

STRATEGIC INVESTMENT BOARD LIMITED

Company Registration No. NI 45710

Annual Review and Financial Statements 2019-20

Year Ended 31st March 2020

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1 Officers and Professional Advisers

1.1 Directors

Mr. Gerry McGinn	Chairman	(since September 2013)
	Non-Executive Director	
Mr. Duncan McCausland	Non-Executive Director	(since September 2013)
Ms. Marie-Thérèse McGivern	Non-Executive Director	(since September 2013)
Mr. Daniel McSorley	Non-Executive Director	(since November 2015)
Mrs. Kathryn Thomson	Non-Executive Director	(since September 2015)
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

9 Lanyon Place
Belfast
County Antrim
BT1 3LP

1.5 Principal Bankers

Danske Bank
8-9 Donegall Square North
Belfast
BT1 5GJ

2 Performance Report for the Year Ended 31st March 2020

2.1 Overview

During 2019-20 Strategic Investment Board Ltd continued to provide advice to departments, councils and other organisations in relation to the articulation and delivery of their major investment programmes and projects.

The business model of Strategic Investment Board Ltd is to employ staff with skills, knowledge and experience not usually found within the public sector and deploy them in roles where they will make a significant positive contribution to the achievement of the business objectives of partner organisations.

2.1.1 Chief Executive's Perspective on Performance

In 2019-20, Strategic Investment Board Ltd assisted its partners in the planning of infrastructure, the delivery of programmes and projects, the management of assets, the promotion of reform and in responding to the Covid-19 emergency.

2.1.2 Performance and Activities

During 2019-20, the Strategic Investment Board Ltd:

- Provided Directors or Managers for the following programmes and projects:
 - Strule Education Campus;
 - NI Fire & Rescue Service (NIFRS) Training College at Desertcreat;
 - Casement Park;
 - Urban Villages programme;
 - Social Investment Fund capital and revenue projects;
 - Department of Finance (DoF) Reform of Property Management project;
 - Arc21 Waste Management procurement;
 - Southern Regional College Campus programme
 - Northern Regional College Campus programme
 - Ebrington capital projects;
 - North Coast Sports Village;
 - Public Sector Shared Network project;
 - Ultrafast Broadband (Project Stratum);
 - South Lake Leisure Centre;
 - Mobouy Road Project;
 - Newry Civic Centre project;
 - United Youth programme; and the
 - Tackling Paramilitarism programme.
- Provided data analytical support to departments and Arm's Length Bodies (ALBs);
- Completed 135 assignments undertaken by the Strategic Support Unit (SSU);
- Completed a range of research projects for the Department of Infrastructure and others; and
- Managed the Investment Strategy Northern Ireland (ISNI) Delivery Tracking System and project pipeline.

During the early part of the Covid-19 emergency covered by this report, the Strategic Investment Board Ltd:

- Provided data-analytical support to the Department of Health and contributed to the UK Scientific Advisory Group for Emergencies (SAGE);
- Led the Digital Coordination Cell for the Health and Care response to the pandemic;
- Established a Project Management Office (PMO) to oversee the work of consultancy firms assisting the NICS establish the Hub, its command and control centre for managing government's response to the Covid-19 emergency;
- Provided three members of staff to fill Deputy Chief of Staff roles within the Hub;
- Filled the role of functional lead for Communications within the Hub;
- Operated a PMO within the NI Fire and Rescue Service to establish and operate a Gold command;
- Provided support to the Health and Social Care Executive in respect of warehousing; and
- Provided support to SoLACE and councils in respect of the management of waste.

With support from our partners we:

- Delivered a year of employment to 670 persons through the Buy Social initiative;
- Obtained £7.5m through capital realisations; and
- Managed £175m of loans of Financial Transactions Capital.

Specifically, the Strategic Investment Board Ltd:

- Supported **The Executive Office** by:
 - providing the acting Chief Executive for the MLK Development Corporation;
 - providing a team to work on the Urban Villages programme;
 - providing Project Managers to the Social Investment Fund capital and revenue programmes;
 - providing a Director and Project Managers to deliver capital projects at Ebrington;
 - reviewing existing PPP/PFI contracts; and
 - advising on new systems to support payments to survivors of historical institutional abuse.
- Supported the **Department of Finance** by:
 - operating the Asset Management Unit;
 - providing a Transformation Director and staff for the Agile Working programme;
 - providing a Project Manager for the Public Sector Shared Network project;
 - establishing the Consolidation of Depots and Warehouses project;
 - implementing the Energy Management Strategy and
 - operating the 'Buy Social' unit to promote the delivery of social value in public sector procurement.
- Supported the **Department of Education** by:
 - providing a Construction Manager and leading the communications function for the Strule Educational Campus programme; and
 - providing data analytical support to the department's schools and transport planners.

- Supported the **Department for Infrastructure** by:
 - providing an Organisational Development Director to DVA;
 - advising on the regeneration element of the Weavers Cross project;
 - assisting NI Water with the acquisition of development rights for a £7m solar project and the acquisition of Project Alpha.
- Supported the **Department of Health** by:
 - providing a Project Manager for the NIFRS College at Desertcreat;
 - providing a Chief Digital Officer for Health and Social Care;
 - providing data analytical and dynamic systems modelling support;
 - advising on 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; and
 - advising on the development of the 111 and National Pandemic Flu service.
- Assisted the **Department of Justice** by:
 - providing a Director and Economist for the Tackling Paramilitarism programme;
 - providing a technical adviser on historical enquiries;
 - providing legal advice to the Causeway 2 project;
 - providing advice on tagging contracts and
 - providing property advice to the Courts Service.
- Supported the **Department for Communities** by:
 - providing the GAA with a project manager for Casement Park;
 - providing an embedded team to advise the Engaged Communities group on infrastructure planning and delivery;
 - providing a Capital Programme Director to National Museums, NI;
 - providing project management support to urban development in Portrush and;
 - providing advice to the Arts Council and Ulster Orchestra.
- Supported the **Department of Agriculture, Environment & Rural Affairs** by:
 - providing a Project Manager for the arc21 residual waste management infrastructure project;
 - providing a Strategic Adviser to support work on investment in fisheries;
 - providing strategic advice on waste management;
 - advising on the Mobuoy Road Project; and
 - leading work on the Circular Economy.
- Supported the **Department for the Economy** by:
 - seconding a Strategic Adviser to run the Department's Energy Directorate;;
 - implementing the Energy Management programme;
 - providing a Project Manager for the United Youth project;
 - providing a Chief Digital Officer to TNI;
 - providing a Vice-Principal Organisational development to Northern Regional College;
 - providing a Project Director for the Ultrafast Broadband project (Project Stratum);
 - establishing and staffing the Digital Catapult NI and Immersive Laboratory;

- providing Project Managers for the Southern and Northern Regional Colleges capital investment programmes;
- advising on the Department's support to Ulster University's Belfast Campus Project;
- assisting with the administration of the Department's Financial Transactions Capital (FTC) loan portfolio.
- Supported **Belfast City Council, Ulster University and Queen's University, Belfast** by advising on City Deal projects.
- Supported **Derry City and Strabane District Council** through:
 - the provision of a Property Advisor;
 - management of the Community Centres Capital programme; and
 - the development of Foyle Street regeneration proposals.
- Supported **Armagh, Banbridge and Craigavon Council** by providing a Project Director for the South Lake Leisure Centre and Armagh Leisure Village.
- Supported **Newry, Mourne and Down District Council** by the provision of a Project Manager and the procurement of a development partner for the Newry Civic Centre project.
- Supported **Causeway Coast and Glens Council** by the provision of a Project Manager.
- Supported **Ards and North Down Borough Council** by the provision of a Head of Strategic Capital Development.
- Supported **Mid and East Antrim Council** through:
 - the provision of a Project Manager; and
 - the provision of a Property Advisor; .
- Supported other councils by providing strategic, communications and other advice.
- Provided over 2,000 days of support on more than 100 assignments to departments and councils through the deployment of Associate Strategic Advisers; and
- Supported departments and other organisations through the provision of recruitment and communications advice.

2.1.3 The Key Issues and Risks

This section examines the major risks arising from the environment in which Strategic Investment Board Ltd operates and sets out Strategic Investment Board Ltd's response.

The Covid-19 emergency led to the implementation of Strategic Investment Board Ltd's Business Continuity Plan on March 13th 2020. Since that date, Strategic Investment Board Ltd's staff have been working remotely.

A number of additional risks and issues have arisen as a result of the emergency. There is a risk that Strategic Investment Board Ltd staff may be unable to work because of infection or the need to care for infected dependents. Strategic Investment Board Ltd has defined contingency plans to deal with staff affected in this way. These included the nomination of deputies for all key roles and the preparation of handover notes and other documentation. There are a small number of posts where the specialist skills, knowledge and experience of the post-holder are such that a single deputy cannot be identified. In these cases a group of staff have been identified who could maintain the relevant service.

The government's control measures have led to the closure of most construction sites for the projects managed by Strategic Investment Board Ltd staff. The contractual issues arising from such closures have been identified and appropriate responses prepared and implemented.

There is a risk that decisions in respect of programmes and projects may be delayed because the decision-makers are occupied by other matters. Strategic Investment Board Ltd is ensuring that decision-makers are sensitized to the impact of such delays, where such notifications are necessary and appropriate.

There is a risk that Strategic Investment Board Ltd may not be paid by its debtors (i.e. the organisations in which Strategic Investment Board Ltd staff are embedded or on whose behalf Strategic Investment Board Ltd is incurring expenditure that should be refunded). This risk may arise through the relevant staff in partner organisations being unable to process invoices. Strategic Investment Board Ltd has drawn down its grant-in-aid early in order to maintain its cash balances and has discussed the possibility of factoring its invoices through the Executive Office (TEO).

There is a risk that the work of the Strategic Support Unit (SSU) may be particularly affected by the emergency and that this may impact on staff paid only for the days they work. If this risk transpires the impact would be to reduce the incomes of Associate Advisers. In some cases, where the majority of an employee's income is from Strategic Investment Board Ltd work, this may lead to financial hardship. Strategic Investment Board Ltd staff are not eligible for payments from the government's job support (furlough) scheme. However, at the time of writing, SSU workloads are normal for the time of year.

Before the emergency, the scale and scope of Strategic Investment Board Ltd's work continued to increase. This has been the result both of additional requests for assistance from partner organisations and through our own strategic initiatives. There is a risk that Strategic Investment Board Ltd may not be able to recruit staff with the skills, knowledge and experience required to address these requirements. The organisation is, however, now less vulnerable to the parallel risk that current staff may be attracted by offers from the previously booming economies in Ireland and the South East of England. The success of the programmes and projects supported by Strategic Investment Board Ltd would be endangered by the precipitate departure of key staff.

Reductions in Strategic Investment Board Ltd's core funding continue to limit its ability to provide services to partners that are free at the point of use. Strategic Investment Board Ltd will, therefore, continue to seek co-funding from partners where this is required to help achieve their objectives. It will continue to seek to recoup the full costs of providing project management support to partner organisations.

Strategic Investment Board Ltd staff can only operate effectively as part of appropriately staffed and resourced teams established by those partners. There is a risk that reductions in the size of the public sector arising from the emergency or other measures may disrupt such teams and adversely impact on delivery.

There is a risk that procedures may be put in place by the Northern Ireland Civil Service (NICS) to satisfy the requirements of the Northern Ireland Civil Service Commissioners that could delay the appointment of Strategic Investment Board Ltd staff to roles embedded in departments.

The ability of Strategic Investment Board Ltd to discharge its statutory and other functions requires the development and maintenance of effective working relationships with its partners. There is a risk that such stakeholder relationships may break down, adversely impacting on the organisation's efficacy.

There is a risk that Strategic Investment Board Ltd may not be compliant with the General Data Protection Regulations (GDPR). This risk may arise from a failure to document and implement appropriate policies and procedures that protect its information or from failures by 3rd parties who process data on Strategic Investment Board's behalf.

There is a risk that Strategic Investment Board Ltd's policies and procedures may not be sufficient to protect it from fraud.

There is a risk that the implementation of the new Group Structure and Senior Leadership Team may fail to deliver the expected benefits and adversely impact on SIB's performance.

As a result of the Covid-19 emergency, there is substantial uncertainty in Strategic Investment Board Ltd's operating environment and this is likely to continue for the foreseeable future. These uncertainties include:

- The future expectations of the First Minister and deputy First Minister;
- The overall capital budget for the region;
- The deployment of that budget and consequentially the types of programme and project the government will fund;
- The size of Strategic Investment Board Ltd's grant-in-aid;
- The appetite of partner organisations to commission and pay for work from Strategic Investment Board Ltd;
- The demand for, and availability of, specialist skills and expertise by and within the NICS and other partner organisations;
- The ability of partner organisations to operate effectively in an environment constrained by measures to control Covid-19.

The overall risk to the achievement of the targets measured by Strategic Investment Board Ltd's key performance indicators that arises from the specific risks documented above, together with the uncertainties identified in the operating environment, is substantial.

Strategic Investment Board Ltd's ability to deliver construction projects and other physical infrastructure will be determined by the availability of capital, the priorities of the Executive and the measures necessary to control the spread of the virus.

The demand for Strategic Investment Board Ltd's strategic advice and pursue social infrastructure programmes may be affected by the availability of partner funding, the priorities of the Executive and the measures necessary to control the spread of the virus.

The ability of Strategic Investment Board Ltd to pursue its asset management remit will be affected by the availability of capital, the priorities of the Executive and the measures necessary to control the spread of the virus.

Strategic Investment Board Ltd's work on digital infrastructure is less likely to be affected by measures necessary to control the spread of the virus than other areas of its work. However, a shortage of suitably qualified and experienced candidates for roles within Strategic Investment Board Ltd's digital teams will constrain its ability to respond to possible increases in demand.

The Board will continue to monitor these risks and will take the action necessary to mitigate them.

2.1.4 The Going Concern Basis

The Financial Statements have been prepared on the assumption that Strategic Investment Board Ltd is a going concern basis and will continue in operation for the foreseeable future. The availability of cash is central to programme delivery and Strategic Investment Board Ltd has been working closely with its sponsor Department, TEO, regarding future cash flow forecasts while awaiting confirmation of the 2020-21 grant-in-aid budget. Strategic Investment Board Ltd has carried out an assessment to ascertain how the business has been impacted by Covid-19. Strategic Investment Board Ltd has introduced working from home for all employees and demand for services and strategic advice has remained consistent. Strategic Investment Board Ltd is able to meet its current liabilities and will seek to achieve cost-savings where possible and if required.

2.1.5 Performance Summary

In 2019-20 Strategic Investment Board Ltd has:

- assisted partner organisations to respond to the Covid-19 emergency;
- delivered strategic infrastructure research and 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;
- provided support that has helped Departments to deliver their major programmes and projects;
- met the targets set for the use of Financial Transactions Capital;
- met the targets set for the generation of additional capital;
- helped Departments develop and implement asset management plans;
- gained approval for the development and implementation of an energy management strategy;
- continued to promote and expand the use of the 'Buy Social' approach to delivering employment opportunities for hard to reach groups;
- provided detailed information to its stakeholders on progress with the implementation of the Investment Strategy; and
- developed as an organisation so that it met the requirements of its stakeholders: local representatives, the Departments, its shareholder (the Executive Office), the private and third sectors, its staff and the public.

2.2 Performance Analysis

2.2.1 How Performance is Measured

The diverse nature of Strategic Investment Board Ltd's business is reflected in its use of a range of performance measures and indicators. These include:

- performance against specific objectives set out in the annual business plan;
- performance against cost, schedule and quality targets set out in specific programme and project plans;
- targets for the raising of additional capital and other asset management activities set out in the Asset Management Unit (AMU) Operational Plan; and
- performance against internal administrative targets.

Strategic Investment Board Ltd obtains written feedback on the performance of its staff from its partners at least annually. A performance report is completed at the conclusion of each assignment undertaken by the Strategic Support Unit and Council Support Unit.

2.2.2 Analysis and Explanation

At the 31st March 2020, of the 25 objectives set in the business plan, 19 were achieved. The reasons for the non-achievement of the remaining 6 targets is set out in the table below.

Project	Target	Explanation for Non-achievement
Strule Education Campus	The main campus construction contract will have been let by April 2019.	The project is awaiting HM Treasury (HMT), Ministerial and Executive approval to begin a new procurement.
Southern Regional College, Craigavon Campus	A contract for Craigavon Campus will be let by December 2019.	The project has been delayed by a Judicial Review application, the result of which is not yet known.
NI Fire and Rescue Service Training College	Phase 2 Planning Approval will be granted by December 2019.	The approval of the business case was delayed in the absence of Ministers. The Outline Business Case (OBC) has now been approved and work on procurement has begun.

Project	Target	Explanation for Non-achievement
Casement Park	The Casement Park project will have obtained planning permission by July 2019.	Awaiting a planning permission decision.
arc21	arc21 will have called for a final tender submission by December 2019.	Awaiting a planning permission decision.
Ultrafast Broadband (Project Stratum)	The contract for Project Stratum will be awarded by November 2019.	This deadline was missed because of funding uncertainty. However, funding for Year 1 of the project has now been approved and the procurement can now continue.

With respect to Strategic Investment Board Ltd's other targets:

- all Asset Management targets were achieved.
- all Buy Social targets were achieved.
- all internal administrative targets were achieved.
- the SSU carried out 2,138 days' work (1,820 in 2018-19) on assignments. Feedback from customer departments and councils indicated that 100% would employ the relevant adviser again.

The deployment of resources by Strategic Investment Board Ltd, as measured by the salaries of the staff working in different lines-of-business (see section 2.2.6 below) was as follows:

Physical Infrastructure	25%
Asset Management	20%
Strategic Advice	19%
Digital Infrastructure	13%
Social Infrastructure	12%
Corporate Services	11%

2.2.3 Long-term Expenditure Trends

Strategic Investment Board Ltd is funded by its sponsor Department, the Executive Office (TEO). TEO intends to continue to fund the organisation for the foreseeable future and has provided a budget for 2020-21. The organisation has the staff resources required to achieve its current business objectives. However Strategic Investment Board Ltd recognises the financial pressures and uncertainties which exist in future years. Strategic Investment Board Ltd will endeavour to meet this challenge through increased use of co-funding and changes in operational processes and procedures that deliver increased efficiencies.

2.2.4 Sustainability Report

Strategic Investment Board Ltd is committed to the Executive's Sustainable Development Strategy. Policies and practices have been introduced within Strategic Investment Board Ltd to encourage efficiency in the use of resources. These include the 100% use of recycled paper, the use 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 early-April 2019, Strategic Investment Board Ltd moved from the Lighthouse Building to No. 9 Lanyon Place. The move resulted in the company occupying less space than previously. 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 and to use video-conferencing as an alternative to travelling. The implementation of this policy was a key factor in Strategic Investment Board Ltd's ability to move to remote working during the Covid-19 emergency.

Strategic Investment Board Ltd promotes economic, social and environmental sustainability in all its projects. Over the past year it has, for example, promoted the efficient use of energy through its work on the Energy Management programme; encouraged the wider use of 'Buy Social' in construction and service contracts and supported sustainable economic growth through its work on the Investment Strategy.

2.2.5 Anti-Corruption and Anti-Bribery Matters

There were no allegations of corruption or bribery raised during 2019-20 (2018-19: Nil). Managing the risk of fraud and bribery is seen in the context of managing a wider range of risks. A fraud log is maintained and reported to the Audit Committee. Any new regulations or Best Practice Guidance issued from TEO, DoF or NIAO are considered and embedded accordingly.

2.2.6 Equality

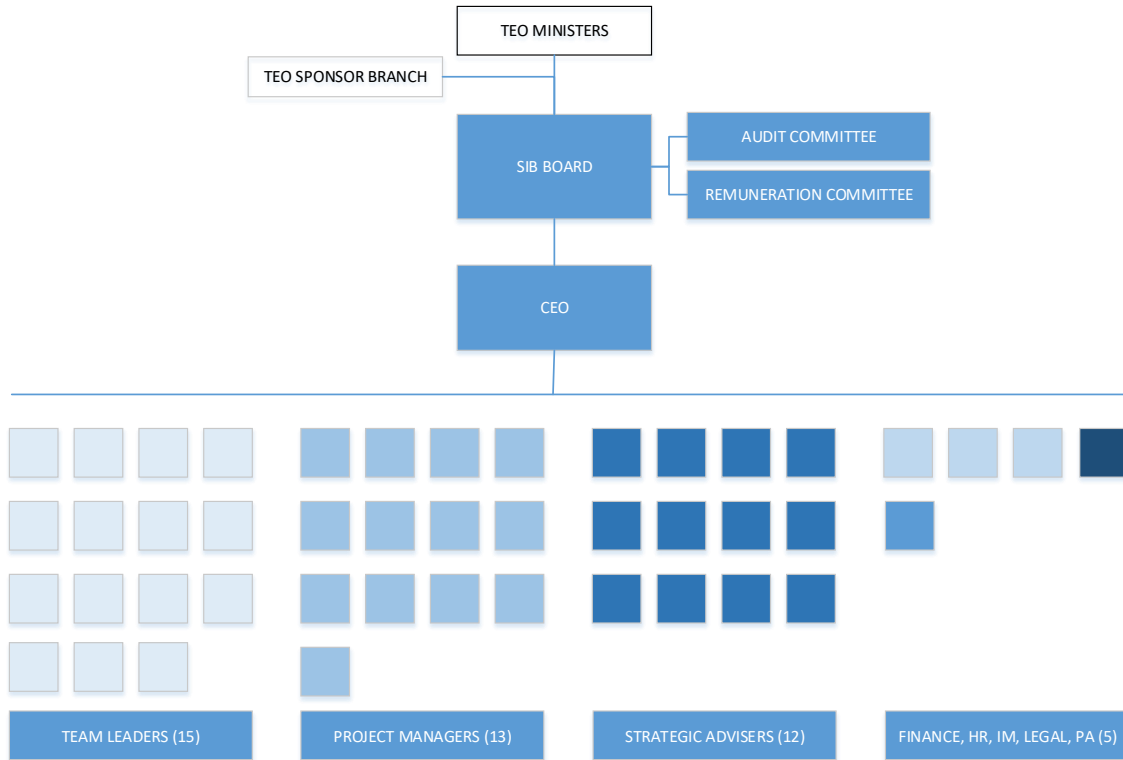
Strategic Investment Board Ltd pays due regard to the need to promote equality of opportunity and good relations. In particular, where consultation processes are conducted they include organisations representing groups in the nine Section 75 categories and views on the equality implications of the issues under consultation are invited and taken into account. Monitoring procedures include arrangements for assessing the equality impacts of policies and the implementation of best practice in procurement incorporate those elements identified as capable of better promoting equality of opportunity.

2.2.7 Organisational Structure

Strategic Investment Board Ltd has a flat organisational structure that enables employees to operate with considerable levels of personal autonomy. Staff, with the exception of individuals

embedded within the structures of host organisations, are organised into small teams. During 2019-20 the Board of Strategic Investment Board Ltd approved the implementation of a new organisational structure that responded to the growth of the organisation.

The existing structure is shown in the diagram below.



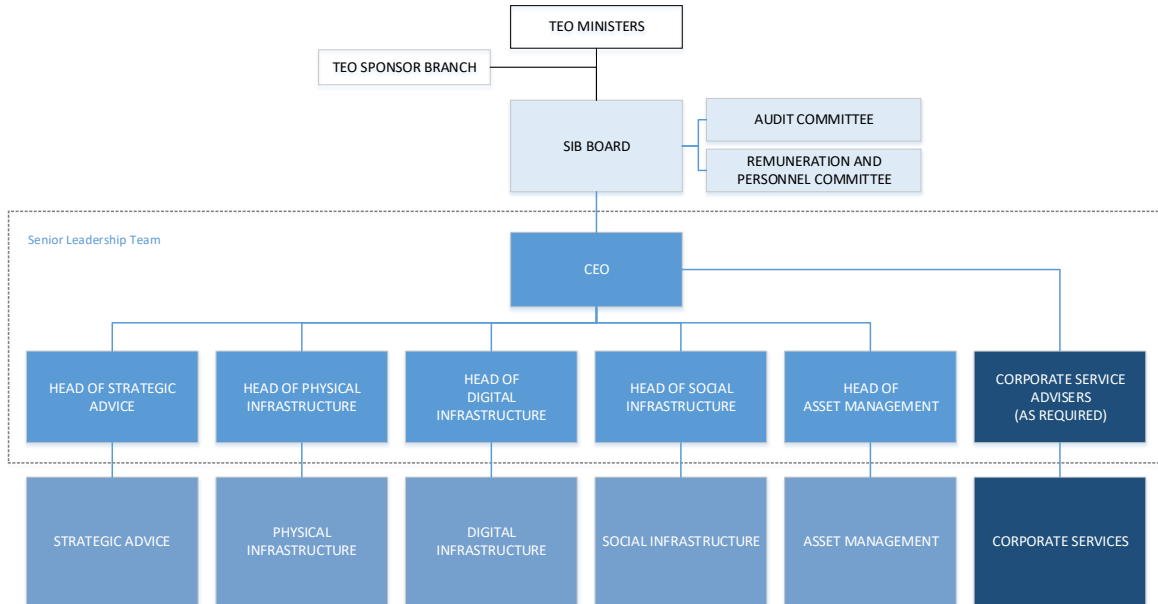
The new structure brigades staff in five lines-of-business and introduces a new senior leadership team. The five lines-of-business are:

<i>Line of Business</i>	<i>Description</i>
Strategic Advice	Provides specialist technical, legal, research, and procurement support to partner organisations.
Physical Infrastructure	Manages regionally and sub-regionally significant construction and other physical infrastructure projects.
Digital Infrastructure	Contains the Data Analytics, Research and Exploitation Unit, the NI Digital Catapult and manages digital projects
Social Infrastructure	Work on programmes and projects that focus on the achievement of a positive social return on investment.
Asset Management	Advises the public sector on the delivery of the Executive’s Asset Management Strategy in five business areas: Transformation, Investment Planning, Energy Management, Commercial Transactions and Corporate Finance.

In addition there is a corporate services function:

Corporate Services Manages Strategic Investment Board Ltd support services; Finance, Human Resources, Legal Information and Compliance and Communications, secretarial support.

This new structure is shown in the diagram below.



Implementation of this new structure was proceeding well at the time the Covid-19 emergency arose but has been temporarily suspended until this has passed.

Gerry McGinn
Chairman

Brett Hannam
Chief Executive

Date: 15th June 2020

3 Accountability Report for the Year Ended 31st March 2020

3.1 Corporate Governance Report

3.1.1 Directors' Report

3.1.1.1 Future Developments

Strategic Investment Board Ltd derives its strategic priorities from the outcomes identified in the draft Programme for Government. These are:

- we prosper through a strong, competitive, regionally balanced economy;
- we live and work sustainably – protecting the environment;
- we have a more equal society;
- we enjoy long, healthy, active lives;
- we are an innovative, creative society where people can fulfil their potential;
- we have more people working in better jobs; and
- we have a safe community where we respect the law and each other.

The main priority for Strategic Investment Board Ltd is to help government deliver “enhanced economic infrastructure”. Subject to any new priorities or targets in the final Programme for Government, the priority issues Strategic Investment Board Ltd will address:

- the need to respond effectively to the Covid-19 emergency;
- the statutory requirement for Strategic Investment Board Ltd to advise departments and other bodies in relation to the formulation and implementation 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 through the use of Financial Transactions Capital (FTC) and the Investment Fund;
- the need to support strategic infrastructure planning;
- the need to improve the infrastructure delivery capabilities of government departments and local councils;
- the need for continual improvement in the processes and procedures for the commissioning and procurement of major capital investment;

- the need to develop Strategic Investment Board Ltd’s capacity and capabilities to ensure it continues to meet the needs of its partners; and
- the need to be flexible and informed to support departments in the delivery of new major investment policies and programmes.

Further information can be found in Strategic Investment Board Ltd’s Business Plan 2020-21 at www.sibni.org

3.1.1.2 Share Capital

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

3.1.1.3 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 2020.

3.1.1.4 Financial Transactions Capital Loans

In 2019-20 Strategic Investment Board Ltd processed one new Financial Transactions Capital Loan of £30,000,000 to GFS Corporate Directorate II Limited, the vehicle holding the NI Investment Fund. (No new loans processed in 2018-19).

3.1.1.5 Data Protection and Freedom of Information

Strategic Investment Board Ltd is required to report on personal data related incidents. Within its Government framework, Strategic Investment Board Ltd has an explicit control system to meet its responsibility under Data Protection and Freedom of Information. The control system has been established to ensure the appropriate handling of personal data and information used for operational and reporting purposes by development of appropriate strategies and policies. In the 2019-20 year Strategic Investment Board Ltd did not receive any Freedom of Information (FOI) requests (2018-19: 6). Strategic Investment Board Ltd 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 was one reportable loss of a secure device (a mobile phone) in 2019-20 (2018-19: Nil). There were no incidents of personal data loss recorded within the period under review.

3.1.1.6 Reporting of Complaints

Strategic Investment Board Ltd is required to disclose its approach to complaints handling. Strategic Investment Board Ltd 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 Strategic Investment Board Ltd Staff Handbook). The complaints policy is published on the Strategic Investment Board Ltd website. All complaints are referred to the Chief Executive as soon as they are received. Strategic Investment Board Ltd’s pledge on response times are:

- Strategic Investment Board Ltd will acknowledge receipt of a complaint within 2 working days.
- Normally Strategic Investment Board Ltd 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.

In 2019-20 Strategic Investment Board Ltd received no complaints (2018-19: one complaint).

3.1.1.7 Payments to Suppliers

Strategic Investment Board Ltd 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. Strategic Investment Board Ltd 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 2020, Strategic Investment Board Ltd has paid 99.6% of its suppliers within 10 days (2018-19: 99.3%). In the year ended 31 March 2020, 99.9% of suppliers were paid within 30 days (2018-19: 100%).

3.1.1.8 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 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 the Executive Office has designated the Chief Executive as the Accounting Officer for Strategic Investment Board Ltd. 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 Northern Ireland and Financial Reporting Manual (FRM).

3.1.1.9 Charitable Donations and Gifts

The company made no charitable donations or gifts during 2019-20 (2018-19: nil).

3.1.1.10 Corporate Governance

The company's Statement of Corporate Governance is set out on page 22.

3.1.1.11 Statement of Disclosure of Information to Auditors

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

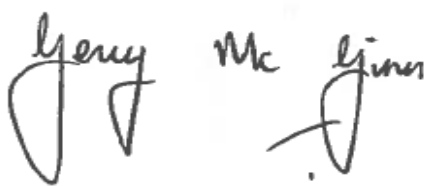
- so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. For this purpose, "relevant audit information" comprises the information needed by the company's auditors in connection with preparing their report; and
- each director has taken all the steps (such as making enquiries of other directors and 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 or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

3.1.1.12 Auditors


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

3.1.1.13 National Fraud Initiative

The Comptroller and Auditor General for Northern Ireland 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 October 2018. Several matches were identified from this exercise and were investigated, however no issues of concern were raised.



Gerry McGinn
Chairman



Brett Hannam
Chief Executive

Date: 15th June 2020

3.1.2 Statement of Accounting Officer's Responsibilities

Under the terms of the Strategic Investment and Regeneration of Sites (Northern Ireland) Order 2003, the Executive Office (with approval from Department of Finance), has directed Strategic Investment Board Ltd 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 Strategic Investment Board Ltd 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, 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 the Executive Office has appointed the Chief Executive as the Accounting Officer of Strategic Investment Board Ltd. 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 Strategic Investment Board Limited's assets, are set out in *Managing Public Money Northern Ireland* published by Department of Finance.

As Accounting Officer I can confirm that there is no relevant audit information of which the auditors are unaware. I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the auditors are aware of that information.

As Accounting Officer I can confirm that the annual review and financial statements as a whole are fair, balanced and understandable and that I take personal responsibility for the annual review and financial statements and the judgments required for determining that they are fair, balanced and understandable.

3.1.3 Governance Statement

The Strategic Investment Board Ltd is a company limited by guarantee, owned by the Executive Office (TEO) and functioning as one of that Department's Arm's Length Bodies (ALBs). It is financed from TEO'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 Strategic Investment Board Ltd's Resource Account for 2019-20. The Governance Statement comprises two broad elements. Firstly, it describes Strategic Investment Board Ltd's governance framework; identifying responsibilities and explaining the functions of its constituent elements. Secondly, it 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 Strategic Investment Board Ltd's conformance with the Code of Conduct.

3.1.4 The Purpose of the Governance Framework

The purpose of the Governance Statement to report publicly on the extent to which Strategic Investment Board Ltd 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.

3.1.5 The Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which Strategic Investment Board Ltd 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 Strategic Investment Board Ltd'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 Strategic Investment Board Ltd for the year ended 31 March 2020. It comprises:

- the Accounting Officer;
- the Board;
- the Audit Committee;
- the Remuneration 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;

- Executive Office (TEO) Oversight Arrangements;
- The Corporate and Business Plans;
- The Performance Management Framework;
- Operational Partnership Agreements;
- Financial Policies and Procedures;
- The Risk Management Framework;
- The Fraud Prevention Strategy and Response Plan;
- Whistleblowing Arrangements;
- Significant Governance Issues;
- Financial Transactions Capital Loans Agreements; and
- Conformance with the Board Code of Good Practice.

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

3.1.6 The Accounting Officer

As Accounting Officer, I have responsibility for maintaining a sound system of internal governance that supports the achievement of Strategic Investment Board Ltd's aims and objectives. I also have responsibility for the propriety and regularity of the public finances allocated to Strategic Investment Board Ltd 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 Strategic Investment Board Limited's 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.

As Accounting Officer I am aware of the responsibilities within my role and remain fit to carry out the Accounting Officer role.

3.1.7 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) 2013'. 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 Executive Office Ministers, the key aspects of the Board's role include:

- setting the strategic direction for the organisation, including its vision, values and strategic objectives; overseeing the implementation of 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 Strategic Investment Board Limited'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 and the Chief Investment Officer. 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 Strategic Investment Board Limited; usage of the Strategic Investment Board Limited websites; Assembly Questions relevant to Strategic Investment Board Limited (when the Assembly is sitting); absence management; recruitment; communications; legal work and requests for Strategic Investment Board Limited 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 Strategic Investment Board Ltd website. This lists, for each Director, all commercial and other relevant interests. A similar

register is maintained by all Strategic Investment Board Ltd 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 2019-20 Board members declared possible conflicts of interest relating to particular projects and their involvement in organisations with which Strategic Investment Board Limited 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 2019-20, the Board comprised the following members:

Mr Gerry McGinn	Chairman Non-Executive Director	(since September 2013)
Mr Duncan McCausland	Non-Executive Director	(since September 2013)
Ms. Kathryn Thomson	Non-Executive Director	(since September 2015)
Ms. Marie-Thérèse McGivern	Non-Executive Director	(since September 2013)
Mr Daniel McSorley	Non-Executive Director	(since November 2015)
Mr. Brett Hannam	Chief Executive	(since June 2012)

The Board held 10 meetings, one incorporating a Board Away Day, in 2019-20. Attendance was as follows:

	Maximum Attendance	Actual Attendance
Mr Gerry McGinn	10	10
Mr Duncan McCausland	10	10
Ms. Kathryn Thomson	10	10
Ms. Marie-Thérèse McGivern	10	8
Mr. Daniel McSorley	9	8
Mr. Brett Hannam	10	9

In 2019-20 the Strategic Investment Board Ltd Board considered the following standing agenda items:

- Minutes of the Previous Meeting;
- Conflicts of Interest;
- Chairman's and Directors' business;
- Chief Executive's report, which included reports on significant developments in projects supported by Strategic Investment Board Limited; reports on the development and implementation of the Asset Management Strategy and the achievement of targets for capital release; governance and staffing issues;
- Chief Investment Officer'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 Strategic Investment Board Limited support and other related matters.

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

- The Reform of Property Management;
- The Digital Catapult & Immersive Laboratory;
- The Strategic Investment Board Limited Review Action Plan;
- Strategic Investment Board Limited's support to the Education Authority;
- Decarbonisation;
- Energy Policy;
- The design and implementation of a new organisational structure; and
- Research reports on Climate Change, Technology and Demographics.

The Board held discussions with the Head of the Civil Service, the Permanent Secretary of the Department of Finance and the Deputy Secretary, TEO.

In addition the Board considered the following matters:

- The Report and Accounts for 2018-19;
- The Risk Appetite Statement and Risk Register;
- The 2019 Statement of Benefits and Achievements;
- Strategic Investment Board Limited Review Action Plan;
- Strategic Investment Board Limited's Demand Analysis;
- General Data Protection Regulation (GDPR);

- Cybersecurity;
- Internal and External Communications;
- The form and contents of the Board pack;
- The draft Letter of Expectation; and
- The draft Business Plan.

3.2 Board Committees

The Board operates the following committees:

- The Audit Committee, which provides assurance to the Board, (and indirectly the shareholder – TEO), that the company’s financial and other control systems are operating effectively; and
- The Remuneration Committee, which approves senior appointments, salaries and allowances; scrutinises recruitment and advises on personnel matters.

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’.

3.2.1 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 which comprises of no 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 the Executive Office;
- The Finance Manager (Secretary to the Committee); and
- The Compliance Manager.

The committee last reviewed its own effectiveness in May 2020 and in summary, Members concluded that the Audit Committee was effective in its support to the Board and the Accounting Officer in the discharge of their duties. They also concluded that good practice is usually applied.

The Committee Chairman reports after each meeting to the Board on any significant issues that have arisen. The Committee Chair, on behalf of the committee, reports in writing once a year to the Accounting Officer and the Board on the findings and conclusions of the committee for the past year.

The membership of the Strategic Investment Board Limited Audit Committee in 2019-20 comprised:

Mr. Duncan McCausland (Chair from December 2016)
Ms. Marie-Thérèse McGivern
Ms. Kathryn Thomson

The Audit Committee met five times in 2019-20. All members attended all meetings. The committee took three reports from its internal auditors. The results were as follows:

- Purchases and Creditors Satisfactory;
- Tendering & Procurement Satisfactory; and
- Corporate Governance Satisfactory.

All recommendations from the internal audit reports were accepted and all recommendations from prior years were addressed or in the process of being implemented. The internal auditor's overall assurance rating for 2019-20 was SATISFACTORY.

The committee reviewed risk and the risk register at its meetings. It made recommendations regarding risk ownership.

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

The committee submitted a formal written report on its work to the Strategic Investment Board Ltd Board in May 2020. The Chair reported orally to the Strategic Investment Board Limited Board after each of the committee's meetings.

The Chair attended a meeting of TEO Audit Committee Chairs and reported on it to the Strategic Investment Board Ltd Audit Committee.

The Chair participated in a private videoconference with the Northern Ireland Audit Office auditors.

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

3.2.1.1 Sources of Independent Assurance

Independent Assurance is received from the following sources:

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

Strategic Investment Board Ltd's internal audit services are provided by Moore (N.I.) LLP, a representative of which attended all Strategic Investment Board Ltd Audit Committee meetings.

I am independently advised by the Head of Internal Audit who operates in accordance with Public Sector Internal Audit Standards (PSIAS).

Strategic Investment Board Ltd is also subject to independent scrutiny from the Northern Ireland Audit Office. A representative from the Northern Ireland Audit Office attends all Strategic Investment Board Ltd Audit Committee meetings.

3.2.1.2 Other Board Committees

The Remuneration Committee met five times during the reporting period. All members attended all meetings. The CEO, HR Manager and Finance Manager were also in attendance. Some elements of meetings were held in closed session, attended only by the members and CEO. These discussed the proposals for a new organisational structure. In addition, members considered, by written procedure, proposals for senior appointments, out of committee. All such appointments were formally ratified at the following meeting. The committee recommended a cost of living pay increase of 1% for 2019-20 that has not yet been implemented.

3.2.1.3 Board Effectiveness

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

3.2.1.4 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 Strategic Investment Board Limited's overall aims and objectives.

The committee consists of the Chief Executive, the Legal Director, Compliance Manager and Finance Manager. A Grade 7 from TEO and the HR Manager attend as observers. The Investment Committee met 5 times during the reporting period. It approved 71 business cases with a total value of £ 13,508k.

Strategic Investment Board Limited did not directly award any contracts during the reporting period that required the approval of TEO.

3.2.1.5 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 Strategic Investment Board Limited will operate, in particular it defines:

- the Strategic Investment Board Ltd's overall aim, objectives and targets in support of TEO's wider strategic aims;
- the rules and guidelines relevant to the exercise of the Strategic Investment Board Ltd's functions, duties and powers;
- the conditions under which any public funds are paid to the Strategic Investment Board Ltd; and
- how the Strategic Investment Board Ltd 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 Strategic Investment Board Ltd is required to observe, including delegated financial authorities.

The MSFM will be replaced by a Partnership Agreement with the Executive Office in 2020-21.

3.2.1.6 The Executive Office Oversight Arrangements

Within TEO, the Strategic Investment and Regeneration Branch (SIRB) is the sponsoring branch for Strategic Investment Board Ltd. SIR, in consultation as necessary with TEO's Accounting Officer, is the primary source of advice to Ministers on the discharge of their responsibilities in respect of Strategic Investment Board Ltd, and the primary point of contact for Strategic Investment Board Ltd in dealing with the Department. SIRB carries out its duties under a senior officer who has as one of her primary responsibilities the duty of overseeing the activities of Strategic Investment Board Ltd.

During the reporting period I have submitted Quarterly Assurance Statements to TEO as requested by the department. These have been considered by the Strategic Investment Board Ltd Audit Committee.

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

3.2.1.7 The Corporate and Business Plan

The purpose of the Corporate Plan is to document the medium term objectives of the Strategic Investment Board Ltd and describe the corporate strategy it will follow to achieve them. The annual Business Plan develops the Corporate Plan by defining in detail Strategic Investment Board Ltd's targets for the year ahead, the resources it will use and the activities it will undertake. The Corporate and Business Plan can be found at www.sibni.org

3.2.1.8 The Performance Management Framework

Strategic Investment Board Ltd operates within a performance management framework that is consistent with the government's FABRIC¹ approach. The Strategic Investment Board Ltd 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

¹ *Choosing the Right FABRIC - A Framework for Performance Information*, HM Treasury et al, March 2001.

- *Cost Effective*, because the resources put into collecting performance information proportionate to the benefit of the organisation.

I have monitored Strategic Investment Board Ltd's performance against the targets set out in its business plan and have reported quarterly on these to the Board and to TEO. 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 Strategic Investment Board Ltd staff and have incorporated such feedback into performance appraisals. I have provided customers with the opportunity to comment on the services provided by Strategic Investment Board Ltd and have taken such feedback into account in my business planning and my management of day-to-day operations.

3.2.1.9 Operational Partnership Agreements (OPAs)

OPAs are important control mechanisms that define the relationship between Strategic Investment Board Ltd and its individual customers. The precise terms of the OPA vary between customers, but will always contain a clear definition of the work Strategic Investment Board Ltd will carry out for the customer.

3.2.1.10 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.

3.2.1.11 Risk Management

Strategic Investment Board Ltd'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 Strategic Investment Board Ltd's aims and objectives, and where necessary, are brought to the attention of TEO.

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 Strategic Investment Board Ltd'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.

I drafted the 2019-20 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 Strategic Investment Board Limited’s capacity to deliver its Business Plan commitments.

In addition, in March 2020 I drafted an additional risk register that addressed the new risks arising out of the Covid-19 emergency.

The key risks to Strategic Investment Board Limited that were managed during the reporting period were:

Risk	Residual Impact 31 March 2020	Residual Likelihood 31 March 2020
1 Strategic Investment Board Ltd 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.	MEDIUM	MEDIUM
3 Strategic Investment Board Ltd’s financial and other controls may not be sufficient to prevent or identify fraud.	HIGH	LOW
4 Strategic Investment Board Ltd’s information may not be protected or managed adequately including Strategic Investment Board Ltd not being compliant with GDPR.	MEDIUM	LOW
5 Strategic Investment Board Ltd’s performance may be adversely affected by its staff appointments being made subject to CSC approval.	HIGH	LOW
6 The implementation of the new Group Structure and Senior Leadership Team may fail to deliver the expected benefits and adversely impact on SIB's performance.	HIGH	MEDIUM
7 SIB’s performance may be adversely affected by Covid-19.	MEDIUM	MEDIUM

The additional risks arising from the Covid-19 emergency are:

Risk	Residual Impact 31 March 2020	Residual Likelihood 31 March 2020
1 Strategic Investment Board Ltd staff may be unable to work because they contract Covid-19 or need to care for dependents who contract Covid-19	HIGH	HIGH
2 Control measures introduced by the government may make it impossible for Strategic Investment Board Ltd work to progress.	MEDIUM	MEDIUM
3 Decisions in respect of programmes and projects may be delayed because the decision-makers are occupied by other matters.	HIGH	MEDIUM
4 Strategic Investment Board Ltd may not be paid by its debtors (i.e. the organisations in which Strategic Investment Board Ltd staff are embedded or on whose behalf Strategic Investment Board Ltd is incurring expenditure that should be refunded).	MEDIUM	MEDIUM
5 Partner organisations may release Strategic Investment Board Ltd staff from their embedded roles.	LOW	LOW
6 Strategic Investment Board Ltd staff may be unable to switch to work in other, higher priority areas of work for which they are suited and for which there is a requirement.	MEDIUM	LOW
7 Strategic Investment Board Ltd staff may be unable to work effectively because of IT failures	LOW	LOW
8 Fraudsters may make increased attempts to exploit the current unusual modes of working.	MEDIUM	MEDIUM
9 There may be no suitable replacements for some staff deployed on high priority work, should they become incapacitated.	HIGH	HIGH
10 The pipeline of work for the SSU may fall away as a result of the Covid-19 crisis.	MEDIUM	MEDIUM

Strategic Investment Board Ltd has identified the following vulnerabilities ‘on the horizon’ that may occasion additional risk in the coming reporting period:

Vulnerability	Significance
The poor economic outlook arising from the Covid-19 emergency may lead to projects being cancelled or delayed.	Demand for Strategic Investment Board Ltd support for projects may fall.
Brexit may, in the short term, cause disruption to supply chains.	The work of Programme and Project teams may be adversely affected.

During this reporting period, management provided the audit and risk committee with reports 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 Strategic Investment Board Ltd.

There have been no major lapses of protective or information security.

3.2.1.12 Fraud and Counter-Fraud

Strategic Investment Board Ltd’s Policy and Procedures on Fraud, (Including the Strategic Investment Board Ltd 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 Strategic Investment Board Ltd Fraud Response Plan).

Two instances of suspected fraud were identified during the reporting period. (2018-19: No instances of suspected fraud) The attempted frauds comprised an attempt to change the bank details of a supplier and an attempt to impersonate an instruction from the CEO. Both were initiated by persons unknown and detected before any funds were lost.

3.2.1.13 Whistleblowing

The Strategic Investment Board Ltd 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.

There have been no instances of whistle-blowing during the reporting period.

3.2.1.14 Significant Governance Issues

Except as noted below, no governance matters arising in prior years are still considered to represent internal governance issues for 2019-20. There were no significant issues arising during 2019-20 in respect of Corporate Governance.

During the previous year, Strategic Investment Board Ltd was notified that the operation of its Additional Responsibility Allowance scheme had been subject to review by TEO and the Department of Finance. This review was completed during 2018-19 and TEO subsequently approved the ongoing operation of the scheme. The DoF is considering whether certain payments made under the scheme prior to 2015-16 may potentially be considered irregular.

3.2.1.15 Financial Transactions Capital loans

Strategic Investment Board Ltd is the channel through which loans of Financial Transactions Capital (FTC) are made from the Department for the Economy to the universities and from the Department of Finance to the NI Investment Fund. Strategic Investment Board Ltd performs this function because the Departments do not currently have the vires to make such loans.

3.2.1.16 Conformance with Code of Good Practice

Strategic Investment Board Ltd, 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”*.

Except where noted below, and throughout the year ended 31 March 2020, Strategic Investment Board Ltd has complied with all relevant Code provisions.

Following the principle of ‘Comply or Report’, the following paragraph describes where Strategic Investment Board Ltd has substituted alternative governance measures for provisions in the *Code of Good Practice*:

- Strategic Investment Board Ltd does not have a Board Operating Framework (Para 2.8 of the Code). Instead, it has Board Terms of Reference, which fulfil the same purpose. A new Board Code of Conduct has been drafted and will be implemented in 2020-21.

3.2.1.17 Certification

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. 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 control, by the Strategic Investment Board Limited Board and by the Audit Committee.

Strategic Investment Board Ltd 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 Strategic Investment Board Ltd has operated a sound system of internal governance during the period 2019-20.



Brett Hannam
Chief Executive

Date: 15th June 2020

3.2.2 Remuneration and Staff Report

3.2.2.1 Remuneration Policy

The Remuneration Committee consists of non-executive board members of the company. The Remuneration Committee is currently chaired by Gerry McGinn. Duncan McCausland is also a member. The Chief Executive and Finance Manager attend as observers 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 also considers other matters relating to pay and performance. Pay awards are made within the parameters set by the Department of Finance.

Remuneration of all staff 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. The committee recommended a cost of living pay increase of 1% for 2019-20 that has not yet been implemented.

The notice period for Strategic Investment Board Limited staff ranges from one to three months.

3.2.2.2 Directors' Emoluments (Audited)

	2019-20				2018-19			
	Salary £'000	Benefits in kind (to nearest £100)	Pension benefits (to nearest £1,000)	Total £'000	Salary £'000	Benefits in kind (to nearest £100)	Pension benefits (to nearest £1,000)	Total £'000
Hannam B <i>Chief Executive</i>	145 - 150	-	15	160-165	145 - 150	-	15	155-160
McGinn G <i>Chairman</i> <i>Non-Executive Director</i>	15 - 20	-	-	15 - 20	15 - 20	-	-	15 - 20
McCausland D <i>Non-Executive Director</i>	10 - 15	-	-	10 - 15	10 - 15	-	-	10 - 15
McGivern MT <i>Non-Executive Director</i>	10 - 15	-	-	10 - 15	10 - 15	-	-	10 - 15
Thomson K <i>Non-Executive Director</i>	10 - 15	-	-	10 - 15	10 - 15	-	-	10 - 15
McSorley D <i>Non-Executive Director</i>	10 - 15	-	-	10 - 15	10 - 15	-	-	10 - 15

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 1st June 2012. In 2019-20 Mr Hannam's base salary was £148,101.

Total remuneration including pension payments are disclosed in the remuneration table. Strategic Investment Board Limited Directors do not receive pension benefits. The Chief

Executive however is a member of a defined contribution pension scheme operated by Strategic Investment Board Limited for all 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 £14,810. Strategic Investment Board Limited 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 £9,886 was made on behalf of the Chief Executive.

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

	2019-20	2018-19
	£	£
Mr. Daniel McSorley	325	324
	<u>325</u>	<u>324</u>

3.2.2.3 Compensation for Loss of Office and Early Retirement

Non-Executive Directors have fixed-term public appointments not exceeding three years. These appointments are renewable. Individual appointments are made, and remuneration levels set, by the Executive Office Ministers. There has been no compensation for loss of office or early retirement for Directors in 2019-20 (2018-19: Nil). The arrangements for early termination of staff members would be made in accordance with the employment contract of the relevant individual. Strategic Investment Board Ltd'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 staff members.

3.2.2.4 Fair Pay Disclosure (Audited)

	2019-20	2018-19
Band of highest paid Director's total remuneration*	£145k - £150k	£145k - £150k
Median total remuneration*	£75,750	£76,062
Ratio	1.96	1.91

* Remuneration includes salary only. It does not include employer pension contributions.

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 Strategic Investment Board Limited in the financial year 2019-20 was £145,000 - £150,000 (2018-19: £145,000 - £150,000). This was 1.96 times (2018-19: 1.91) the median remuneration of the workforce, which was £75,750 (2018-19: £76,062). In 2019-20 no employees received remuneration in excess of the highest-paid director.

Remuneration (FTE) ranged from the band of £15k-£20k to £145k-£150k (2018-19: £15k-£20k to £140k-£145k). Total remuneration includes salary and benefits-in-kind but does not include severance pay. There were no severance payments made in 2019-20 (2018-19: Nil). It does not include employer pension contributions. There were no bonus payments or off-payroll engagements in 2019-20.

3.2.2.5 Payments to Past Directors

There have been no payments made to past directors in year (2018-19: Nil).

3.2.2.6 Staff Report: Staff Numbers (Audited)

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

	2019-20	2018-19
Staff	28	27
Staff recharged to other departments	68	66
Seconded staff*	3	3
Total	<u>99</u>	<u>96</u>
Permanent	41	38
Temporary contracts	58	58

*Staff seconded to Strategic Investment Board Limited from the Civil Service or private sector organisations.

3.2.2.7 Staff Report: Analysis of Staff Costs (Audited)

The costs incurred in respect of these employees were:	2019-20	2018-19
	£	£
Wages and salaries (increased by employee benefits)	2,659,496	2,391,099
Wages and salaries recharged to other departments	4,947,697	4,610,055
Social security costs	914,626	852,491
Health Insurance	383,089	352,156
Other pension costs	<u>747,800</u>	<u>700,339</u>
Total staff cost	9,652,708	8,906,140
Seconded staff *	<u>281,199</u>	<u>271,204</u>
Total employment cost	<u>9,933,907</u>	<u>9,177,344</u>

*Staff seconded to Strategic Investment Board Limited 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. There are no equal pay claims and therefore no provision is required for equal pay claims in Strategic Investment Board Limited accounts.

3.2.2.8 Staff Report: Staff Composition (Gender Analysis)

	2019-20			2018-19		
	Male	Female	Total	Male	Female	Total
Board Members	3	2	5	3	2	5
Staff	73	57	130	76	56	132
	<u>76</u>	<u>59</u>	<u>135</u>	<u>79</u>	<u>58</u>	<u>137</u>

The above table is based on total numbers employed during the reporting period, whereas the table stating the average number employed does not include Non-Executive Board Members and is based on full time equivalent (FTE).

3.2.2.9 Staff Report: Sickness Absence Data

	Working Days lost 2019-20	Working Days lost 2018-19	Variance
Including long-term absence	435	370	65
Excluding long term absence	219	173	46

	Average days lost per FTE member of staff 2019-20	Average days lost per FTE member of staff 2018-19	Variance
Including long-term absence	4.2	3.6	0.6
Excluding long term absence	2.1	1.7	0.4

	Absence rate 2019-20 %	Absence rate 2018-19 %	Variance %
Including long-term absence	1.6	1	0.6
Excluding long term absence	0.80	0.65	0.15

3.2.2.10 Staff Report: Staff Policies

Strategic Investment Board Ltd 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. Strategic Investment Board Ltd has an equal opportunities policy and is committed to a policy of equality of opportunity in its employment practices and aims to ensure that all employees and job applicants are treated fairly. Selection for employment, promotion and training is on the basis of aptitude and ability and excludes any consideration of an employee's/ applicant's religious belief, political opinion, racial group, age, marital status, sexual orientation, gender, disability or dependents. All applicants for employment will have the opportunity to state any special adjustments required to attend interview or take up appointment. All applications for employment are considered on the basis of merit.
- gives equality of opportunity when considering applications from disabled persons, in compliance with all existing legislation with regard to disabled employees. Strategic Investment Board Ltd aims to ensure that people with a disability suffer no detriment in recruitment and advancement, and that its policies and practices comply with the requirements of the Disability Discrimination Act 1995 and amendments made under the Act. The consideration and implementation of reasonable adjustments help to ensure that staff with disabilities can fully utilise their skills and abilities;
- 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.

Strategic Investment Board Ltd's policies are contained in Strategic Investment Board Ltd's staff handbook which is accessible to all members of staff.

3.2.2.11 Staff Report: Consultancy

As outlined in the financial statements Strategic Investment Board did not incur any consultancy expenditure in 2019-20 (2018-19: £44,305).

3.2.2.12 Staff Report: Off Payroll Engagements

There were no off-payroll engagements during the year (2018-19: Nil).

3.2.2.13 Staff Report: Exit Packages

No exit packages were made during the year (2018-19: Nil).

3.3 Accountability and Audit Report

The accountability and audit report brings together the key assembly accountability documents within the annual report and accounts.

3.3.1 Regularity of Expenditure (Audited)

In the 2019-20 financial year, Strategic Investment Board Ltd spent 99% (2018-19: 99%) of its budget allocation from the Executive Office.

The average cash held in the bank throughout the year was £1,106,060 (2018-19: £871,935).

3.3.2 Fees and Charges (Audited)

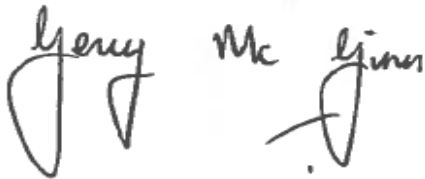
As referred to in Notes 2 and 6 of the financial statements; in the 2019-20 financial year, Strategic Investment Board Ltd has generated fees and charges of £5,199,489 (2018-19: £4,902,191). Fees and charges have been generated as a result of recovering the full cost of undertaking fee paid work.

3.3.3 Remote Contingent Liabilities (Audited)

There were no contingent liabilities at 31 March 2020, (2018-19: Nil).

3.3.4 Losses and Special Payments (Audited)

There were no losses or special payments in 2019-20 (2018-19: Nil).



Gerry McGinn
Chairman



Brett Hannam
Chief Executive

Date: 15th June 2020

3.3.5 Certificate and Report of the Comptroller and Auditor General for Northern Ireland

Opinion on financial statements

I certify that I have audited the financial statements of the Strategic Investment Board Limited for the year ended 31 March 2020 under the Companies (Public Sector Audit) Order (Northern Ireland) 2013. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows; and the related notes, including significant accounting policies. 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 Accountability Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the Strategic Investment Board Ltd 's affairs as at 31 March 2020 and of its nil balance 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 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.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate. My staff and I are independent of Strategic Investment Board Limited in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2016, and have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs(UK) require me to report to you where:

- the Strategic Investment Board Limited's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Strategic Investment Board Limited have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Strategic Investment Board Limited's ability to continue to adopt the going concern basis.

Other Information

The directors and Accounting Officer are responsible for the other information included in the annual report. The other information comprises the information included in the Annual Review other than the financial statements, the parts of the Accountability Report described in the report as having been audited and my audit certificate and report. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance the Government Financial Reporting Manual; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Responsibilities of the directors and Accounting Officer for the financial statements

As explained more fully in the Statement of Directors and Accounting Officer Responsibilities, the trustees/directors and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Companies (Public Sector Audit) Order (Northern Ireland) 2013.

My objectives are to obtain 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

In addition, 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.

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 parts of the Accountability 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 the Department of Finance'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

10 July 2020

4 Financial Statements for the Year Ended 31st March 2020

4.1 Statement of Comprehensive Net Expenditure for the Year Ended 31st March 2020

	Note	2019-20 £	2018-19 £
Operating income - Grant in aid	2	6,042,448	5,970,612
- Income from activities	2	5,199,489	4,902,191
		<u>11,241,937</u>	<u>10,872,803</u>
Operating expenditure			
Staff costs (including employee benefits)	4	9,933,907	9,177,344
Enabling expenditure	6	532,785	910,932
Other operating charges	5	761,167	770,423
Depreciation - Property, Plant & Equipment	9a	3,261	-
Amortisation - Intangible Assets	9b	10,817	14,104
Total expenditure		<u>11,241,937</u>	<u>10,872,803</u>
Net surplus (non operating) for the year		<u>-</u>	<u>-</u>

Notes 1 to 20, on pages 49-70, form part of these financial statements.

4.2 Statement of Financial Position as at 31st March 2020

	Note	2020 £	2019 £
Non-current assets			
Property, Plant and Equipment	9a	6,521	9,782
Intangible Assets	9b	13,487	14,989
Current assets			
Trade and other receivables	10	1,236,568	1,485,448
Cash and cash equivalents	11	1,560,109	1,183,891
Total current assets		2,796,677	2,669,339
Total Assets		2,816,685	2,694,110
Current liabilities			
Trade and other payables	12	(2,816,685)	(2,694,110)
Total assets less net current liabilities		-	-
Non-current liabilities		-	-
Assets less liabilities		-	-
Reserves			
General reserve (Income and Expenditure account)	19	-	-
Total		-	-

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'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).

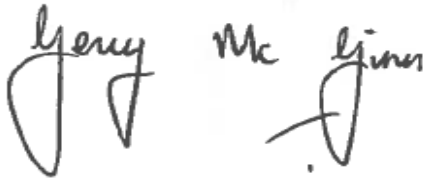
Statement of Financial Position continued

The members have not required Strategic Investment Board Ltd (Company Registration No. NI 45710) to obtain an audit of its accounts for the year ended 31st March 2020, in accordance with section 476 of the Companies' Act 2006. However Strategic Investment Board Ltd is subject to audit by the Comptroller and Auditor General for Northern Ireland under the Companies (Public Sector Audit) Order (Northern Ireland) 2013.

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 45-48 were approved on 15th June 2020 by the Strategic Investment Board Ltd Board of Directors.

Signed on behalf of the Board of Directors by:



Gerry McGinn
Chairman



Brett Hannam
Chief Executive

Date: 15th June 2020

Notes 1 to 20, on pages 49-70, form part of these financial statements.

4.3 Statement of Cash Flows for the Year Ended 31st March 2020

	2019-20	2018-19
Note	£	£
Cash flows from operating activities	17	
Deficit for the year	-	-
Depreciation - Property, Plant and Equipment	3,261	-
Depreciation - Intangible Assets	10,817	14,104
Loss on disposal	-	-
Increase / (Decrease) in trade and other payables	122,575	697,618
(Increase)/ Decrease in trade and other receivables	248,880	(171,935)
Net cash flow from operating activities	385,533	539,787
Cash flows from investing activities		
Purchase of Property, Plant and Equipment	-	(9,782)
Purchase of Intangible Assets	(9,315)	(5,898)
Financial Transaction Capital (FTC) loans	(30,000,000)	-
Repayment of FTC loan receipt to the Executive Office	(6,525,000)	(6,500,000)
Net cash flow from investing activities	(36,534,315)	(6,515,680)
Cash flows from financing activities		
Funding received in respect of FTC loans	30,000,000	-
Receipt of FTC loan repayment	6,525,000	6,500,000
Increase/ (Decrease) in cash and cash equivalents	376,218	524,107
Cash and cash equivalents at the beginning of the period	1,183,891	659,784
Cash and cash equivalents at end of the period	1,560,109	1,183,891

Notes 1 to 20, on pages 47-68, form part of these financial statements.

4.4 Notes to the Accounts

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 Appendix 1.

The particular accounting policies adopted are described below.

Accounting Convention

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

Income

Income represents grants receivable to enable Strategic Investment Board Ltd 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.

Financial Instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position (SoFP) when Strategic Investment Board Ltd becomes a party to the contractual provisions of the instrument. They are measured initially at fair value and transaction costs that are directly

attributable to the acquisition, or issue of financial assets and financial liabilities are added to, or deducted from, the fair value as appropriate on initial recognition.

Financial Transactions Capital Loans

Strategic Investment Board Ltd is the channel through which loans of Financial Transactions Capital (FTC) are made from the Department for the Economy (DfE) to the universities and from the Department of Finance (DoF) to the NI Investment Fund. Strategic Investment Board Ltd performs this function because the Departments do not currently have the vires to make such loans. The Executive has agreed that Strategic Investment Board Ltd will act as a conduit to make loans and collect repayments over the loan period. Under the terms of the loan agreements and related Memoranda of Understanding between all loan parties, Strategic Investment Board Ltd is not entitled to retain any of the loan advances repaid, nor is it entitled to earn interest on loans advanced. On receipt of a loan repayment Strategic Investment Board Ltd arranges for the money to be passed as quickly as possible to TEO. Strategic Investment Board Ltd bears no credit risk in the event of non-payment of FTC loans and is only obliged to repay receipts when received from the borrower. Strategic Investment Board Ltd do not carry out annual impairment analysis of FTC loans issued, the annual assurances reports are conducted by the Sponsor department issuing the loans.

FTC loan transactions flowing through Strategic Investment Board Ltd are shown in the Statement of Cash Flows. Strategic Investment Board Ltd does not own or control FTC loans, nor derive any direct economic benefit from them, and on that basis, it is deemed inappropriate to recognise assets or liabilities relating to FTC transactions. However, information relevant to FTC loans is presented in note 20 to enable the reader to understand the nature of the transactions.

DoF issued a direction in 2016 regarding the accounting treatment to be applied to FTC for government accounting purposes. This requires Strategic Investment Board Ltd to recognise a financial asset for loans made but not recognise any liability for the repayment as this is to be accounted for as funding from the Consolidated Fund and not as a loan. The additional disclosure requirements in relation to this are set out in Appendix 1 and not the notes to the primary financial statements as they constitute a departure from the FReM and the Companies Act 2006.

Financial Assets

Strategic Investment Board Ltd has financial assets in the form of trade receivables, cash and cash equivalents and accrued income. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are initially recognised at fair value, which is usually the original invoiced amount, and measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial asset.

The financial assets held by Strategic Investment Board Ltd are classified trade receivables and other receivables: financial assets arising from the rendering of services in the ordinary course of the company's business, or financial assets which, not having commercial substance, are not equity investments or derivatives, have fixed and determinable payments and are not traded in an active market.

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Impairment of Financial Assets

Strategic Investment Board Ltd always recognises lifetime expected credit loss for trade debtors and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Strategic Investment Board Ltd's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Lifetime expected credit losses represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month expected credit losses represents the portion of lifetime expected credit losses that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Impairment gains or losses are recognised in Statement of Comprehensive Net Expenditure (SoCNE), with a corresponding adjustment to their carrying amount through a loss allowance account. The carrying amount of the financial asset in the Statement of Financial Position (SoFP) is not adjusted.

Derecognition of Financial Assets

Financial assets are derecognised when the contractual rights to receive cash flows have expired or have been transferred and Strategic Investment Board Ltd has transferred substantially all the risks and rewards of ownership. On derecognition of a financial instrument measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised on SoCNE.

Financial Liabilities

Strategic Investment Board Ltd has financial liabilities in the form of trade payables, accruals and employee benefits. These are subsequently measured at amortised cost using the effective interest method.

Derecognition of Financial Liabilities

Strategic Investment Board Ltd derecognises financial liabilities when, and only when, its obligations are discharged, cancelled or they expire. The difference between the carrying

amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

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 31st March 2020.

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

Strategic Investment Board Ltd 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 FReM 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

Strategic Investment Board Limited has identified only one operating segment under IFRS 8 and has prepared the accounts accordingly.

Provisions

Provisions are recognised when the Strategic Investment Board Ltd has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

Contingencies

Contingent liabilities, arising as a result of past events, are recognised when (i) it is probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Strategic Investment Board Ltd's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Changes in Accounting Policy and Disclosure

Strategic Investment Board Ltd is aware of the IASB Disclosure Initiative to improve presentation and disclosure in financial reporting. The IASB has completed the first stage with the publication of Disclosure Initiative (Amendments to IAS 1) which introduces five, narrow-focus improvements to the disclosure requirements in IAS 1 Presentation of Financial Statements relating to materiality, order of the notes, subtotals, accounting policies and disaggregation. Further projects under the initiative will consider amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and IFRS 16 Leases. Strategic Investment Board Ltd considers that these changes have no significant impact on its operations.

IFRS 9 Financial Instruments became effective from 1 January 2018. IFRS 9 contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas: classification and measurement; impairment; hedge accounting and derecognition.

Under IFRS 9 Financial Assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, it is no longer necessary for a credit event to have occurred before a credit loss is recognised. Strategic Investment Board Limited has reviewed and applied IFRS 9 in 2019-20.

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

Strategic Investment Board Limited has reviewed the revised accounting standards and new (or amendments to) interpretations contained within the Government Financial Reporting Manual (FRm) 2019-20.

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 2020. It is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

The International Accounting Standards Board (IASB) have issued new and amended standards (IFRS 10, IFRS 11, IFRS 12) that affect the consolidation and reporting of subsidiaries, associates and joint ventures. These standards are effective with EU adoption from 1 January 2014. Accounting boundary IFRS are currently adapted in the FRm so that the Westminster departmental accounting boundary is based on the UK Office for National Statistics (ONS) control criteria, as designated by Treasury. A similar review in Northern Ireland, which will bring Northern Ireland departments under the same adaptation, has been carried out and the resulting recommendations were agreed by the Executive in December 2016. With effect from

2020-21, the accounting boundary for departments will change and there will also be an impact on departments around the disclosure requirement under IFRS 12. Strategic Investment Board Ltd applies IFRS in full and the consolidation boundary may change as a result of the new Standards.

The implementation of IFRS 16 in central government has been deferred by one year to 1st April 2021. Strategic Investment Board Ltd has reviewed the standard and does not expect IFRS 16 to have an impact on the financial statements.

Critical accounting judgments and estimation uncertainty

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2. Income

	2019-20	2018-19
	£	£
This comprises:		
Grant in Aid receivable (TEO)	6,042,448	5,970,612
Total revenue grants receivable	<u>6,042,448</u>	<u>5,970,612</u>

Strategic Investment Board Ltd 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:

	2019-20	2018-19
	£	£
Trading Income	5,199,489	4,902,191
Expenditure	<u>(5,199,489)</u>	<u>(4,902,191)</u>
	<u>-</u>	<u>-</u>

3. Net Deficit from Operations

	2019-20	2018-19
	£	£
The net deficit from operations is stated after charging:		
Property rent & costs	119,494	183,243
Depreciation - Property, Plant & Equipment	3,261	-
Amortisation - Intangible Assets	10,817	14,104
Loss on disposal of fixed assets	-	-
Auditors' remuneration - Internal audit services	4,950	5,544
Auditors' remuneration - External audit services*	<u>14,000</u>	<u>13,956</u>

*External audit remuneration in 2018-19 included a fee of £1,156 for the National Fraud Initiative carried out in October 2018 (2019-20: Nil).

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:

	2019-20	2018-19
Staff	28	27
Staff recharged to other departments	68	66
Seconded staff*	3	3
Total	99	96
Permanent	41	38
Temporary contracts	58	58

* Staff seconded to Strategic Investment Board Limited from the Civil Service or private sector organisations.

Staff per salary scales are detailed in the table below.

		2019-20	2018-19
	Pay Scale	No of Staff	No of Staff
Administrators	£15k - £30k	5	9
Assistant Advisors/ Administration Managers	£30k - £60k	25	26
Strategic & Project Managers	£60k - £125k	63	59
Senior Management	£125k - £150k	6	2
		99	96

Employees (Cost)

The costs incurred in respect of these employees were:	2019-20	2018-19
	£	£
Wages and salaries (increased by employee benefits)	2,485,120	2,391,099
Wages and salaries recharged to other departments	5,122,073	4,610,055
Social security costs	914,626	852,491
Health insurance	383,089	352,156
Other pension costs	747,800	700,339
Total staff cost	9,652,708	8,906,140
Seconded staff *	281,199	271,204
Total employment cost	9,933,907	9,177,344

* Staff seconded to Strategic Investment Board Limited 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.

5. Other Operating Charges

		2019-20	2018-19
		£	£
Office accommodation	(i)	119,494	183,243
Telephones and postage		37,248	42,361
Computer consumables		7,800	10,800
Stationery		8,764	6,523
Recruitment costs		9,181	7,939
Travel, accommodation and subsistence		101,463	108,244
IT costs		183,881	210,645
Training & conferences	(ii)	93,822	106,375
Hospitality		4,468	3,290
Misc operational costs		31,013	37,103
Communication		42,097	33,630
Fees	(iii)	58,564	(43,556)
Director costs		<u>63,372</u>	<u>63,826</u>
		<u>761,167</u>	<u>770,423</u>

- i. Office accommodation costs have decreased in 2019-20 due to the move from the Lighthouse Building to No. 9 Lanyon Place. The move resulted in the company occupying less space than previously. This has been made possible through the aggressive use of 'hot-desking'.
- ii. 322 days were spent on training and development activities, an average of 3.3 per full time equivalent employee (2018-19: 240 days, 2.5 per full time equivalent employee).
- iii. Actual fees associated with legal counsel in 2018-19 were significantly lower than estimates as at 31st March 2018.

6. Sources and Application of Funds

SOURCE OF FUNDS	Note	2019-20	2018-19
		£	£
The Executive Office Grant in Aid including ring-fenced funding	2	6,042,448	5,970,612
Department for Communities		836,120	597,677
Department of Finance		805,537	876,417
Department for the Economy		444,156	228,050
Northern Regional College		242,328	99,475
Department of Justice		230,386	258,052
Education Authority		213,282	353,002
Derry City & Strabane District Council		205,540	209,224
Department of Health		183,074	6,375
Department for Education		174,218	345,746
Ulster University		141,702	123,576
Northern Ireland Courts & Tribunal		129,340	191,418
Tourism NI		127,044	128,170
NI Fire & rescue		112,726	29,870
Armagh Banbridge & Craigavon Borough Council		112,190	123,978
Ards & North Down Borough Council		107,349	79,625
Southern Regional College		99,808	95,615
Department for Infrastructure		97,773	136,924
Causeway Coast & Glens Borough Council		93,787	96,439
Department of Employment & Learning		88,423	86,777
NMDDC		83,827	109,483
DAERA		81,151	52,490
Health & Social Care		78,650	9,750
NI Environment Agency		64,910	35,377
Maze Long Kesh Development Corporation		60,642	53,200
CCEA		32,214	11,563
Mid & East Antrim Borough Council		29,426	199,654
Lisburn & Castlereagh CC		29,306	4,938
Armagh Planetarium		24,860	11,500
Mid Ulster District Council		24,000	-
Charity Commission NI		23,875	8,063
National Museums NI		23,169	33,551
Canada Life		23,149	9,162
Cabinet Office		22,698	-
NI Audit Office		19,320	20,806
Forensic Science NI		18,805	10,111
Libraries NI		18,694	5,169
NI Water		17,781	-
The Executive Office		14,794	3,375
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Public Health Agency	14,162	10,819
Invest NI	13,700	31,034
Special EU Programmes Body	11,345	-
Driver & Vehicle Agency Northern Ireland	8,750	-
NICO	8,120	7,575
Probation Board NI	4,400	-
NI Screen	1,250	16,081
Translink	1,250	1,250
Ulster Orchestra	250	11,625
Arts Council NI	207	27,730
Land & Property Services	-	70,851
NI Social Care Council	-	32,500
BelTel LLP	-	15,631
HIU Implementation Team	-	13,181
Digital Catapult UK	-	5,230
Sport Northern Ireland	-	4,188
South Eastern Health & Social Care Trust	-	4,125
Belfast City Council	-	3,338
Police Service Northern Ireland	-	1,194
NISRA	-	1,188
Other	-	49
	<u>11,241,937</u>	<u>10,872,803</u>

	2019-20	2018-19
Application of Funds	£	£
Staff Costs (see note 4)	9,933,907	9,177,344
Other operating charges (see note 5)	761,167	770,423
Other		
<i>Enabling Expenditure by project</i>		
Urban Villages programme	35,211	52,967
Asset Management Unit	660,616	849,174
Council Support Unit	34,237	88,150
Digital Catapult	21,180	-
Primary Care Programme	-	46,255
Buy Social	18,790	37,610
Kilkeel Harbour project	-	-
Investment Strategy Northern Ireland 2	845	20,533
Ebrington	8,950	8,063
Strategic Support Unit	(247,044)	(191,820)
Total Enabling	<u>532,785</u>	<u>910,932</u>
Total Expenditure (excl Depreciation)	<u>11,227,859</u>	<u>10,858,699</u>

Strategic Support Unit costs are reallocated specifically to the programmes & projects listed above

Enabling Expenditure

This expenditure on enabling costs is principally undertaken in respect of Strategic Investment Board Ltd 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:

	No. of Projects	2019-20 £	No. of Projects	2018-19 £
FCM Partnership	1	113,600	-	-
ASM	3	39,489	1	104,655
Belfast City Council	1	(605)	1	1,446
Hamilton Architects	-	-	1	167,509
WYG	-	-	1	89,060
Translink	-	-	1	300,000
Total suppliers over £100k		152,484		1,220,686
Suppliers under £100k		380,301		248,262

The expenditure in relation to Government bodies listed above comprises recharges from those bodies in relation to projects supported by Strategic Investment Board Limited.

Of the project spend detailed in note six above, 2019-20 consultancy expenditure: nil (2018-19: £44,305).

Use of Consultancy as categorized by the Consultancy definitions set out in Department of Finance guidance:

	2019-20 £	2018-19 £
Financial	-	-
Strategic	-	44,305
Technical	-	-
Total	-	44,305

7. Related Party Transactions

The Executive Office (TEO) is regarded as a related party. During the year Strategic Investment Board Ltd received grant in aid for normal activities and for the FTC loan arrangement. TEO is also a shareholder in Maze Long Kesh Development Corporation to whom Strategic Investment Board Limited provided staff during the year.

Transactions Involving Directors and Related Parties to Strategic Investment Board Ltd

Due to the nature of Strategic Investment Board Ltd'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 Strategic Investment Board Ltd, and any Board Members interests during and after the financial year end.

Board Member	Related Party to Strategic Investment Board Limited	Nature of Relationship with Strategic Investment Board Limited	Board Member's Interest	Financial Reward from Related Party (if any)
G McGinn	Deloitte	Strategic Investment Board Ltd may contract work to Deloitte in relation to projects	A family member works for Deloitte	N/A
G McGinn	Ulster University Economic Policy Centre	Strategic Investment Board Ltd provides Financial Transactions Capital (FTC) finance to Ulster University and some of Strategic Investment Board Ltd's strategic advisers also carry out work for or with Ulster University.	Ulster University Economic Policy Centre, Board Member	None
G McGinn	Queen's University Belfast	Strategic Investment Board Limited provides Financial Transactions Capital (FTC) finance to Queens University and some of Strategic Investment Board Limited's strategic advisers also carry out work for or with Queens University.	On the Investment Committee at Queen's University Belfast, which oversees the investments made in the markets for the funds the University holds	None
B Hannam	Armagh Observatory and Planetarium (AOP)	Strategic Investment Board Ltd provides advice to the Department for Communities and AOP	Member is non-executive Director of AOP	None
D McCausland	Maze Long Kesh Development Corporation (MLKDC)	Strategic Investment Board Ltd provides support to MLKDC.	Member is a Non-executive director of MLKDC. (TEO public appointment)	Remuneration
D McCausland	G4S (NI)	G4S (NI) has a contract for the supply of security services to NICS	Member is an employed associate of G4S(NI)	Remuneration

Board Member	Related Party to Strategic Investment Board Limited	Nature of Relationship with Strategic Investment Board Limited	Board Member's Interest	Financial Reward from Related Party (if any)
D McCausland	PwC	Strategic Investment Board Ltd has awarded contracts to PwC	Member is an employed associate of PwC (but no work undertaken in year) A family member works for PwC.	Remuneration
D McCausland	KPMG	Strategic Investment Board Ltd has awarded contracts to KPMG	Member is an employed associate of KPMG (but no work undertaken in year)	Remuneration
D McCausland	Department for Communities (DfC)	Strategic Investment Board Ltd provides staff assistance and other project assistance to DfC.	Independent Board Member	Remuneration
M T McGivern	Titanic Foundation	Strategic Investment Board Ltd has provided support and advice to Titanic Foundation	Member is Chair of Titanic Foundation	None
M T McGivern	Belfast Metropolitan College	Strategic Investment Board Ltd has provided support, funding and advice to Belfast Metropolitan College	Principal and Chief Executive (until 31 st March 2020)	Remuneration
M T McGivern	PwC	Strategic Investment Board Ltd may contract work to PwC in relation to projects	A family member works for PwC	N/A
M T McGivern	Bombardier Foundation	Strategic Investment Board Ltd provides advice to Arc21 with which Bombardier has commercial links	Member is also a member of Bombardier Foundation	N/A
M T McGivern	Northern Ireland Water	Strategic Investment Board Ltd provides advice to Northern Ireland Water	Board Member of Northern Ireland Water	Remuneration
M T McGivern	InvestNI	Strategic Investment Board Ltd provides advice to InvestNI from time to time.	Board Member of InvestNI	Remuneration
D McSorley	Stadia Safety Technical Group	Strategic Investment Board Ltd employ staff to support DfC on all aspects of delivery of the regional stadia developments	Independent Chair until 31-Dec-19.	Remuneration
D McSorley	Graham Construction Company	Possibility of Graham Construction being awarded contracts for an Strategic Investment Board Limited supported projects	Family member is an employee	N/A

Board Member	Related Party to Strategic Investment Board Limited	Nature of Relationship with Strategic Investment Board Limited	Board Member's Interest	Financial Reward from Related Party (if any)
D McSorley	Ulster University	Strategic Investment Board Limited works with Ulster University and provides Financial Transactions Capital	Board member for International Centre for Local and Regional Development (ICLRD), which is a partnership of Maynooth University, Ulster University and the Institute for International Urban Development based in Cambridge Massachussetts (from 9-Apr-19 the latter is replaced by the University of Maryland USA).	N/A
K Thomson	Tourism Ireland	Some Strategic Investment Board Limited projects work in partnership with Tourism Ireland/ Department for the Economy	Director of Tourism Ireland Ltd	Remuneration (the fee is paid as a charitable donation to NMNI).
K Thomson	National Museums NI (NMNI)	NMNI is funded by the Department for Communities for which Strategic Investment Board Ltd may do work Strategic Investment Board Ltd has used NMNI facilities Strategic Investment Board provides paid services to National Museums NI Strategic Investment Board Ltd second a Capital Programme Director on a fixed term contract	Chief Executive of NMNI. Appointed March 2016	Remuneration
K Thomson	Eirgrid/SONI	Strategic Investment Board Limited manages an energy management programme	A family member works for Eirgrid/SONI	None
K Thomson	Open House Festival Ltd	Strategic Investment Board Limited provided advice to the Courthouse project	Member of Board of Trustees	None

Strategic Investment Board Ltd maintains a register of the interests for the members of the Board of Directors that is published on the Strategic Investment Board Ltd website, www.sibni.org and is also available upon request to the Company Secretary.

8. Taxation

HM Revenue & Customs has determined that Strategic Investment Board Limited is a taxable entity but not all of the income will be taxable. In the year ended 31 March 2020, no provision for tax has been made as there has been no assessable income arising (period ended 31 March 2019: Nil).

9. a) Property, Plant and Equipment

	2019-20	2018-19
	£	£
Cost		
At 1st April	9,782	-
Additions in year	-	9,782
Disposals	-	-
At 31 March	<u>9,782</u>	<u>9,782</u>
Accumulated Depreciation		
At 1st April	-	-
Charge in year	3,261	-
Disposals	-	-
At 31st March	<u>3,261</u>	<u>-</u>
Net book value		
At 31st March	<u>6,521</u>	<u>9,782</u>

9. b) Intangible Assets

	IT	Software	Websites	Total
	£	£	£	£
Cost:				
At 1st April 2018	9,998	3,310	66,330	79,638
Additions in year	-	-	5,898	5,898
At 31st March 2019	<u>9,998</u>	<u>3,310</u>	<u>72,228</u>	<u>85,536</u>
Additions in year	-	-	9,315	9,315
At 31st March 2020	<u>9,998</u>	<u>3,310</u>	<u>81,543</u>	<u>94,851</u>
Amortisation:				
At 1st April 2018	9,998	3,310	43,135	56,443
Charge in year	-	-	14,104	14,104
At 31st March 2019	9,998	3,310	57,239	70,547
Charge in year	-	-	10,817	10,817
At 31st March 2020	<u>9,998</u>	<u>3,310</u>	<u>67,597</u>	<u>81,364</u>
Carrying Amount				
At 31st March 2020	<u>-</u>	<u>-</u>	<u>13,945</u>	<u>13,487</u>
At 31st March 2019	<u>-</u>	<u>-</u>	<u>14,989</u>	<u>14,989</u>
At 31st March 2018	<u>-</u>	<u>-</u>	<u>23,195</u>	<u>23,195</u>

10. Trade and Other Receivables

	2019-20	2018-19
	£	£
Trade Receivables	756,809	1,107,037
Prepayments and Accrued Income	479,759	378,411
	<u>1,236,568</u>	<u>1,485,448</u>

11. Cash and Cash Equivalents

	2019-20	2018-19
	£	£
Balance as at 1st April	1,183,891	659,784
Net Changes in cash and cash equivalent balances	376,218	524,107
Balance as at 31 March	<u>1,560,109</u>	<u>1,183,891</u>

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

12. Trade and Other Payables

	2019-20	2018-19
	£	£
Included in liabilities falling due within one year are:		
Trade Payables	117,830	13,208
Accruals	773,955	711,855
Employee benefits (Note 13)	363,432	296,676
Deferred Income (Grant in Aid)	1,305,719	1,307,167
Value Added Tax	255,749	365,204
	<u>2,816,685</u>	<u>2,694,110</u>

13. Employee Benefits

Strategic Investment Board Ltd 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 Strategic Investment Board Ltd, 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' (2019-20: £363,432; 2018-19: £296,676).

14. Contingencies and Commitments

Strategic Investment Board Ltd is committed to supporting various projects which are on-going at year end. Strategic Investment Board Ltd is dependent on funding from Departments to meet its commitments. There were no capital commitments, commitments under leases or other financial commitments at the year-end.

There were no contingent liabilities at 31 March 2020 (2018:19: nil).

15. 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.

16. Deferred Income

	2019-20	2018-19
	£	£
At 1 April 2019	(1,307,167)	117,280
Released to Statement of Comprehensive Net	1,306,667	(117,280)
Deferred Income	<u>(1,305,719)</u>	<u>(1,307,167)</u>
At 31 March 2020	<u>(1,306,219)</u>	<u>(1,307,167)</u>

17. Notes to the Cash Flow Statement

	2019-20	2018-19
	£	£
Operating Activities		
Deficit for the year	-	-
Depreciation - Property, Plant and Equipment	3,261	-
Depreciation - Intangible Assets	10,817	14,104
Loss on disposal	-	-
Increase / (Decrease) in trade and other payables	122,575	697,618
(Increase)/ Decrease in trade and other receivables	<u>248,880</u>	<u>(171,935)</u>
Net cash inflow/ (outflow) from operating activities	<u>385,533</u>	<u>539,787</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	-	(9,782)
Purchase of Intangible Assets	(9,315)	(5,898)
Financial Transaction Capital (FTC) loans	(30,000,000)	-
Repayment of FTC loan receipt to the Executive Office	<u>(6,525,000)</u>	<u>(6,500,000)</u>
Net cash inflow/ (outflow) from Investing activities	<u>(36,534,315)</u>	<u>(6,515,680)</u>
Cash flows from financing activities		
Funding received in respect of FTC loans	30,000,000	-
Receipt of FTC loan repayment	<u>6,525,000</u>	<u>6,500,000</u>
Increase (decrease) in cash and cash equivalents	<u>376,218</u>	<u>524,107</u>

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

	2019-20	2018-19
	£	£
Increase (decrease) in cash and cash equivalents	376,218	524,107
Cash and cash equivalents at the beginning of the period	<u>1,183,891</u>	<u>659,784</u>
	<u>1,560,109</u>	<u>1,183,891</u>

18. Financial Instruments

IFRS 7 'Financial Instruments: Disclosures' requires disclosure that enables evaluation of the significance of financial instruments for Strategic Investment Board Ltd's financial position and performance, the nature and extent of risks arising from financial instruments which Strategic Investment Board Ltd is exposed to during the period and at the reporting date, and how Strategic Investment Board Ltd manages those risks. As a result of the non-trading nature of its activities and the way in which Strategic Investment Board Ltd is financed, Strategic Investment Board Ltd 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 Strategic Investment Board Ltd's activities.

19. Reserves

	2019-20	2018-19
	£	£
As at 1 April 2019	-	-
Net surplus for the year	-	-
As at 31 March 2020	<u>-</u>	<u>-</u>

Movement to Reserves

There was no movement from the Statement of Comprehensive Net Expenditure to Reserves in 2019-20 (2018-19: Nil).

20. Financial Transactions Capital (FTC) Loans

	2019-20	2018-19
	£	£
As at 1st April	117,005,814	117,011,971
Loans issued in year	30,000,000	-
Loan interest receivable in year (added to capital)	1,771,470	1,146,351
Amortisation of loans issued in year	(2,392,697)	-
Repayment of loan in year*	(6,525,000)	(6,500,000)
Unwinding of amortisation in year	(1,890,616)	5,347,492
Balance as at 31st March	<u>137,968,971</u>	<u>117,005,814</u>

Strategic Investment Board Ltd facilitated the transfer of funds between Department of Finance and Department for the Economy via the Executive Office and Queen's University Belfast, Ulster University and GFS Corporate Directorate II Limited (the vehicle holding the NI Investment Fund) for Financial Transactions Capital loan agreements. The loans to Queen's University Belfast and Ulster University are interest free loan agreements. The loan to GFS Corporate Directorate II Limited, the vehicle holding the NI Investment Fund is interest bearing at a rate of London Interbank Offered Rate (LIBOR) plus 4%. Funding for the loans was received from the Executive Office and have been recorded at amortised cost at the following rates:

- i) Queen's University Belfast & Ulster University - nominal rate of 3.7%, and
GFS Corporate Directorate II Limited effective interest rate of LIBOR + 4% applied from the 1st day of each quarter (Jan, Apr, Jul & Oct).
- | | | | |
|--------|----------|--------|----------|
| Jan-19 | 4.91350% | Oct-19 | 4.75963% |
| Apr-19 | 4.84088% | Jan-20 | 4.79625% |
| Jul-19 | 4.77975% | Apr-20 | 4.57450% |

Strategic Investment Board Ltd do not carry out annual amortisation analysis of FTC loans issued. The annual assurance reports are conducted by the Sponsor department issuing the loans. Based on consultation with the Sponsor departments, who are responsible for monitoring the borrowers' projects performances under the terms of the loans, Strategic Investment Board Ltd are not aware of any triggers that would give rise to an adjustment.

**In 2019-20 Strategic Investment Board Ltd received the fifth loan repayment from Queen's University, Belfast (2019-20: £1,275,000; 2018-19: £1,275,000) and the second loan repayment from Ulster University (2019-20: £5,250,000; 2018-19: £5,225,000). Strategic Investment Board Limited transferred the repayments to the Executive Office (see note 17).*

In 2018-19 as part of the review and implementation of IFRS 9 *Financial Instruments*, Strategic Investment Board Ltd took the opportunity to review the accounting treatment of Financial Transactions Capital (FTC) loans. IFRS 9 requires an entity to recognise a financial asset or a financial liability in its statement of financial position when it becomes party to the contractual provisions of the instrument.

An asset is a resource with economic value a company owns or controls with the expectation that it will provide a future benefit. Strategic Investment Board Limited does not derive any direct economic benefit from FTC transactions. The Executive has agreed that Strategic

Investment Board Limited will act as a conduit to make loans and collect repayments over the loan period. Under the terms of the loan agreements and related Memorandum of Understanding between all loan parties, Strategic Investment Board Ltd is not entitled to retain any of the loan advances repaid, nor is it entitled to earn interest on loans advanced. On receipt of a loan repayment Strategic Investment Board Ltd arranges for the money to be passed as quickly as possible to TEO. Strategic Investment Board Ltd bears no credit risk in the event of non-payment of FTC loans and is only obliged to repay receipts when received from the borrower.

On this basis, it is deemed that FTC loans do not meet the definition of an asset or liability. The disclosures in note 20, in relation to movements on the FTC balances are presented to enable the reader to understand the nature of the transactions.

4.5 Events after the Reporting Period

None

4.6 Date Authorised for Issue

The Accounting Officer authorised the issue of these financial statements on June 2020.

5 Appendix 1: Additional Disclosures to Comply with FReM and Department of Finance Accounts Direction

The Government's Financial Reporting Manual (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 Strategic Investment Board Ltd have instead accounted for Grant In Aid as part of income which is matched to expenditure in the same period as permitted under company law.

Strategic Investment Board Ltd is the channel through which loans of Financial Transactions Capital (FTC) are made from the Department for the Economy to the universities and from the Department of Finance to the NI Investment Fund. Strategic Investment Board Ltd performs this function because the Departments do not currently have the vires to make such loans. The Department of Finance (DoF) have directed that the Strategic Investment Board Ltd *recognise a financial asset for loans made but not recognise any liability for the repayment as this is to be accounted for as funding from the Consolidated Fund and not as a loan.*

The following Financial Statements are not part of the primary statements of the Strategic Investment Board Ltd but have been prepared to illustrate the financial position if the Strategic Investment Board Limited were to comply with FReM and DoF's 2016 Accounts Direction, the following would be the effect of this compliance:

5.1 Statement of Comprehensive Net Expenditure Prepared under FReM and DoF Accounts Direction

	Note	2019-20 £	2018-19 £
INCOME			
Other operating income	2	5,199,489	4,902,191
		<u>5,199,489</u>	<u>4,902,191</u>
EXPENDITURE			
Staff costs	4	9,933,907	9,177,344
Enabling expenditure	6	532,785	910,932
Other operating charges	5	760,667	770,423
Depreciation - Property, Plant & Equipment	9a	3,261	-
Amortisation - Intangible Assets	9b	10,817	14,104
Amortisation - FTC Loan	20	4,283,313	(5,347,492)
		<u>15,524,750</u>	<u>5,525,311</u>
TOTAL EXPENDITURE			
		<u>15,524,750</u>	<u>5,525,311</u>
NET DEFICIT FOR THE YEAR		(10,325,261)	(623,120)
AMOUNT TRANSFERRED TO RESERVES		<u>(10,325,261)</u>	<u>(623,120)</u>

5.2 Statement of Financial Position as at 31st March 2020 Prepared under FReM and DoF Accounts Direction

		2019-20	2018-19
	Note	£	£
Non-current assets			
Property, Plant and Equipment	9a	6,521	9,782
Intangible Assets	9b	13,487	14,989
Financial Transaction Capital (FTC) loans	20	131,443,971	110,480,814
Current assets			
Trade and other receivables	5.7	1,236,568	1,485,448
Financial Transaction Capital (FTC) loans	20	6,525,000	6,525,000
Cash and cash equivalents	11	1,560,109	1,183,891
Total current assets		<u>9,321,677</u>	<u>9,194,339</u>
Total Assets		<u>140,785,656</u>	<u>119,699,924</u>
Current liabilities			
Trade and other payables	5.6	<u>(1,510,966)</u>	<u>(1,387,443)</u>
Non current assets less net current liabilities		<u>139,274,690</u>	<u>118,312,481</u>
Non-current liabilities		-	-
Assets less liabilities		<u>139,274,690</u>	<u>118,312,481</u>
Reserves			
General reserve (Income and Expenditure account)	5.5	<u>139,274,690</u>	<u>118,312,481</u>
Total		<u>139,274,690</u>	<u>118,312,481</u>

5.3 Statement of Cashflows Prepared Under FReM and DoF Accounts Direction

	2019-20	2018-19
	£	£
Cashflows from Operating Activities		
Net Deficit after interest and tax	(10,325,261)	(623,120)
Non Cash Transactions (Depreciation - Property, Plant & Equipment)	3,261	-
Non Cash Transactions (Amortisation - Intangible Assets)	10,817	14,104
Non Cash Transactions (Amortisation Reserve - FTC Loans)	4,283,313	(5,347,492)
Increase / (Decrease) in trade and other payables	123,523	(491,769)
(Increase)/ Decrease in trade and other receivables	248,880	(171,936)
Net Cash used in Operating Activities	<u>(5,655,467)</u>	<u>(6,620,213)</u>
Cash flows from Investing Activities		
Purchase of Property, Plant & Equipment	-	(9,782)
Purchase of Intangible Assets	(9,315)	(5,898)
FTC loan issued	(30,000,000)	-
Repayment of FTC loan receipt to the Executive Office	(6,525,000)	(6,500,000)
Net Cash used in Investing Activities	<u>(36,534,315)</u>	<u>(6,515,680)</u>
Cash flows from Financing Activities		
Grant in Aid from Parent Department	6,041,000	7,160,000
Grant in Aid re FTC	30,000,000	-
Receipt of FTC Loan repayment	6,525,000	6,500,000
Net Cash used in Financing Activities	<u>42,566,000</u>	<u>13,660,000</u>
Net increase / (decrease) in cash and cash equivalents	<u>376,218</u>	<u>524,107</u>
Cash and cash equivalents at beginning of the period	<u>1,183,891</u>	<u>659,784</u>
Cash and cash equivalents at end of the period	<u>1,560,109</u>	<u>1,183,891</u>

In 2019-20 Strategic Investment Board Ltd received Financial Transactions Capital loan repayments of £6,525,000 (2018-19: £6,500,000). Strategic Investment Board Ltd immediately transferred the repayments to the Executive Office.

5.4 Statement of Changes in Taxpayers' Equity Note Prepared Under FReM and DoF Accounts Direction

	2019-20	2018-19
	£	£
Analysis of Income and Expenditure Reserves:		
Balance at 1 April 2019	118,312,481	117,129,250
Grant in Aid received in year	36,041,000	7,160,000
Interest capitalised on FTC Loan	1,771,470	1,146,351
Net operating cost for the year	(10,325,261)	(623,120)
Receipt of FTC loan repayment	<u>(6,525,000)</u>	<u>(6,500,000)</u>
Balance at 31 March 2020	<u>139,274,690</u>	<u>118,312,481</u>

	2019-20	2018-19
	£	£
Summary of Balances:		
Income & Expenditure reserve	<u>139,274,690</u>	<u>117,687,362</u>
Balance at 31 March 2020	<u>139,274,690</u>	<u>117,687,362</u>

FReM accounting does not recognise deferred income (note 16). Grant in Aid received over and above expenditure incurred is credited to the Income and Expenditure Reserve. The Income and Expenditure reserve within the Statement of Taxpayers' Equity note is reconciled in the table below:

5.5 Movement in Reserves Prepared Under FReM and DoF Accounts Direction

		2019-20	2018-19
	Note	£	£
Reserves at 1st April 2019		118,312,481	117,129,250
FTC loans issued and interest capitalised on FTC loan	20	31,771,470	1,146,351
Amortisation of loans issued in year	20	(2,392,697)	-
Unwinding of amortisation in year	20	(1,890,616)	5,347,492
Receipt of FTC Loan repayment	20	(6,525,000)	(6,500,000)
Movement in Deferred/ Accrued Income in year	16	<u>(948)</u>	<u>1,189,388</u>
Reserves at 31st March 2020		<u>139,274,690</u>	<u>118,312,481</u>

5.6 Trade and Other Payables Prepared Under FReM and DoF Accounts Direction

FReM accounting does not recognise deferred income. Grant in Aid received over and above expenditure incurred is credited to the Income and Expenditure Reserve.

	2019-20	2018-19
	£	£
Included in liabilities falling due within one year are:		
Trade Payables	117,830	13,208
Accruals	773,955	711,855
Employee benefits (Note 13)	363,432	296,676
Value Added Tax	255,749	365,204
Deferred Income Adjustment	-	500
	<u>1,510,966</u>	<u>1,387,443</u>

5.7 Trade and Other Receivables Prepared Under FReM and DoF Accounts Direction

	2019-20	2018-19
	£	£
Trade Receivables	756,809	1,107,037
Prepayments and Accrued Income	479,759	378,411
	<u>1,236,568</u>	<u>1,485,448</u>