements;
- the need to engage with the private sector more closely in order to optimise the use of private funding in support of public investment, (while recognising that private funds do not have general applicability at all times or across all types of infrastructure);
- the need to deliver the best possible return to the Executive through the use of Financial Transactions Capital (FTC);
- the need to support strategic infrastructure planning;
- the need to improve the infrastructure delivery capabilities of government departments;
- the need for continual improvement in the processes and procedures for the commissioning and procurement of major capital investment; and

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<sup>1</sup> Programme for Government 2011-2015, p29.

<sup>2</sup> Programme for Government 2011-2015, p30.

- the need to develop SIB's capacity and capabilities to ensure it continues to meet the needs of its partners.

The medium-term objectives derived from the strategic objectives are:

- to keep the current Investment Strategy under review in the light of changing circumstances and to plan for ISNI4;
- to support departmental investment planning through the provision of analytical support and advice; strategic infrastructure planning models and advice on project finance and the use of FTC;
- to deliver supported projects/ programmes in accordance with the plans set out in the current ISNI and the principles of economic, social and environmental sustainability;
- to seek effective ways to accelerate the investment timetable without compromising value for money;
- to meet the Executive's targets for the realisation of surplus assets;
- to support departments and other public bodies in the efficient and effective management of their estate;
- to identify socially valuable uses for surplus assets that cannot for the present be sold or otherwise exploited;
- to support departments in the development of strategies for the commercial exploitation of their assets;
- to foster and promote reform both in the delivery of major public sector infrastructure and as a pre-requisite for such investment;
- to work with relevant bodies and departments to ensure that their infrastructure plans are aligned and, where appropriate, that these plans are also aligned with those in the Republic of Ireland, in accordance with North South agreements; and
- to develop the organisation and the individuals within the organisation.

SIB is currently directly contributing to, (or, where complete, has contributed to), the delivery of 18 actions across 13 Programme for Government commitments, (the nature of SIB's contribution is set out [within square brackets]):

- "to include Social Clauses in all public procurement contracts for supplies, services and construction; [Provision of Guidance (the 'Buy Social Toolkit') and advice; Use of Social Clauses in projects (e.g. regional stadiums)];
- to develop sports stadiums as agreed with the IFA, GAA and Ulster Rugby; [Provision of Programme Director];
- to make the Education and Skills Authority (now the Education Authority) operational in 2013; [Provision of Implementation Programme Manager; interim Director of Operations; HR Manager and IT Manager];



- to reduce the environmental impacts from the waste we generate; [Provision of Project Managers for the arc21 regional waste projects; provision of strategic advice to DoE, provision of SBRI Nitrates Disposal Project Manager to DETI/DARD];
- to host the World Police and Fire Games in 2013; [Provision of Project Manager for Games Delivery and Legacy strands]
- to develop Maze/Long Kesh as a regeneration site of regional significance; [Provision of Acting Chief Executive and staff for MLK Development Corporation]
- to develop the 'One Plan' for the regeneration of Derry~Londonderry, to provide financial and other support across government to ensure the success of the Derry~Londonderry City of Culture 2013; [Provision of Support to Ilex, DCC and Culture Company including Communications Director, Infrastructure Project Manager and funding for DCC's Programme Manager];
- to provide £40 million to address dereliction and promote investment in the physical regeneration of deprived areas through the Social Investment Fund; [Provision of project management and other support to OFMDFM and DSD];
- to substantially complete the construction of the new Police, Prison and Fire Training College; [Provision of Project Manager & Procurement Manager];
- to reform and modernize the Prison Service; [Provision of Change Manager and Estates Strategy Manager];
- to progress the upgrade of key road projects and improve the overall road network to ensure that by March 2015 journey times on key transport corridors reduce by 2.5%; [Provision of DRD Director of Transport Projects];
- to invest over £500 million to promote more sustainable modes of travel; [Provision of e-Cars Project Director];
- to significantly progress work on the plan for the Lisanelly Shared Education Campus as a key regeneration project. [Provision of Programme Director and Construction Manager];
- to have implemented new structures to support the improved delivery of housing services to the citizens of Northern Ireland. [Provision of Project Director and senior staff]".

The outcomes of achieving these objectives will be that, by the end of the period covered by this plan:

- SIB has delivered strategic infrastructure planning models in key sectors, which help its partners to plan and deliver more economically and operationally sustainable infrastructure to meet contemporary and future needs across the region;
- SIB has helped Departments deliver larger and better project procurements (in terms of faster delivery, lower risk and best value) than would otherwise have been possible;

- SIB has met the targets set it for Revenue Funded Investment and the use of Financial Transaction Capital;
- SIB has met the targets set it for the generation of additional capital;
- SIB has helped Departments develop and implement asset management plans;
- SIB has provided information to the private and third sectors that informs their decision-making and fosters the development of the local economy;
- where it is involved, SIB has worked to ensure that sustainable development principles, including Social value, guide capital investment decisions on all major publicly funded buildings and infrastructure projects;
- SIB has helped Departments develop their infrastructure programme and project delivery capability so that projects and programmes can be delivered efficiently, effectively and with a reduced need for ongoing SIB support;
- SIB has provided detailed information to its stakeholders on progress with the implementation of the Investment Strategy; and
- SIB has developed as an organisation so that – insofar as this is possible within budget constraints - it meets the requirements of its stakeholders: Ministers, local representatives, the Departments, its shareholder (OFMDFM), the private and third sectors, its staff and the public.

### **3.2 *Share Capital***

The company is limited by guarantee and has no share capital.

### **3.3 *Fixed Assets***

Details of the movement of fixed assets have been summarised in note 9 to the accounts. The company does not believe that there is any material difference between the market and book value of its fixed assets as at 31 March 2014.

### **3.4 *Financial Assets***

In 2014-15 SIB processed the second tranche of the 2013-14 loan to the University of Ulster at Jordanstown (UUJ) of £10m (2013-14: £25m) and made a second loan to UUJ of £38.475m. The funding for this loan, made using Financial Transactions Capital, was provided to SIB by the Department of Finance and Personnel through OFMDFM at the request of the Department of Employment and Learning. The loan will support the development of the university at its central Belfast campus. The NI Executive agreed that the loan should be channelled through SIB in accordance with SIB's particular vires. The loan will be repaid by UUJ and the receipts returned to DFP through OFMDFM.

### **3.5 *Employee Policy***

SIB is committed to the development of its staff and to policies that enable them to contribute to the performance and long-term effectiveness of the organisation.

In particular, the company:



- follows the Northern Ireland Civil Service policy that all eligible persons shall have equal opportunity for employment on the basis of their ability, qualification and aptitude for the work;
- gives equality of opportunity when considering applications from disabled persons, in compliance with all existing legislation with regard to disabled employees;
- recognises the benefit of keeping employees informed of the progress of the business and of involving them in the company's performance; and
- regularly provides employees, through meetings and notices, with information regarding the financial and economic factors affecting the performance of the company and on other matters of concern to them.

### **3.6 Data Protection and Freedom of Information**

SIB is required to report on personal data related incidents. Within its Government framework, SIB has an explicit control system to meet its responsibility under Data Protection and Freedom of Information. The control system has been established to ensure that appropriate handling of personal data and information used for operational and reporting purposes through the development of appropriate strategy and policy. In the 2014-15 year SIB received eight (2013-14: eight) Freedom of Information (FOI) requests, and responded to all of them within the 20 day deadline. SIB will continue to monitor and assess its information risks in order to identify and address any weakness and ensure continuous improvement of its systems.

There were no incidents of personal data loss recorded within the period under review.

### **3.7 Reporting of Complaints**

SIB is required to disclose its approach to complaints handling. SIB has a complaints policy for dealing with complaints from the public or other third parties (the procedure for internal complaints is detailed separately in the SIB Staff Handbook). The complaints policy is published on the SIB Website. All complaints are referred to the Chief Executive as soon as they are received. SIB's pledge on response times are:

- SIB will acknowledge receipt of a complaint within 2 working days.
- Normally SIB will issue a full response within 10 working days.
- If there is a delay in responding we must keep the complainant informed of our progress.

SIB received one complaint in 2014-15 (2013-14: nil). Following an internal investigation the Chief Executive determined that the complaint should be rejected. The Chief Executive reported details of the complaint, investigation and decision to the Audit Committee.

### 3.8 Absence Data

Listed in the table below are the sick absence results for SIB:

	Working Days lost 2014-15	Working Days lost 2013-14	Variance
Including long-term absence	163.5	247.5	-84.0
Excluding long term absence	75.5	116.5	-41.0
	Average days lost per FTE member of staff 2014-15	Average days lost per FTE member of staff 2013-14	Variance
Including long-term absence	2	3.45	-1.45
Excluding long term absence	1.2	1.85	-0.65
	Absence rate 2014-15 %	Absence rate 2013-14 %	Variance %
Including long-term absence	0.89	1.59	-0.70
Excluding long term absence	0.54	0.84	-0.30

### 3.9 Payments to Suppliers

SIB is committed to the prompt payment of bills for goods and services received, in accordance with the British Standard for Achieving Good Payment Performance in Commercial Transactions (BS 7890), and with the Late Payment of Commercial Debts (Interest) Act 1998 as amended. SIB follows DAO 12/08 "Supporting Businesses Prompt Payment of Invoices" which introduced a prompt payment target of ten days, with effect from December 2008. In the year ended 31 March 2015, SIB has paid 91% of its suppliers within 10 days (2013-14: 87%). In the year ended 31 March 2015, 99% of suppliers were paid within 30 days (2013-14: 99%).

### 3.10 Financial Position and Resources

SIB is funded by its sponsor Department, OFMDFM. OFMDFM has indicated that it intends to continue to fund the organisation for the foreseeable future and has provided indicative budgets up to the end of the current budget period in 2015-16. The organisation has the staff resources required to achieve its current business objectives. However SIB recognise the financial pressures and uncertainties which exist in 2015-16 and are expected in future years. We will endeavour to meet this challenge through changes in operational processes and procedures to deliver increased efficiencies.

### 3.11 Financial Key Performance Indicators

In the 2014-15 financial year, SIB spent 99% (2013-14: 100%) of its budget allocation from OFMDFM.

The average cash held in the bank throughout the year was £684,475 (2013-14: £849,160).

Applying the Creditor Days ratio as at 31st March 2015, the proportion that is the aggregate amount owed to trade creditors at the yearend compared with the aggregate amount invoiced by suppliers during year, expressed as a number of days in the same proportion to the total number of days in the financial year was seven. In 2013-14 the ratio was 25.5. (This ratio is based at a point in time, and therefore does not suggest that an issue with prompt payment of creditors exists).

### **3.12 Statement of Directors' Responsibilities**

United Kingdom company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the surplus or deficit of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that they have received assurance that the financial statements have been prepared in line with the requirements above.

The directors confirm that so far as they are aware, there is no relevant audit information of which the auditor is unaware, and the directors have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Accounting Officer for OFMDFM has designated the Chief Executive as the Accounting Officer for SIB. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of public finances and for the keeping of proper records, are set out in the Accounting Officer Memorandum, in compliance with Chapter 3 of Managing Public Money NI, and Annex 1 FReM 2013-14.

### **3.13 Pension Policy**

See remuneration report on page 25.

### **3.14 Charitable Donations**

The company made no charitable donations during the period.

### **3.15 Going Concern**

The accounts are prepared on a going concern basis as it is assumed the the parent department OFMDFM will continue to fund its activities. SIB's three year corporate plan is approved annually by OFMDFM.

### **3.16 Corporate Governance**

The company's Statement of Corporate Governance is set out on page 24.

### **3.17 Statement of Disclosure of Information to Auditors**

The directors confirm that, for all directors in office at the date of this report:

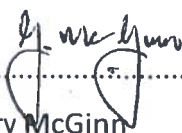
- so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. For this purpose, "relevant audit information" comprises the information needed by the company's auditors in connection with preparing their report; and
- each director has taken all the steps (such as making enquiries of other directors and the auditors and any other steps required by the director's duty to exercise due care, skill and diligence) that he or she ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### **3.18 Auditors**

Under the Companies (Public Sector Audit) Order (Northern Ireland) 2013, the Comptroller and Audit General has statutory responsibility for the audit of the Strategic Investment Board Limited under the Audit and Accountability (NI) Order 2003.

### **3.19 National Fraud Initiative**

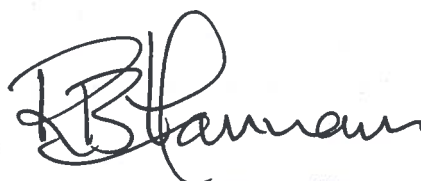
The Comptroller and Auditor General (C&AG) has statutory powers to conduct data matching exercises for the purpose of assisting in the prevention and detection of fraud. The Northern Ireland Audit Office (NIAO) commissioned a National Fraud Initiative (NFI) Data Matching Exercise in June 2015. NIAO charged a fee of £1,232 for participation in NFI 2014-15.



Gerry McGinn

Chairman

Date: 9<sup>th</sup> June 2015



Brett Hannam

Chief Executive

## 4 Remuneration Report For the year ended 31 March 2015

The Remuneration Committee consists of non-executive board members of the company. The Remuneration Committee is currently chaired by Arthur McFerran. Other members are Gerry McGinn, Duncan McCausland and Chris Thompson. The Chief Executive attends as an observer and the HR Manager provides a secretariat function.

The committee considers and, if satisfied, approves all appointments to posts with a salary greater than £50,000 pa. The Chief Executive was delegated the authority to approve appointments below this threshold, commencing March 2012.

The Committee's also considers other matters relating to pay and performance. Pay awards are made within the parameters set by the Department of Finance and Personnel.

### 4.1 *Service Contracts*

Remuneration of senior members is set out in their contracts and may be subject to annual review under NICS pay remit guidelines. Such review requires the approval of the Minister of Finance. SIB's 2013-14 pay remit was approved in February 2015. SIB is awaiting the outcome of its 2014-15 pay remit submission.

The notice period for SIB staff ranges from one to three months.

The arrangements for early termination of senior members are made in accordance with the employment contract of the relevant individual. SIB's liabilities in the event of termination do not, at present, exceed those set out in statute. During the year no early termination payments were paid to these members.

In previous years each member of permanent staff participated in a discretionary bonus scheme. The bonus was linked to the individual's and corporate performance. Bonus payments were non-consolidated and non-pensionable. The bonus scheme has not operated since the 2008-09 financial year and consequently no bonuses were paid in the current year.

Non-executive directors have fixed-term appointments not exceeding three years. These appointments are renewable. Individual appointments are made, and remuneration levels set, by OFMDFM Ministers.

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in SIB in the financial year 2014-15 was £140,913 (2013-14: £140,000). This was 1.7 times (2013-14: 1.8 times) the median remuneration of the workforce, which was £85,000, up £6,000 on prior year (2013-14: £79,000) due to an increase in eight (FTE) senior staff.

In 2014-15, one employee received remuneration in excess of the highest-paid director, (2013-14: one employee). Remuneration (FTE) ranged from £15,856 to

£142,000 (2013-14: £11,000 to £150,000). Total remuneration includes salary and benefits-in-kind but does not include severance pay. There were no severance payments made in 2014-15 (only statutory redundancy pay). It does not include employer pension contributions and there were no bonus payments or off-payroll engagements in 2014-15.

## 4.2 Directors Emoluments (Audited)

The following directors received emoluments directly from the company during the year.

	Year ended 31 March 2015				Year ended 31 March 2014			
	Salary	Bonus	Benefits in kind	Total	Salary	Bonus	Benefits in kind	Total
	£'000	£'000	(to nearest £100)	£'000	£'000	£'000	(to nearest £100)	£'000
<b>Hannam B</b> <i>Chief Executive</i>	140 - 145	-	-	140 - 145	140 - 145	-	-	140 - 145
<b>McGinn G</b> <i>Chairman</i> <i>(from September 2013)</i>	15 - 20	-	-	15 - 20	5 - 10 <i>(15 - 20 full year equivalent)</i>	-	-	5 - 10
<b>Dobbin D</b> <i>Chairman</i> <i>(until August 2013)</i>	0	-	-	0	5 - 10 <i>(10 - 15 full year equivalent)</i>	-	-	5 - 10
<b>McAteer G</b> <i>Non-Executive Director</i> <i>(until November 2014)</i>	5 - 10 <i>(10 - 15 full year equivalent)</i>	-	-	5 - 10	10 - 15	-	-	10 - 15
<b>McFerran A</b> <i>Non-Executive Director</i>	10 - 15	-	-	10 - 15	10 - 15	-	-	10 - 15
<b>Hewitt F</b> <i>Non-Executive Director</i>	10 - 15	-	-	10 - 15	10 - 15	-	-	10 - 15
<b>Thompson C</b> <i>Non-Executive Director</i>	10 - 15	-	-	10 - 15	10 - 15	-	-	10 - 15
<b>McCausland D*</b> <i>Non-Executive Director</i> <i>(from September 2013)</i>	0 - 5 <i>(10 - 15 full year equivalent)</i>	-	-	0 - 5	5 - 10 <i>(10 - 15 full year equivalent)</i>	-	-	5 - 10
<b>McGivern MT</b> <i>Non-Executive Director</i> <i>(from September 2013)</i>	10 - 15	-	-	10 - 15	5 - 10 <i>(10 - 15 full year equivalent)</i>	-	-	5 - 10
<b>Band of Highest Paid Director's Total Remuneration</b>				<b>140 - 145</b>				<b>140 - 145</b>
<b>Median Total Remuneration</b>				<b>85</b>				<b>79</b>
<b>Ratio</b>				<b>1.7</b>				<b>1.8</b>

\* D McCausland temporarily withdrew from active participation in the Board and all committees in June 2014



Directors' emoluments consisted of basic salary only. There were no bonus payments, benefits in kind or non-cash benefits provided to any director during the year or in the previous year. Mr Hannam was appointed as Chief Executive on 1<sup>st</sup> June 2012. In 2014-15 Mr Hannam's base salary increased from £140,000 to £140,913. An additional payment of £913 was paid in 2014-15 in relation to the 2013-14 pay remit.

#### 4.3 Pensions

As per FD (DFP) 04/15, total remuneration including pension payments are disclosed in the remuneration table. SIB Directors do not receive pension benefits. The Chief Executive however is a member of a defined contribution pension scheme operated by SIB for all permanent staff. The employer makes a contribution of 10% of basic salary to the company's pension scheme. The employee does not have to contribute to this scheme. Contributions on behalf of the Chief Executive were £14,183. SIB also contributes to a centrally-provided risk benefit scheme (that provides cover for death in service and retirement due to ill health). A total contribution of £8,852 was made on behalf of the Chief Executive.

#### 4.4 Fees to Third Parties

There were no amounts paid, excluding expenses, to third parties in respect of directors of the company in 2014-15.

Expenses reimbursed to/incurred in respect of non-executive directors were as follows:

	Year ended 31-Mar 2015 £	Year ended 31-Mar 2014 £
D McCausland	77	172
F Hewitt	144	-
C Thompson	386	285
	<u>607</u>	<u>457</u>

G McGinn

Chairman

Date: 9<sup>th</sup> June 2015

Brett Hannam

Chief Executive

## 5 Statement of Accounting Officer's Responsibilities

Under the under the terms of the Strategic Investment and Regeneration of Sites (Northern Ireland) Order 2003 the Office of the First Minister and deputy First Minister (with approval from DFP) has directed SIB to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of SIB and of its income and expenditure, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the *Government Financial Reporting Manual* and in particular to:

- observe the Accounts Direction issued by the Department of Finance and Personnel, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the *Government Financial Reporting Manual* have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis.

The Accounting Officer of OFMDFM has appointed the Chief Executive as the Accounting Officer of SIB. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the SIB's assets, are set out in *Managing Public Money Northern Ireland* published by DFP.



## **6 Annual Governance Statement – For the year ended 31<sup>st</sup> March 2015**

### **6.1 Introduction**

The Strategic Investment Board (SIB) is a company limited by guarantee, owned by the Office of the First Minister and deputy First Minister (OFMDFM) and functioning as one of that Department's Arm's Length Bodies (ALBs). It is financed from OFMDFM's departmental expenditure limit (DEL). Its board reports directly to the First Minister and the deputy First Minister.

This statement is given in respect of SIB's Accounts for 2014-15. The Governance Statement comprises two broad elements. The Statement describes SIB's governance framework; identifying responsibilities and explaining the functions of its constituent elements. Secondly, the Statement reports my assessment as Accounting Officer of the effectiveness of the framework during the reporting period. The report identifies any significant governance issues and concludes with a review of SIB's conformance with the Code of Conduct.

### **6.2 The Purpose of the Governance Framework**

The purpose of the Governance Statement to report publicly on the extent to which SIB complies with its code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in the year. The process of preparing the governance statement itself adds value to the effectiveness of the corporate governance and internal control framework.

### **6.3 The Governance Framework**

#### **6.3.1 Overview of the Governance Framework**

The governance framework comprises the systems and processes, and culture and values, by which SIB is directed and controlled.

The system of internal control is a significant part of this framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve SIB's aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

The governance framework described below has been in place in SIB for the year ended 31 March 2015. It comprises:

- the Board;
- the Accounting Officer;
- the Audit Committee;
- the Internal Audit function; and
- the External Audit function.

These organisational structures, together with an overview of their responsibilities and performance in year, are set out in the relevant sections below.

The framework also includes a number of additional elements that contribute to the effective governance of the organisation. These comprise:

- The Investment Committee
- The Management Statement and Financial Memorandum;
- OFMDFM Oversight Arrangements;
- The Corporate and Business Plans;
- The Performance Management Framework;
- The Risk Management Framework;
- Financial Policies and Procedures;
- Operational Partnership Agreements;
- Customer Feedback and Performance Reports;
- Whistleblowing Arrangements; and
- The Fraud Prevention Strategy and Response Plan.

These elements, together with an assessment of their effectiveness in year, are described in the relevant sections below.

### **6.3.2 The Accounting Officer**

As Accounting Officer, I have responsibility for maintaining a sound system of internal governance that supports the achievement of SIB's aims and objectives. I also have responsibility for the propriety and regularity of the public finances allocated to SIB and for safeguarding public funds and assets: in accordance with the responsibilities assigned to me in the Corporate Governance Code and Managing Public Money Northern Ireland.

In my role as Accounting Officer, I function with the support of the SIB Board ('the Board'). This includes highlighting to the Board specific business risks and, where appropriate, the measures that can be employed to manage these risks.

### **6.3.3 The Board**

The Board is chaired by a non-executive Director. It supports the delivery of effective Corporate Governance and operates within best practice guidelines set out in "*Corporate Governance Code of Good Practice (NI)*<sup>3</sup>". The Board takes an objective long-term view of the business of the organisation, leading its strategic planning process and assisting me in meeting my corporate governance responsibilities.

The Terms of Reference of the Board make clear its responsibility to establish and oversee the organisation's Corporate Governance arrangements. Notwithstanding this, all tiers of management have commensurate responsibilities for ensuring that good governance practices are followed within the organisation.

Under the general guidance and direction of the OFMDFM Ministers, the key aspects of the Board's role include:

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<sup>3</sup> Issued under DAO (DFP) 06/13 in April 2013.

- setting the strategic direction for the organisation, including its vision, values and strategic objectives; overseeing the implementation of its corporate and business plans, monitoring performance against objectives and supervising its budget;
- leading and overseeing the process of change and encouraging innovation, to enhance the organisation's capability to deliver;
- overseeing the strategic management of staff, finance, information and physical resources, including setting training and health and safety priorities;
- establishing and overseeing the implementation of SIB's corporate governance arrangements, including risk management; and
- overseeing and monitoring the organisation's progress against all of its equality of opportunity and good relations obligations.

The Board is required to act in accordance with the responsibilities assigned to it in the *Corporate Governance Code of Good Practice (NI)* and *Managing Public Money Northern Ireland*.

The Board operates as a collegiate forum under the leadership of the Chair. It ensures that the appropriate strategic planning processes are in place and that there is effective operational management of their implementation. The Board operates in an advisory and consultative capacity, offering guidance when sought. Day-to-day operational matters are my responsibility and that of senior staff. The Board does not direct me on how such business should be run, unless in exceptional circumstances, of which none occurred during this reporting period.

Each Non-Executive Board Member participates in the high-level corporate decision-making process as a member of the Board; contributes to the operation of corporate governance arrangements within the organisation and supports me in my roles of Chief Executive and Accounting Officer.

As Chief Executive, I am responsible for organising the agenda for monthly Board meetings and ensuring the Chair and Board members are provided with timely information to support full discussion at each meeting.

The Board receives monthly written reports from me; the head of the Asset Management Unit and head of Investment Strategy. It also receives a monthly financial and budget monitoring report and a pack of relevant media reporting.

I provide quarterly reports on the status of supported projects; delivery of business plan objectives; expenditure against plan; resource inputs by project; requests made under the Freedom of Information Act; press reporting of SIB; usage of the SIB web sites; Assembly Questions relevant to SIB; absence management; recruitment; communications; legal work and requests for SIB support. Strategic Advisers and Project Managers provide the Board with quarterly reports on the progress of their work.

The Board maintains a Register of Interests that is published on the SIB web site. This lists, for each Director, all commercial and other relevant interests. A similar register is maintained by all SIB staff. The published versions of the registers are updated every

six months but Directors and staff are required to report any significant changes as they occur.

Each Board and committee meeting begins with those present declaring any conflicts of interest that may arise from agenda items. The Terms of Reference for the Board set out how such conflicts should be managed should they arise. These terms require a Director with a conflict of interest to withdraw from any discussion of the relevant matter and to abstain from any associated vote.

In 2014-15 Board members declared possible conflicts of interest relating to particular projects and their involvement in organisations with which SIB works. These were recorded in the minutes of the meetings. On no occasion was a Director required, on account of such interests, to withdraw from any meeting.

In 2014-15, the Board comprised the following members:

<b>Mr Gerry McGinn</b>	Chairman	(since September 2013)
<b>Mr Frank Hewitt</b>	Non-Executive Director	(since December 2010)
<b>Ms Geraldine McAteer</b>	Non-Executive Director	(resigned November 2014)
<b>Mr Duncan McCausland</b>	Non-Executive Director	(since September 2013)
<b>Mr Arthur McFerran</b>	Non-Executive Director	(since November 2009)
<b>Ms Marie-Thérèse McGivern</b>	Non-Executive Director	(since September 2013)
<b>Mr Chris Thompson</b>	Non-Executive Director	(since December 2010)
<b>Mr Brett Hannam</b>	Chief Executive	(since June 2012)

Mr Duncan McCausland temporarily withdrew from active participation in the Board and all committees in June 2014.

The Board held eleven meetings and an away-day during 2014-15. Attendance was as follows:

<b>Director</b>	<b>Meetings Attended</b>	<b>Possible Attendance</b>
Mr Gerry McGinn	10	11
Mr Frank Hewitt	9	11
Ms Geraldine McAteer	6	7
Mr Arthur McFerran	10	11
Mr Duncan McCausland	2	2
Ms Marie-Thérèse McGivern	10	11
Mr Chris Thompson	10	11
Mr Brett Hannam	11	11

The October 2014 Board meeting was held in the offices of Colin Neighbourhood Partnership. The December 2014 Board Meeting was held at Belfast Metropolitan College.

In 2014-15 the SIB Board considered the following standing agenda items:

- Minutes of the Previous Meeting;
- Chairman's and Directors' business;
- Chief Executive's report, which included reports on significant developments in projects supported by SIB; governance and staffing issues;
- Head of AMU's report, which included reports on the development and implementation of the Asset Management Strategy and the achievement of the executive's targets for capital release;
- Head of Investment Strategy's report, which included reports on the development of Strategic Planning Models and the Investment Strategy;
- Finance Report; and
- Media Report.

The Board took quarterly reports on projects, corporate performance; resource utilisation, requests for SIB support and other related matters.

The Board heard individual reports on, and then discussed, the following programmes and projects:

- The Northern Ireland Community Safety College;
- Belfast Rapid Transit;
- Support to projects for the Department of Education. Paul Sweeney, Permanent Secretary of DE, attended the Board meeting. The discussion centred on SIB assistance to the following projects: ESA, Lisanelly Shared Education Campus, BELB strategic partnership, and schools capital programme;
- SIB report: A strategic review of Commissioning and Procurement of large scale infrastructure projects in Northern Ireland;
- Delivery of the Colin Town Urban Village project;
- Forensic Science Transformation Programme and;
- SIB support to DSD for Urban Villages.

The Board received the following reports from its sub-committees:

- Two reports from the Audit Committee, together with the Audit Committee Annual Report;
- One report from the Remuneration Committee;

- Two reports from the Strategy Committee.
- Two reports from the Communications Committee.

In addition the Board considered the following matters:

- The draft annual Report & Accounts;
- The draft Corporate and Business Plans;
- The draft Ministerial 'Letter of Expectation';
- Proposals for Membership of Board Sub-Committees;
- The Board Business Schedule;
- Paper on the report 'Strategic Review of Commissioning and Procurement';
- Chief Executive's analysis of recruitment and retention of SIB staff;
- The Communications Strategy (including corporate branding);
- The Risk Register (twice) and Risk Appetite Statement;
- Proposals for a Charging Model;
- Proposals for Work with Local Councils;
- Proposals for Achieving the 2015/16 Capital Realisation Target;
- The Associate Strategic Adviser Model and;
- Proposals for future sponsorship of SIB under the new Departmental arrangements following the Stormont House Agreement.

The Chairman asked two non-executive Board members to review the operations of the Board. This review concluded in March 2014 and its findings were reported to the Board in April 2014. The report recommended changes to the format of Board papers and the implementation of a secure on-line document store. The recommendations of the report have been implemented.

The Board reviewed its own effectiveness in January 2015 and subsequently took into account the findings of the review in its operation.

The Board arranged additional training in Corporate Governance. This was delivered by CIPFA in April 2014.



#### **6.3.4 Board Committees**

The Board operates the following committees:

- The Audit Committee, which provides assurance to the Board, (and indirectly the shareholder – OFMDFM), that the company's financial and other control systems are operating effectively;
- The Strategy Committee, which scrutinises and supports the development of long-term plans and policies and the delivery of analytical support and research;
- The Remuneration Committee, which approves senior appointments and salaries and scrutinises recruitment; and
- The Communications Committee, which scrutinises the organisation's strategic communications and engagement work.

All appointments to committees are confirmed in writing by the Chairman. Members are provided with the terms of reference of the committee, details of the committee's membership; an account of the members' responsibilities and a copy of the 'Nolan Principles'.

#### **6.3.5 The Audit Committee**

The Audit Committee's terms of reference set out its purpose as being to support me as Accounting Officer in monitoring risk, control and governance systems (including financial reporting). Additionally the Committee will advise the Board and the Accounting Officer on the adequacy of audit arrangements (internal and external) and on the implications of assurances provided in respect of risk and control. The Audit Committee does not have executive powers.

The Audit Committee and its Chair are appointed by the Board from amongst its non-executive members and a quorum comprises not less than two non-executive members. The Audit Committee Chair is a non-executive member of the Board other than its Chair.

In addition to its members, the following normally attend meetings of the Committee:

- The Accounting Officer;
- The Internal Auditor;
- The External Auditor;
- A representative of OFMDFM;
- The Finance Manager (Secretary to the Committee); and
- The Compliance Manager.

In line with best practice set out in the Audit and Risk Assurance Committee Handbook (NI) March 2014, the chair of the ARC approves an agreed agenda of work for its meetings, which will include:

- the review of the corporate risk register;

- the review of the SIB Risk Appetite Statement;
- scrutiny of the annual accounts;
- review of Stewardship Statements;
- consideration of the internal and external audit strategies;
- review of internal and external audit findings;
- consideration of fraud;
- consideration of any Directly Awarded Contracts;
- consideration of DAO letters; and
- the monitoring of residual audit recommendations.

The committee Chairman reviews the effectiveness of its members and reports on this to the Board Chairman annually. The committee submitted a formal written report on its work to the SIB Board in May 2014 and subsequently in June 2015. The committee Chairman reports orally after each meeting to the SIB Board on any significant issues that have arisen.

The committee usually reviews its own effectiveness annually. The committee last completed a self-assessment exercise in December 2012. The committee last reviewed its terms of reference in February 2013. An Audit Committee self-assessment exercise was scheduled for November 2014. Due to recent changes in the composition of the committee the Audit Committee has agreed to postpone the self-assessment exercise until December 2015.

The membership of the SIB Audit Committee in 2014-15 comprised:

Mr Chris Thompson (Chair);

Mr Arthur McFerran (until February 2014)

Mr Frank Hewitt; (from February 2014);

Mr Duncan McCausland (from February 2014 – temporarily withdrew June 2014);

Ms. Marie-Thérèse McGivern (from February 2014); and

Ms Geraldine McAteer (until November 2014).

The Audit Committee met five times in 2014-15. All meetings were quorate.

The Board reviewed the SIB's financial accounts in May 2014 and recommended that they should be adopted by the Board. The Comptroller and Auditor General issued an unqualified audit opinion on the 2013-14 accounts.

The committee took three reports from its internal auditors. The results were as follows:

- Recruitment and Selection: SATISFACTORY level of assurance. Five recommendations identified.



- Communications; SUBSTANTIAL level of assurance. No recommendations.
- Income and Financial Management: SUBSTANTIAL level of assurance. No recommendations.

All recommendations from the internal audit reports were accepted.

The internal auditor's overall assurance rating for 2014-15 was '**SUBSTANTIAL**'.

The committee reviewed risk and the risk register at its meetings. It made recommendations regarding risk ownership and paid particular attention to Procurement Risks and Information Assurance risks.

The committee reviewed all instances of Directly Awarded Contracts (DACs) made during the year and was content that all were managed appropriately.

The Board reviewed and approved the internal audit plan and considered the external audit strategy.

No instances of fraud or suspected fraud were identified during the reporting period.

No investigations were undertaken during the reporting period.

The Board reviewed the implementation of previous audit recommendations and was content.

The Board reviewed the Stewardship Statements submitted by the Chief Executive to OFMDFM and was content.

The committee met the internal and external auditors twice in the absence of the executive. No matters were raised with the executive as a result of these meetings.

The committee noted DAO letters issued during the reporting period. It also considered a number of other relevant reports and papers.

### **6.3.6 Sources of Independent Assurance**

The Department obtains Independent Assurance from the following sources:

- Internal Audit; and
- The Northern Ireland Audit Office.

The primary role of Internal Audit is to provide the Accounting Officer and the Board with an independent and objective opinion on risk management, control and governance, by measuring and evaluating their effectiveness in achieving the organisation's agreed objectives. Internal Audit provides independent assurance by giving an independent opinion on the adequacy and effectiveness SIB's system of internal control to me as Accounting Officer and the Audit Committee.

SIB's internal audit services are provided by ASM, a representative of which attended all SIB Audit Committee meetings.

During the reporting period OFMDFM's internal auditors completed a review of the effectiveness of ASM and its compliance with relevant audit standards. The review concluded that ASM's performance was satisfactory.

I am independently advised by the Head of Internal Audit who operates in accordance with Public Sector Internal Audit Standards (PSIAS). OFMDFM's Head of Internal Audit carried out IA 127/13 – external quality assurance review against Public Sector Internal Audit Standards (PSIAS) in May 2014. The report concluded that SIB's Internal Auditors fully conform to the requirements of PSIAS.

SIB is also subject to independent scrutiny from the Northern Ireland Audit Office. The Audit Office is independent of Government and is tasked by the Assembly to hold the Northern Ireland Departments and their Agencies to account for their use of public money. The Comptroller and Auditor General works closely with the Assembly's Public Accounts Committee which can require Accounting Officers and senior officials to account for their actions in relation to the management of public funds.

A representative from the Northern Ireland Audit Office attends all SIB Audit Committee meetings.

### **6.3.7 Other Board Committees**

The Strategy Committee met twice during the reporting period. Its main work was the instigation of work relating to the development of the Investment Strategy. In fulfilling its remit, the committee oversaw three stakeholder consultation events.

The Remuneration Committee met once during the reporting period. In addition, it considered out of committee, by written procedure, proposals for senior appointments. All such appointments were formally ratified at the following Remuneration Committee meeting. The committee agreed a cost of living pay increase for 2013-14 that, following Ministerial approval, was paid with February 2015 salaries.

The Communications Committee met twice during the reporting period. It agreed to recommend the draft Communications Strategy to the Board and oversaw the development of a new corporate brand.

### **6.3.8 Board Effectiveness**

The evidence presented in the preceding sections provides me with assurance that the Board operates effectively.

### **6.3.9 The Investment Committee**

The Investment Committee is an internal executive management committee. Its purpose is to appraise expenditure proposals, ensuring that the principles of regularity, propriety, probity and value-for-money are achieved and that the proposed investment of resources is consistent with SIB's overall aims and objectives.

The committee's remit includes the consideration of business cases for the employment of staff and Post-Project Evaluations.

All proposals (business cases) for new posts go to the Investment Committee. If the business case is approved and the salary is under £50k then I have delegated authority from the remuneration Committee to approve the resulting appointment. If the business case is approved and the salary is above the delegated authority, then I submit a separate proposal to the Remuneration Committee for its consideration.

The committee consists of the Chief Executive, the Legal Director, Compliance Manager and Finance Manager. A Principal Officer from OFMDFM and the HR Manager

attend as observers. Minutes are prepared after the meeting by the finance team, which record the committee's decisions. These are made available to OFMDFM and the internal and external auditors. A sample of the Business Cases is assessed for their quality and conformance to the prescribed requirements by OFMDFM Economists and by DFP.

The Investment Committee met ten times during the reporting period. It approved eighty-one business cases with a total value of £5,298K. Of these, twenty-five (£3,518k) were cases for the employment of staff and fifty-six (£1,780k) were for external support or direct contributions to departmental projects. One business case was entirely rejected in the period and others were returned to the authors for improvement before re-consideration or withdrawal.

Through its work the committee has provided assurance that SIB adheres to the procurement and appraisal procedures set out in its MSFM, DFP guidance and procurement regulations, and that its budget is used with due regard for probity and value for money.

SIB awarded contracts directly on three occasions during the reporting period. None of these required the approval of the OFMDFM Accounting Officer as they were all within the SIB Accounting Officer delegation. All instances were reported to the SIB Audit Committee.

#### **6.3.10 The Management Statement and Financial Memorandum (MSFM)**

The MSFM is a key control document. The management statement sets out the broad framework within which the SIB will operate, in particular it defines:

- the SIB's overall aim, objectives and targets in support of OFMDFM's wider strategic aims and current Public Service Agreement (PSA);
- 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; and
- how the SIB is to be held to account for its performance.

The associated Financial Memorandum sets out in greater detail certain aspects of the financial provisions which the SIB is required to observe, including delegated financial authorities.

#### **6.3.11 OFMDFM Oversight Arrangements**

Within OFMDFM, the Strategic Investment Unit (SIU) is the sponsoring branch for SIB. SIU, in consultation as necessary with OFMDFM's Director of Equality and Reform and the Departmental Accounting Officer, is the primary source of advice to Ministers on the discharge of their responsibilities in respect of the SIB, and the primary point of contact for the SIB in dealing with the Department. SIU carries out its duties under a senior officer who has as one of his/her primary responsibilities the duty of overseeing the activities of the SIB.

In order to discharge its duties on behalf of the sponsor Department, SIU administers the following oversight controls:

- Quarterly Stewardship Statements; (see below)
- Quarterly Performance Reports; (to a format set out in the MSFM)
- Financial Monitoring Reports; (in a standard format)
- Monthly Stocktake Meetings; (attended by the Chief Executive) and
- Quarterly Accountability and Oversight Meetings; (attended by the Chief Executive and senior SIB staff).

The Quarterly Stewardship statement, prepared under my direction and signed by me as Chief Executive, provides information and assurance in the following areas:

- Business Planning;
- Business cases (including Economic Appraisal, and Post Project Evaluation);
- Consultancy;
- Forecasting & Monitoring of Expenditure;
- Procurement;
- Information Assurance;
- Business Continuity Plans;
- Staff (including attendance, gifts and hospitality);
- Third Party Organisations;
- Internal & External Audit Reports; and
- Other significant issues.

During the reporting period I have submitted Quarterly Stewardship Statements to OFMDFM as requested by the department. These have been considered by the SIB Audit Committee.

I have attended, with senior staff, Quarterly Accountability Meetings with the OFMDFM Accounting Officer or his deputy and senior staff from the Department.

I have attended monthly Stocktake Meetings with senior officials from OFMDFM.

Senior SIB staff and I have operated a 'no surprises' policy in respect of ensuring that officials in the department are aware of all material events, transactions and other issues that could be considered contentious or attract public comment, whether positive or negative.

The MSFM was last reviewed and amended in 2012-13.

### ***6.3.12 The Corporate and Business Plan***

The Corporate and Business Plans are the main planning documents for SIB. The purpose of this Corporate Plan is to set out the medium term objectives for SIB and describe the corporate strategy it will follow to achieve them. The annual Business Plan develops the Corporate Plan by defining in detail SIB's targets for the year ahead, the resources it will employ and the activities it will undertake.

The annual Business Plan defines SIB's business targets for the year ahead. The Business Plan is derived from the three-year Corporate Plan, which sets out SIB's medium term objectives and high-level corporate strategy. Taken together these documents describe the outcomes and the outputs it will deliver using the resources SIB have been allocated.

The Corporate and Business Plans are drafted by the Chief Executive with input from senior staff and key stakeholders. The plan is considered in draft by the SIB Board and OFMDFM. Once approved it is presented to Ministers and the Department of Finance and Personnel.

The Board considered three drafts of the Corporate and Business Plans (including the draft Ministerial Letter of Expectation). All staff had the opportunity to contribute to and comment on the plans. Business Plan objectives were developed in consultation with the relevant staff and with customers (where appropriate). OFMDFM officials also commented on the draft plans and made suggestions for their improvement.

### **6.3.13 The Performance Management Framework**

SIB operates within a performance management framework that is consistent with the government's FABRIC<sup>4</sup> approach. The SIB Performance Management Framework ensures the framework is:

- *Focused* on the core aims and objectives of the organisation;
- that it is *Appropriate*, in that it delivers to stakeholders the information they need;
- *Balanced* because it covers all the organisation's significant areas of work; considers both financial and non-financial data and provides indicators of future as well as past performance;
- Robust, as it can survive changes in personnel and structure of the organisation;
- Integrated, in that the results of the system are monitored and used as part of the business planning and management process; there is consistent performance information at all levels of the organisation and performance measures for individuals and teams are consistent with measures for the organisation; and
- Cost Effective, because the resources put into collecting performance information proportionate to the benefit of the organisation.

I have monitored SIB's performance against the targets set out in its business plan and have reported quarterly on these to the Board and to OFMDFM. I have provided the Board and OFMDFM with reports on the status of supported projects; delivery of business plan objectives; expenditure against plan; resource inputs by project; requests made under the Freedom of Information Act; press reporting of SIB; usage of SIB web sites; Assembly Questions relevant to SIB; absence management; recruitment;

<sup>4</sup> *Choosing the Right FABRIC - A Framework for Performance Information*, HM Treasury et al, March 2001.



communications; legal work and requests for SIB support. Strategic Advisers and Project Managers have provided the Board and OFMDFM with quarterly reports on the progress of their work.

I have satisfied myself as to the quality of data reported to the Board through personal inspection, by reports provided to me from electronic data sources and by assurances provided by senior staff.

I have sought feedback from customers on the performance of SIB staff and have incorporated such feedback into performance appraisals. I have provided customers with the opportunity to comment on the services provided by SIB and have taken such feedback into account in my business planning and my management of day-to-day operations.

#### **6.3.14 Operational Partnership Agreements (OPAs)**

OPAs are important control mechanisms that define the relationship between SIB and its individual customers. The precise terms of the OPA vary between customers, but will always cover the following:

- A clear definition of the work SIB will carry out for the customer;
- The financial relationship (e.g.co-funding) between SIB and the customer organisation, if any;
- Arrangements for SIB obtaining feedback and assessment;
- Arrangements for publicity and communications; and
- Arrangements for Record keeping.

During the reporting period, SIB has agreed or maintained OPAs with all its major customers.

#### **6.3.15 Financial Management**

Responsibility for ensuring that an effective system of internal financial control is maintained and operated rests with me as Accounting Officer. The systems of internal financial control provide reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

Internal financial control is based on a framework of management information, financial regulations and administrative procedures, which include the segregation of duties, management supervision and a system of delegation and accountability.

SIB has established Financial Policies and Procedures that address areas of risk as well as operational efficiency and effectiveness. These documents act as a reference point detailing all Financial Policies and Procedures that have been approved by the SIB Board.

SIB has developed, in consultation with its sponsor Department, a suite of other policies, processes and procedures that cover the full range of its activities. These are available to staff through the SIB intranet. Staff are required to review the key policies

and procedures annually. During the period covered by this report, all staff have certified that they accept and understand these key policies and procedures.

The implementation of SIB financial management process in 2014-15 included:

- The setting of annual Enabling and Operational budgets;
- Monitoring of actual income and expenditure against the annual budget;
- Three in-year monitoring reviews of the budget, reported to OFMDFM;
- Setting and management of expenditure profiles
- Monthly reporting of SIB's financial position to the Board;
- A clearly defined system of expenditure authority delegations;
- Clear processes for the authorisation of expenditure and the payment of invoices; and
- Managing risk in key financial service areas.

#### **6.3.16 Risk Management**

SIB's system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives, it can therefore only provide reasonable and not absolute assurance of effectiveness.

Relevant internal control considerations, including any issues of risk, are taken into account with regard to the achievement of SIB's aims and objectives, and where necessary, are brought to the attention of OFMDFM.

The system of internal control is based on an on-going process designed to:

- determine and document the organisation's risk appetite;
- identify and prioritise the risks to the achievement of SIB's aims and objectives;
- evaluate the likelihood of those risks being realised and the impact should they be realised; and
- manage such risks efficiently, effectively and economically.

SIB's policy is to pursue a structured approach to the management of risk in pursuit of business objectives. This continuous process of integrated activities ensures the potential impact of risks to the achievement of SIB's objectives is managed. SIB's policy is to adopt good practices in the identification, evaluation and cost effective control of risks to ensure that they are eliminated, reduced to an acceptable level or managed and contained; and to embed risk management practices within management and planning activities.

SIB's risk management policy sets out the process whereby SIB methodically identifies, assesses and responds to the risks attaching to its activities. It assigns responsibility and accountability for risk management; defines the processes for risk review and reporting; describes a format for the organisation's corporate risk register and explains the organisation's approach to training in risk management.

To assist in the Risk Management process, SIB has developed and maintained a Risk Register which is scrutinised through reports to the Audit Committee and Board. The Risk Register:

- identifies SIB's high level risks and associated risk appetite; and
- analyses the risks related to the current Business Plan.

The Risk Register identifies the Risk Owner for each of these risks and reinforces the link between risk management and the business planning and execution processes. Senior Staff are required to review the risks attaching to their work on a quarterly basis as part of the Performance Reports; to report to the Departmental Board on any amendments, and review and revise their programme and project Risk Registers as necessary. All new business activities are assessed for key risks and where necessary additional controls are put in place.

The Risk Assessment has the following sections:

- Risk Summary;
- Risk Movement Chart;
- Risk Register;
- Fraud Risk Assessment;
- Bribery Risk Assessment;
- Impact Assessment for Records Management Systems;
- Control Measures for records Management Risks;
- Risk Appetite assessment;
- Harm (Impact) reference Table; and
- Likelihood Reference Table.

I drafted the 2014-15 Corporate Risk Register and it was subject to revision through regular scrutiny by the Audit Committee and Board. Board members had the opportunity to identify and consider any emerging external risks/threats that could affect the SIB's capacity to deliver its Business Plan commitments.



The key risks to SIB that were managed during the reporting period were:

	<b>Risk</b>	<b>Residual Impact (31/3/15)</b>	<b>Residual Likelihood (31/3/15)</b>
1	SIB may not be able to recruit or retain the staff needed to achieve its business objectives.	HIGH	MEDIUM
2	Key stakeholder relationships may break down.	HIGH	MEDIUM
3	SIB may not have the financial resources required to achieve its objectives.	HIGH	HIGH
4	SIB's financial and other controls may not be sufficient to prevent or identify fraud.	HIGH	LOW
5	SIB's information may not be protected or managed adequately.	MEDIUM	LOW
6	SIB may have inadequate or inappropriate procurement processes.	MEDIUM	LOW
7	One or more SIB supported projects may fail as a result of inadequate management of operational risk.	HIGH	MEDIUM
8	SIB may not be able to support Departments to make best use of FTC.	LOW	MEDIUM
9	Major projects may fail because of a lack of political consensus.	HIGH	HIGH
10	SIB's performance may be adversely affected by the transfer of departmental sponsorship from OFMDFM to a new Department for Infrastructure.	HIGH	MEDIUM

One new risk (risk 10) arose during the reporting period and the likelihood and impact assessments of others changed.

SIB has identified the following vulnerabilities 'on the horizon' that may occasion additional risk in the coming reporting period:

<b>Vulnerability</b>	<b>Significance</b>
The improving economic outlook may lead to construction cost inflation.	The costs of major projects may be underestimated or become unaffordable.
The improving economic outlook may make it more difficult to recruit and retain staff.	SIB depends on key individuals, the loss of whom would seriously impact on its ability to achieve its business objectives.  The market salaries of staff may increase; thus increasing the costs of the organisation.  The impacts of the limitations of current pay policy may become more acute.
The approaching period of local, national and European elections may make it more difficult to achieve the political consensus required to deliver projects successfully.	Without such consensus, key projects may stall; which will increase delay and costs.
The reform of the Civil Service may, in the short term, disrupt the work of partner organisations.	The work of Programme and Project teams may be adversely affected.

In the course of the previous reporting period, the Executive provided the committee with a report setting out the sources of risk assurance. In my opinion there have been no material changes that required this report to be re-considered.

No 'Ministerial Directions' have been issued to SIB.

There have been no major lapses of protective or information security. However, SIB staff reported the loss of three 'Ironkey' devices and one 'Blackberry' phone. Though regrettable, these losses did not lead to the compromise of any protectively marked information.

#### **6.3.17 Fraud and Counter-Fraud**

SIB's Policy and Procedures on Fraud, (Including the SIB Whistle-blowing Policy and Guidance on Conflicts of Interest) sets out the responsibilities of staff with regard to fraud prevention, what staff should do if they suspect fraud and the action that will be taken by management in such circumstances (the SIB Fraud Response Plan).

No instances of fraud have been identified during the reporting period.

### **6.3.18 Whistleblowing**

The SIB Whistle-blowing Policy provides staff with a procedure for reporting concerns about unlawful conduct, fraud, dangers to the public or the environment, or other malpractice. The aim of this policy is to reassure them that they can feel confident in exposing wrongdoing without any risk to themselves.

No concerns were expressed during the reporting period that could be classified as 'whistle-blowing'. In April 2015 NIAO received correspondence from a whistle blower relating to SIB. SIB have subsequently responded to NIAO on the allegations in a suffice manner.

## **6.4 Significant Governance Issues**

No governance matters arising in prior years are still considered to represent internal governance issues for 2014-15.

There were no significant issues arising during 2014-15 in respect of Corporate Governance.

## **6.5 Conformance with Code of Conduct**

SIB, like other public bodies, has a duty to conduct affairs in a responsible and transparent way, and to take into account the standards in public life set out by the Nolan Committee and "Corporate Governance Code of Good Practice NI".

SIB is not a Central Government Department and cannot, therefore, comply with those parts of the code that are only applicable to such Departments. However, SIB's corporate governance arrangements have been established in such a way as to conform broadly to these standards. Except where noted below, and throughout the year ended 31 March 2015, SIB has complied with all relevant Code provisions.

Following the principle of 'Comply or Report', the following paragraph describes where SIB has substituted alternative governance measures for provisions in the Code of Good Practice:

- SIB does not have a Board Operating Framework (Para 2.8 of the Code). Instead, it has Board Terms of Reference and a Board Code of Conduct, which fulfil the same purpose.

## **6.6 Review of Governance Effectiveness**

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal governance. My review of the effectiveness of the system of internal governance is informed by the work of the Internal Auditors and senior staff within the organisation, who have responsibility for the development and maintenance of the internal control framework. I also consider the comments made by the NIAO in its management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal governance, by the SIB Board and by the Audit Committee.

SIB has a rigorous system of accountability on which I rely, as Accounting Officer, to form an opinion on the probity and use of public funds, as detailed in Managing Public Money NI.

Having considered the operation of its governance framework, I am content that SIB has operated a sound system of internal governance during the period 2014-15.



.....

**Brett Hannam**

**Chief Executive & Accounting Officer**

**Strategic Investment Board Ltd**

**9<sup>th</sup> June 2015**

## **Strategic Investment Board Limited 2014-15**

### **THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE MEMBERS OF THE STRATEGIC INVESTMENT BOARD LIMITED**

I certify that I have audited the financial statements of the Strategic Investment Board Limited for the year ended 31 March 2015 under the Companies (Public Sector Audit) Order (Northern Ireland) 2013. These comprise the Statement of Comprehensive Expenditure, Statement of Financial Position, Statement of Cash Flows and the related notes. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Companies (Public Sector Audit) Order (Northern Ireland) 2013. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Review to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

#### **Opinion on regularity**

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## **Opinion on financial statements**

In my opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2015 and of its surplus, cash flows and changes in equity for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the Companies Act 2006.

## **Opinion on other matters**

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Government Financial Reporting Manual; and
- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Matters on which I report by exception**

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with Department of Finance and Personnel's guidance.

## **Report**

I have no observations to make on these financial statements.

  
KJ Donnelly  
Comptroller and Auditor General  
Northern Ireland Audit Office  
106 University Street  
Belfast  
BT7 1EU

18 June 2015

## 8 Statement of Comprehensive Net Expenditure for the Year Ended 31 March 2015

		Year ended 31-Mar 2015	Year ended 31-Mar 2014
		£	£
	<b>Note</b>		
<b>OPERATING INCOME - Grant in aid</b>	<b>2</b>	7,386,101	6,426,390
- Income from activities	2	3,790,054	1,882,122
<b>NON OPERATING INCOME - Grant in Aid (FTC activities)</b>	<b>2</b>	<u>48,475,000</u>	<u>25,000,000</u>
		<u>59,651,155</u>	<u>33,308,512</u>
<b>OPERATING EXPENDITURE</b>			
Staff costs (including employee benefits)	4	7,953,649	6,467,479
Enabling expenditure	6	2,480,130	1,079,321
Other operating charges	5	737,679	758,510
Depreciation - Property, Plant and Equipment	9	4,327	3,202
Amortisation - Intangible Assets	9	370	0
<b>NON OPERATING EXPENDITURE</b>			
FTC Loan Impairment	10	<u>9,326,479</u>	<u>5,460,000</u>
<b>TOTAL EXPENDITURE</b>		<u>20,502,634</u>	<u>13,768,512</u>
<b>NET SURPLUS (Non Operating) FOR THE YEAR</b>		39,148,521	19,540,000
<b>AMOUNT TRANSFERRED TO RESERVES</b>		<u>39,148,521</u>	<u>19,540,000</u>

There are no recognised gains or losses for the current period other than as stated above. Accordingly, no statement of changes in equity is given.

Notes 1 to 22 on pages 47 to 66 form part of these financial statements.



## 9 Statement of Financial Position as at 31 March 2015

	Note	As at 31-Mar 2015 £	As at 31-Mar 2014 £
<b>Non-current assets</b>			
Property, plant and equipment	9a	7,108	8,998
Intangible Assets	9b	41,162	0
Financial Assets (Investments)	10	58,688,521	19,540,000
<b>Current assets</b>			
Trade and other receivables	11	1,894,062	326,351
Cash and cash equivalents	12	64,402	709,028
<b>Total current assets</b>		<b>1,958,464</b>	<b>1,035,379</b>
<b>Total Assets</b>		<b>60,695,255</b>	<b>20,584,377</b>
<b>Current liabilities</b>			
Trade and other payables	13	(2,006,734)	(1,044,377)
<b>Non current assets less net current liabilities</b>		<b>58,688,521</b>	<b>19,540,000</b>
<b>Non-current liabilities</b>		<b>0</b>	<b>0</b>
<b>Assets less liabilities</b>		<b>58,688,521</b>	<b>19,540,000</b>
<b>Reserves</b>			
General reserve (Income and Expenditure account)	19	58,688,521	19,540,000
<b>Total</b>		<b>58,688,521</b>	<b>19,540,000</b>

In the view of the Board an exemption from the audit requirements of Part 16 of the Companies Act 2006 is available under section 482 of that Act, since the company meets the Department of Finance and Personnel's definition of a non-profit-making company and is subject to a public sector audit under the Companies (Public Sector Audit) (Northern Ireland) Order 2013, being an order issued under Article 5(3) of the Audit and Accountability (Northern Ireland) Order 2003. The Board therefore claims this exemption.

The accounts are subject to audit by the Comptroller and Auditor General for Northern Ireland by virtue of an order under Article 5(3) of the Audit and Accountability (Northern Ireland) Order 2003 (S.I. 2003/418N.I.5)).

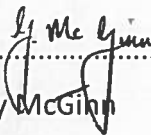
## 10 Statement of Financial Position Continued

The members have not required SIB (Company Registration No. NI 45710) to obtain an audit of its accounts for the year ended 31st March 2015, in accordance with section 476 of the Companies' Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and preparation of accounts.

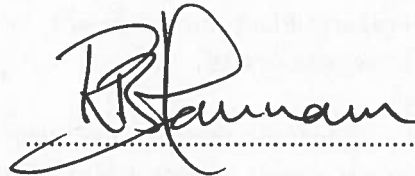
The Financial Statements on pages 43-66 were approved on 9th June 2015 by the SIB Board of Directors.

Signed on behalf of the board of directors by:

  
.....

Gerry McGinn

Chairman

  
.....

Brett Hannam

Chief Executive

Date: 9<sup>th</sup> June 2015

Notes 1 to 22, on pages 47 to 66, form part of these financial statements.

## 11 Statement of Cash Flow for the Year Ended 31 March 2015

	Year ended 31-Mar 2015 £	Year ended 31-Mar 2014 £
	<b>Note</b>	
<b>Cash flows from operating activities</b>	<b>18</b>	
Deficit for the year	0	0
Depreciation - Property, Plant and Equipment	4,327	3,202
Depreciation - Intangible Assets	370	0
Loss on disposal	0	0
Increase/ (Decrease) in trade and other payables	962,357	(155,356)
(Increase)/ Decrease in trade and other receivables	(1,567,711)	316,881
<b>Net cash flow from operating activities</b>	<b>(600,657)</b>	<b>164,727</b>
<b>Cash flows from investing activities</b>		
Purchase of Property, Plant and Equipment	(2,438)	(3,727)
Purchase of Intangible Assets	(41,532)	0
Financial Asset Investment (FTC)	(48,475,000)	(25,000,000)
Impairment Reserve	9,326,479	5,460,000
Non- Operating Surplus	39,148,521	19,540,000
<b>Net cash flow from investing activities</b>	<b>(43,970)</b>	<b>(3,727)</b>
<b>Cash flows from financing activities</b>	<b>0</b>	<b>0</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(644,626)</b>	<b>161,000</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>709,028</b>	<b>548,028</b>
<b>Cash and cash equivalents at end of the period</b>	<b>64,402</b>	<b>709,028</b>

## 12 Notes to the Financial Statements for the Year Ended 31 March 2015

### 1. Accounting Policies

#### General

These financial statements have been prepared in accordance with the accounting and disclosure requirements of the Companies Act 2006, without limiting the information given. In addition the accounts comply with the accounting and disclosure requirements contained in the Government Financial Report Manual (FReM) which applies International Financial Reporting Standards (IFRSs) as adapted or interpreted for the public sector context with the exception of the treatment of Grant-in-Aid.

FReM requires Non-Departmental Public Bodies to regard Grant in Aid received as contributions from controlling parties giving rise to a financial interest in the residual interest of the body, and hence accounted for as financing, i.e. by crediting them to the income and expenditure reserve.

The disclosure requirements in relation to this are set out in Note 21 to these accounts. The particular accounting policies adopted are described below.

#### Convention

These financial statements have been prepared in accordance with the historical cost convention.

#### Going Concern

The Financial Statements have been prepared on the assumption that SIB is a going concern basis and will continue in operation for the foreseeable future.

#### Income

Income represents grants receivable to enable Strategic Investment Board Limited (SIB) to discharge its duties, powers and function under the Strategic Investment and Regeneration of Sites (Northern Ireland) 2003 Order.

#### Other operating income

Other operating income relates to the recovery of project related costs from other Government entities.

#### Fixed assets and depreciation

- a) The cost of fixed assets comprises purchase price and any installation charges. The current capitalisation threshold is £1,000.
- b) Depreciation is calculated to write off the cost of assets, less estimated residual value over their useful lives. The method adopted and rate used is -33.33% straight line.

### **Intangible Assets**

Expenditure on intangible assets which includes information technology, software licences, websites and the associated costs of implementation is capitalised where the cost is £1,000 or more. Intangible assets are amortised over the shorter of the term of the license and the useful economic life.

### **Employee Benefits and Pensions**

Under the requirements of IAS 19: 'Employee Benefits,' staff costs must be recorded as an expense as soon as the organisation is obliged to pay them. This includes the cost of any untaken leave at the year end. This cost has been calculated using the untaken leave per staff member and applying this to their annual salary to calculate the leave balance as at 31<sup>st</sup> March 2015.

Seconded staff members remain members of their respective pension schemes. The company makes pension contributions at a rate of 10% to approved schemes as chosen by the employees. The cost of contributions for providing pensions for employees is charged to the statement of comprehensive net expenditure account as they are earned, in accordance with IAS 19 'Employee Benefits'.

### **Value Added Tax**

SIB is VAT registered in relation to its vatable activity. VAT is accounted for in accordance with Statement of Standard Accounting Practice (SSAP) 5, in that amounts are shown net of VAT except where irrecoverable VAT is charged to the income and expenditure and included under the heading relevant to the type of expenditure. The FRM retains the SSAP 5 guidance in relation to VAT.

### **Taxation**

Current tax, including UK Corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the financial statement date, this is in accordance with IAS 12 'Income taxes'.

### **Operating Segments**

SIB has identified only one operating segment under IFRS 8 and has prepared the accounts accordingly.

### **Loans and receivables**

Loans and receivables are initially recognised at fair value plus directly related transaction costs. They are subsequently measured at amortised cost using the effective interest method less any impairment losses.

At each year-end, the future discounted cash flows are re-estimated, resulting in a change in carrying amount of the asset. The required adjustment is recognised in Net Expenditure.

### **Financial assets carried at amortised cost**

If there is objective evidence that an impairment loss on a financial asset classified as loans and receivables has been incurred, SIB measures the amount of the loss as

the difference between the carrying amount of the asset and the present value of estimated future cash flows from the asset discounted at the effective interest rate of the instrument at initial recognition.

Impairment losses are recognised in Net Expenditure and the carrying amount of the financial asset or group of financial assets is reduced by establishing an allowance for impairment losses. If, in a subsequent period, the amount of the impairment loss reduces and the reduction can be ascribed to an event after the impairment was recognised, the previously recognised loss is reversed by adjusting the allowance. Once an impairment loss has been recognised on a financial asset or group of financial assets, interest income is recognised on the carrying amount using the rate of interest at which estimated future cash flows were discounted in measuring impairment.

### **Changes in Accounting Policy and Disclosure**

The following additional or revised accounting standards and new (or amendments to) interpretations are contained within the Government Financial Reporting Manual (FReM) 2014-15.

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IAS 27 Separate Financial Statements
- IAS 28 Investments in Associates and Joint Ventures

SIB considers that these changes have no impact on its operations.

In addition to the requirements of the Companies Act (see paragraph 5.4.4), this section details adaptations and interpretations of the following accounting standards that provide guidance on the formats of, and disclosures in, financial statements:

### **Accounting standards, interpretations and amendments to published standards not yet effective**

SIB has reviewed the following additional or revised accounting standards and new (or amendments to) interpretations contained within the Government Financial Reporting Manual (FReM) 2015-16.

- IFRS 13 Fair Value Measurement
- IAS 17 Replacement Leases
- IAS 18 Revenue Recognition and Liabilities Recognition.

The changes will be mandatory for accounting periods beginning on or after 1 April 2015 or later periods, but which SIB has not adopted early. SIB considers that these changes are not relevant to or will have minimal impact on its operations.

In addition, certain new standards, interpretations and amendments to existing standards have been drafted but not yet issued and will come into effect in



accounting periods beginning on or after 1 April 2016. It is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

## 2. Income

	Year ended 31-Mar 2015 £	Year ended 31-Mar 2014 £
This comprises:		
Grant in Aid receivable (OFMDFM)	7,379,555	6,408,638
Grant in Aid receivable (DSD)	<u>6,546</u>	<u>17,752</u>
Total revenue grants receivable	<u>7,386,101</u>	<u>6,426,390</u>
Grant in Aid re FTC Loan funds	48,475,000	25,000,000
Total Grant in Aid received	<u>55,861,101</u>	<u>31,426,390</u>

SIB recovers a proportion of the costs incurred in respect of work performed on behalf of other Government Departments. The actual cost recovery was calculated as follows:

	Year ended 31-Mar 2015 £	Year ended 31-Mar 2014 £
Trading Income	3,790,054	1,882,122
Expenditure	<u>(3,790,054)</u>	<u>(1,882,122)</u>
	<u>0</u>	<u>0</u>

FTC loan funds of £48,475,000 were received from OFMDFM in 2014-15 (2013-14: £25,000,000), and immediately transferred to University of Ulster as part of a loan agreement under the direction of DFP and DEL.

### 3. Net Deficit from Operations

	Year ended 31-Mar 2015 £	Year ended 31-Mar 2014 £
The net deficit from operations is stated after charging:		
Property rent & costs	207,764	193,709
Depreciation - Property, Plant and Equipment	4,327	3,202
Amortisation - Intangible Assets	370	0
Loss on disposal of fixed assets	0	0
Auditors' remuneration - audit services	<u>9,612</u>	<u>13,620</u>

### 4. Employees and Staff costs

The average number of employees (full time equivalents), excluding Non Executive Directors, in the company is made up as follows:

	Year ended 31-Mar 2015	Year ended 31-Mar 2014
Staff	37	43
Staff recharged to other departments	42	26
Seconded staff*	<u>2</u>	<u>4</u>
Total	<u>81</u>	<u>73</u>
Permanent	31	29
Temporary contracts	50	44

\* Staff seconded to SIB from the Civil Service or private sector organisations.

Staff per salary scales are detailed in the table below.

		Year ended 31-Mar 2015	Year ended 31-Mar 2014
	<b>Pay Scale</b>	<b>No of Staff</b>	<b>No of Staff</b>
Administrators	£15k- 30k	15	14
Assistant Advisors/ Administration Managers	£30k- 60k	14	15
Strategic & Project Managers	£60k-125k	49	41
Senior Management	£125k-150k	<u>3</u>	<u>3</u>
		<u>81</u>	<u>73</u>

***Employees (Cost)***

	Year ended 31-Mar	Year ended 31-Mar
	2015	2014
	£	£
The costs incurred in respect of these employees were:		
Wages and salaries (increased by employee benefits)	3,638,607	3,061,119
Wages and salaries recharged to other departments	2,569,230	1,882,122
Social security costs	744,525	583,468
Health Insurance	345,389	244,965
Other pension costs	<u>573,363</u>	<u>501,586</u>
Total staff cost	7,871,114	6,273,260
Seconded staff *	82,535	194,219
Total employment cost	<u>7,953,649</u>	<u>6,467,479</u>

\* Staff seconded to SIB from the Civil Service or private sector organisations.

Fees paid to third party organisations for services of seconded staff include management charges, employment costs, social security costs, pension costs and VAT.

No provision is required for equal pay claims in SIB accounts.

## 5. Other Operating Charges

		Year ended 31-Mar 2015 £	Year ended 31-Mar 2014 £
Office Accommodation	(i)	207,764	193,709
Telephones and postage		42,645	44,378
Computer consumables		4,020	5,852
Stationery		6,932	7,240
Recruitment costs	(ii)	16,985	140,985
Travel, accommodation and subsistence		105,389	101,962
IT Costs	(iii)	115,980	38,957
Training & Conferences	(iv)	82,990	48,833
Hospitality		7,434	6,619
Misc Operational Costs		29,200	25,479
Communication		22,334	29,451
Fees		17,836	41,773
Director Costs		73,820	72,522
Equality Support		4,350	750
		<u>737,679</u>	<u>758,510</u>

- (i) In 2014-15 SIB was charged rent and rates by DFP totaling £116,037. In 2013-14 SIB was located in Clare House until September 2013 and Carleton House thereafter.
- (ii) SIB recruitment costs are significantly lower in 2014-15 due to the use of on-line recruitment advertising. (In 2013-14 £55,175 was recharged to other Departments in relation to staff secondees hired for project specific roles. £2,604 in 2014-15).
- (iii) IT Assist introduced a new recharge policy for the use of laptops and PCs. SIB was charged £115,200 in 2014-15.
- (iv) 263 days were spent on training and development activities, an average of 3.24 per full time employee (2014: 140 days, 1.92 per full time employee).

## 6. Sources and Application of Funds

SOURCE OF FUNDS	Note	Year ended	Year ended
		2015	2014
		£	£
OFMDFM Grant in Aid	2	7,379,555	6,408,638
DSD Grant in Aid	2	6,546	17,752
DFP		1,311,995	7,472
DE		226,877	161,795
NIPS		209,064	162,472
NIHE		201,960	87,528
BCC		199,118	206,358
DRD		193,175	160,076
DSD		184,673	17,743
PSNI		179,806	126,844
ESA		148,792	123,221
Forest service		138,548	46,804
MLK		135,704	346,316
DETI		109,246	67,333
NIEA		99,194	25,192
DCAL		97,935	50,093
FSNI		89,116	63,888
DEL		62,017	-
Coleraine BC		53,675	5,774
ILEX		40,787	5,394
OFMDFM		34,506	9,203
Invest NI		19,409	60,000
DARD		17,154	-
Newry & Mourne district council		13,676	-
Canada Life		8,374	8,691
DoE		8,000	61,933
Victim & Survivors Service		2,592	-
Libraries NI		2,066	-
Arts Council		1,313	-
Other		1,282	740
WPFG		-	63,244
AFBI		-	7,445
NWRWVG		-	6,563
		<b>11,176,155</b>	<b>8,308,512</b>

	Year ended 2015 £	Year ended 2014 £
<b>APPLICATION OF FUNDS</b>		
Staff Costs (see note 4)	7,953,649	6,467,479
Other operating charges (see note 5)	737,679	758,510
Other		
<i>Enabling Expenditure by project</i>		
Asset Management Unit	1,584,134	285,225
Primary Care Program	364,154	344,325
ISNI 2	164,246	97,873
Eastside	92,222	-
Craigavon House	50,000	-
Lisanelly	45,946	34,403
OFMDFM DSC	42,488	2,362
Toolkit Development	31,070	1,775
Sirocco	29,640	-
HEaT	18,910	119,262
Colin Town Centre	15,298	37,079
Coleraine Enterprise Zone	13,980	-
Belfast Media Hub	10,200	-
RUC GC Foundation	8,960	-
Desercreat Training College	7,691	29,288
DSD Housing Programme	1,191	8,104
Belfast Transport Hub	-	32,500
Enniskillen Community Campus	-	22,017
Titanic Quarter Signature Proj	-	18,771
Poultry Litter SBRI	-	18,716
PSNI Decision support system	-	9,770
DSD/ UU housing study	-	8,000
Sally Gardens Regeneration	-	4,389
AMU BRG Work	-	3,085
Strategic Procurement review	-	2,400
Hollywood Arches Urban Design	-	-23
Total Enabling Expenditure	<u>2,480,130</u>	<u>1,079,321</u>
<b>Total Expenditure (excl Depreciation)</b>	<b><u>11,171,458</u></b>	<b><u>8,305,310</u></b>
Depreciation	4,697	3,202
Net deficit (surplus) for the year	0	0

### ***Enabling Expenditure***

This expenditure on enabling costs is principally undertaken in respect of SIB supported projects, and includes VAT and in some cases subcontractor costs.

The table below lists all suppliers in excess of £100,000 unless separately disclosed for comparative purposes:



ENABLING SPEND- Suppliers	No of Projects	Year Ended	No of Projects	Year Ended
	2015	2015	2014	2014
		£		£
Lambert Smith Hampton	1	1,241,772	-	-
KPMG	1	364,153	2	348,714
BTW Sheills	1	1,800	3	114,189
<b>Total Suppliers Over 100k</b>		<b>1,607,725</b>		<b>462,903</b>
Suppliers Under £100k		872,405		608,418
Direct Dept Funding		-		8,000
Project Staffing related costs		-		-
<b>Total Enabling Spend</b>		<b>2,480,130</b>		<b>1,079,321</b>

The expenditure in relation to Government bodies listed above comprises recharges from those bodies in relation to projects supported by SIB.

Of the project spend detailed in note six above, a total of £607,071 was declared as consultancy costs. This was categorised by the consultancy definitions set out in DFP guidance (See Table 1 below).

Table 1: Use of Consultancy

	Year Ended	Year Ended
	2015	2014
Financial	122,039	18,536
Legal	-	-
Marketing	25,894	-
Strategic	343,521	344,325
Technical	115,617	149,024
<b>Total</b>	<b>607,071</b>	<b>511,885</b>

## 7. Related Party Transactions

OFMDFM is regarded as a related party. During the year SIB received grant in aid for normal activities and for the FTC loan arrangement. OFMDFM are also a shareholder in Ilex Urban Regeneration Corporation and Maze Long Kesh Development Corporation to whom SIB provided staff during the year.

### *Transactions Involving Directors and Related Parties to SIB*

Due to the nature of SIB's operations and the composition of its Board, it is inevitable that there will be relationships or transactions with companies and organisations in which Board members may have a beneficial or non beneficial interest or with which they have a relationship. A beneficial interest is when the

Board member is either, directly or through a family connection, a material shareholder or receives remuneration (including expenses) from the entity.

The following table lists the related party relationships involving SIB, and any Board Members interests during the year ended 31<sup>st</sup> March 2015.

Board Member	Related Party to SIB	Nature of Relationship with SIB	Board Member's Interest	Financial Reward from Related Party (if any)
G McGinn	Invest Northern Ireland	SIB is providing technical project support to Invest NI. Invest NI provides funding to the projects.	Board Member	Remuneration
G McGinn	Deloitte	SIB may contract work to Deloitte in relation to projects.	A family member works for Deloitte	NA
B Hannam	Armagh Observatory and Planetarium	SIB provides advice to DCAL and AOP	Member is a on the Management Board of AOP.	None
F Hewitt	Northern Ireland Transport Holding Company	SIB provides support to Translink on various projects.	The member is a Non-executive director of NITHCO	Remuneration
F Hewitt	NI Science Park	SIB has provided advice in respect of NISP.	Member was the Chairman of NISP but left the Board on 30-Jun-14	Remuneration
G McAteer	West Belfast Partnership Board	SIB has provided advice to WBPB	Member was Chief Executive Officer of WBPB	Remuneration
D McCausland	Maze Long Kesh Development Corporation	SIB provides support to the MLK Development Corporation	Member is a Non-executive director of the MLK Development Corporation	Remuneration
D McCausland	Tourist Board	SIB has provided support to the NITB on various projects.	Member is a Non-executive director of NITB.	Remuneration
D McCausland	G4S (NI)	G4S (NI) has a contract for the supply of security services to NICS, which includes Maze/Longkesh.	Member is an employed associate of G4S(NI)	Remuneration
D McCausland	PwC	SIB has awarded contracts to PWC	Member is an employed associate of PWC.	Remuneration

Board Member	Related Party to SIB	Nature of Relationship with SIB	Board Member's Interest	Financial Reward from Related Party (if any)
A F McFerran	NI Science Park	SIB has provided advice in respect of NISP.	Member is a Non-executive director of NISP Trust Foundation.	None
M T McGivern	Titanic Foundation	SIB has provided support and advice to Titanic Foundation.	Member is a Non-executive director of Titanic Foundation.	None
C Thompson	G4S (NI)	G4S (NI) has a contract for the supply of security services to NICS, which includes Maze/Longkesh and Carleton House occupied by SIB.	Member is an employed associate of G4S(NI)	Remuneration

SIB maintains a register of the interests for the members of the Board of Directors that is published on the SIB website, [www.sibni.org](http://www.sibni.org), and is also available upon request to the Company Secretary.

## 8. Taxation

HM Revenue & Customs has determined that SIB is a taxable entity but not all of the income will be taxable. In the year ended 31 March 2015, no provision for tax has been made as there has been no assessable income arising (period ended 31 March 2014: £nil).

### 9 a) Property, Plant and Equipment

	Year ended 2015 £	Year ended 2014 £
<b>Cost:</b>		
At 1 April 2014	12,970	9,243
Additions in year	2,438	3,727
Disposals	<u>0</u>	<u>0</u>
At 31 March 2015	<u>15,408</u>	<u>12,970</u>
<b>Accumulated Depreciation:</b>		
At 1 April 2014	3,972	770
Charge in year	4,327	3,202
Disposals	<u>0</u>	<u>0</u>
At 31 March 2015	<u>8,299</u>	<u>3,972</u>
<b>Net book value:</b>		
At 31 March 2015	<u>7,108</u>	<u>8,998</u>

### 9 b) Intangible Assets

2014-15	IT £	Software licenses £	Websites £	Total £
<b>Cost:</b>				
At 1 April 2014	0	0	0	0
Additions in year	9,998	3,310	28,224	41,532
Disposals	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
At 31 March 2015	<u>9,998</u>	<u>3,310</u>	<u>28,224</u>	<u>41,532</u>
<b>Accumulated Amortisation:</b>				
At 1 April 2014	0	0	0	0
Charge in year	46	15	309	370
Disposals	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
At 31 March 2015	<u>46</u>	<u>15</u>	<u>309</u>	<u>370</u>
<b>Carrying amount at 31 March 2015</b>	<u>9,952</u>	<u>3,295</u>	<u>27,915</u>	<u>41,162</u>
<b>Carrying amount at 31 March 2014</b>	0	0	0	0

## 10. Financial Assets

	Year ended 2015 £	Year ended 2014 £
	Financial Transaction <i>University of Ulster*</i>	Financial Transaction <i>University of Ulster*</i>
<b>Gross Amount:</b>		
Balance as at 1 April 2014	25,000,000	0
Additions	48,475,000	25,000,000
Interest Charged	0	0
Loan Repayment - Principal	0	0
Loan Repayment- Interest	0	0
<b>As at 31 March 2015</b>	<b><u>73,475,000</u></b>	<b><u>25,000,000</u></b>
<b>Provision:</b>		
Opening Impairment provision at 1 April 2014	(5,460,000)	0
Movement in year	(9,326,479)	(5,460,000)
<b>At 31st March 2015</b>	<b><u>(14,786,479)</u></b>	<b><u>(5,460,000)</u></b>
<b>Closing Balance as at 31st March 2015</b>	<b><u>58,688,521</u></b>	<b><u>19,540,000</u></b>

\*SIB facilitated the transfer of funds between DFP (via OFMDFM) and University of Ulster for a Financial Transactions Capital loan agreement, at the request of Ministers. It is a 25 year interest free loan agreement. Funding for the £48.475m loan was received from OFMDFM and has been recorded at amortised cost at an effective interest rate of 2.2%.

## 11. Trade and Other Receivables

	Year ended 31-Mar-15	Year ended 31-Mar-14
	£	£
Trade Receivables	1,059,674	195,219
Prepayments and Accrued Income	834,388	131,132
	<u>1,894,062</u>	<u>326,351</u>

### Analysed between amounts due from:

	Year ended 31-Mar-15	Year ended 31-Mar-14
	£	£
Central government bodies	1,470,437	190,077
Local Government	65,299	57,649
NHS Bodies	0	0
Bodies external to government	358,326	78,625
	<u>1,894,062</u>	<u>326,351</u>

## 12. Cash and Cash Equivalents

	Year ended 31-Mar-15	Year ended 31-Mar-14
	£	£
Balance as at 1 April:	709,028	548,028
Net Changes in cash and cash equivalent balances	(644,626)	161,000
Balance as at 31 March	<u>64,402</u>	<u>709,028</u>

The above balances comprise balances at commercial banks and cash in hand.

## 13. Trade and Other Payables

	Year ended 31-Mar-15	Year ended 31-Mar-14
	£	£
Included in liabilities falling due within one year are:		
Trade Payables	138,479	368,888
Accruals	1,121,205	401,716
Employee benefits (Note 14)	203,750	157,706
Deferred Income (Grant in Aid)	384,789	19,171
Value Added Tax	158,511	96,896
	<u>2,006,734</u>	<u>1,044,377</u>



### Analysed between amounts owed to:

#### Analysed between amounts owed to:

	Year ended 31-Mar-15	Year ended 31-Mar-14
	£	£
Central government bodies	555,918	351,865
Local authorities	0	0
Public Corporations	10,650	46,120
NHS bodies	0	0
Bodies external to government	1,236,416	488,686
Employee benefits	203,750	157,706
	<u>2,006,734</u>	<u>1,044,377</u>

### 14. Employee Benefits

SIB has recognised the cost of providing employee benefits in the period in which the benefit was earned by the employee, rather than when it is paid or payable. Short term benefits are recorded as an expense in the period in which the employee renders the service. For SIB, this expense relates solely to the cost of any untaken annual leave at the year end. This policy has been adopted in accordance with IAS 19 'Employee benefits' (2015: £203,750, 2014: £157,706).

### 15. Contingencies and Commitments

There were no contingencies or capital commitments at the year-end. SIB is committed to supporting various projects which are on-going at year end. SIB is dependent on funding from Departments to meet its commitments.

### 16. Guarantee

The members of the company undertake to contribute to the assets of the company in the event of the same being wound up while such party is a member, or within one year after such party ceases to be a member, for payment of the debts and liabilities of the company contracted before such party ceases to be a member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of its contributories among themselves, such amount as may be required not exceeding one pound.

### 17. Deferred Income

	Year ended 31-Mar-15	Year ended 31-Mar-14
	£	£
At 1 April 2014	(19,171)	(2,166)
Capital grant received in year	0	0
Deferred Income	(384,789)	(19,171)
Released to Statement of Comprehensive Net Expenditure	19,171	2,166
<b>At 31 March 2015</b>	<u>(384,789)</u>	<u>(19,171)</u>

## 18. Notes to the Cash Flow Statement

	Year ended 31-Mar 2015 £	Year ended 31-Mar 2014 £
<b>Operating Activities</b>		
Deficit for the year	0	0
Depreciation - Property, Plant and Equipment	4,327	3,202
Depreciation - Intangible Assets	370	0
Loss on disposal	0	0
(Decrease)/Increase in trade and other payables	962,357	(155,356)
Decrease/ (Increase) in trade and other receivables	(1,567,711)	316,881
<b>Net cash inflow/ (outflow) from operating activities</b>	<u>(600,657)</u>	<u>164,727</u>
<b>Cash flows from investing activities</b>		
Purchase of Property, Plant and Equipment	(2,438)	(3,727)
Purchase of Intangible Assets	(41,532)	0
Financial Investment (FTC)	(48,475,000)	(25,000,000)
Impairment Reserve	9,326,479	5,460,000
Surplus from Investing Activities	39,148,521	19,540,000
<b>Net cash inflow/ (outflow) from Investing activities</b>	<u>(43,970)</u>	<u>(3,727)</u>
<b>Cash flows from financing activities</b>	0	0
<b>Increase (decrease) in cash and cash equivalents</b>	<u>(644,627)</u>	<u>161,000</u>

(ii) Reconciliation of net cash flow to movement in net funds:

	Year ended 31-Mar 2015 £	Year ended 31-Mar 2014 £
Increase (decrease) in cash and cash equivalents	(644,626)	161,000
Cash and cash equivalents at the beginning of the period (1 April 2014)	<u>709,028</u>	<u>548,028</u>
	<u>64,402</u>	<u>709,028</u>

## 19. Reserves

The movement on the income and expenditure reserve in the year comprised:

	Year ended 31-Mar 2015 £	Year ended 31-Mar 2014 £
Balance at 1 April 2014	19,540,000	0
Net Surplus for the year	39,148,521	19,540,000
<b>Balance at 31 March 2015</b>	<u>58,688,521</u>	<u>19,540,000</u>

## 20. Financial Instruments

IFRS 7 'Financial Instruments: Disclosures' requires disclosure that enables evaluation of the significance of financial instruments for SIB's financial position and performance, the nature and extent of risks arising from financial instruments which SIB is exposed to during the period and at the reporting date, and how SIB manages those risks. As a result of the non-trading nature of its activities and the way in which SIB is financed, SIB is not exposed to the degree of financial risk faced by business entities. The carrying value of trade and other receivables, bank, trade and other payables (including accruals) as disclosed in the notes to the accounts, approximates to fair value because of their short maturities. No other disclosures are relevant to SIB's activities.

## 21. Additional Disclosures to Comply With FReM

FReM requires non-Departmental public bodies to regard Grant in Aid received as contributions from controlling parties giving rise to a financial interest in the residual interest of the body, and hence accounted for as financing, i.e. by crediting them to the income and expenditure reserve.

If SIB were to comply with FReM, the following would be the effect of this compliance:

### Statement of Comprehensive Net Expenditure Prepared under FReM

		Year ended 31-Mar 2015 £	Year ended 31-Mar 2014 £
	<b>Note</b>		
<b>INCOME</b>			
Other operating income	2	3,790,054	1,882,122
		<u>3,790,054</u>	<u>1,882,122</u>
<b>EXPENDITURE</b>			
Staff costs	4	7,953,649	6,467,479
Enabling expenditure	6	2,480,130	1,079,321
Other operating charges	5	737,679	758,510
Depreciation - Property, Plant and Equipment	9	4,327	3,202
Amortisation – Intangible Assets	9	370	0
FTC Loan Impairment	10	9,326,479	5,460,000
		<u>20,502,634</u>	<u>13,768,512</u>
<b>TOTAL EXPENDITURE</b>			
		<u>20,502,634</u>	<u>13,768,512</u>
<b>NET DEFICIT FOR THE YEAR</b>		(16,712,580)	(11,886,390)
<b>AMOUNT TRANSFERRED TO RESERVES</b>		<u>(16,712,580)</u>	<u>(11,886,390)</u>

## Statement of Cashflows prepared under FReM

	Year ended 31-Mar 2015	Year ended 31-Mar 2014
	£	£
<b>Cashflows from operating activities</b>		
Net Deficit after interest and tax	(16,712,580)	(11,886,390)
Non Cash Transactions (Depreciation - Property, Plant and Equipment)	4,327	3,202
Non Cash Transactions (Amortisation – Intangible Assets)	370	0
Increase / (decrease) in trade and other payables	962,357	(155,356)
(Decrease)/ increase in trade and other receivables	(1,567,711)	316,881
Net Cash used in operating activities	<u>(17,313,238)</u>	<u>(11,721,663)</u>
<b>Cash flows from financing activities</b>		
Grant in Aid from Parent Department	7,379,555	6,408,638
Grant in Aid re FTC	48,475,000	25,000,000
Other Grants received	6,546	17,752
Net Cash used in financing activities	<u>55,861,101</u>	<u>31,426,390</u>
<b>Cash flows from investing activities</b>		
Purchase of Property, Plant & Equipment	(2,438)	(3,727)
Purchase of Intangible Assets	(41,532)	0
FTC Loan GIA received	(48,475,000)	(25,000,000)
Impairment Reserve	9,326,479	5,460,000
Net Cash used in Investing Activities	<u>(39,192,491)</u>	<u>(19,543,727)</u>
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<u>(644,626)</u>	<u>161,000</u>
Cash and cash equivalents at beginning of the period	<u>709,028</u>	<u>548,028</u>
Cash and cash equivalents at end of the period	<u>64,402</u>	<u>709,028</u>

## Statement of changes in Taxpayers Equity Note prepared under FReM

	Year ended 31-Mar 2015 £	Year ended 31-Mar 2014 £
<b>Analysis of Income and Expenditure Reserves:</b>		
Balance at 1 April 2014	19,559,171	2,166
Grant in Aid received in year	56,226,719	31,443,395
Net operating cost for the year	<u>(16,712,580)</u>	<u>(11,886,390)</u>
<b>Balance at 31 March 2015</b>	<b><u>59,073,310</u></b>	<b><u>19,559,171</u></b>
	Year ended 31-Mar 2015 £	Year ended 31-Mar 2014 £
<b>Summary of Balances:</b>		
Income & Expenditure reserve	<u>59,073,310</u>	<u>19,559,171</u>
<b>Balance at 31 March 2015</b>	<b><u>59,073,310</u></b>	<b><u>19,559,171</u></b>

There was no closing debtor in relation to Grant in Aid. £384,789 was received in cash from OFMDFM and is shown as deferred income. There were no losses or special payments in 2014-15.

## 22. Post Balance Sheet Events

None

## Date Authorised for Issue

The Accounting Officer authorised the issue of these financial statements on 18 June 2015.

