



Special EU Programmes Body  
 Foras Um Chláir Speisialta An AE  
 Boord O Owre Ocht UE Projects



# Special EU Programmes Body Annual Report & Accounts 2016



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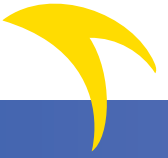
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**Special EU Programmes Body  
Annual Report and Accounts  
for the year ended 31 December 2016**

Laid before the Northern Ireland Assembly under North/South Co-operation (Implementation Bodies) (Northern Ireland) Order 1999 Schedule 1, Annex 2, Part 7, paragraphs 1.3 and 2.6 by the Department of Finance and before both Houses of the Oireachtas under Article 49 (1) of the British-Irish Agreement Act, 1999

on 14 December 2017.



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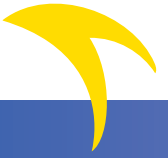
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Cover image:

Photograph taken at the official launch of the PEACE IV and INTERREG VA Programmes at the Skainos Centre in East Belfast.



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# Chief Executive's Foreword

I am delighted to present the Annual Report for 2016 in my role as Chief Executive Officer of the Special EU Programmes Body (SEUPB). This has been one of the most challenging years in the history of the organisation, however the year ended well with the continued implementation of both the PEACE IV and INTERREG VA Programmes.

To reflect this new and exciting funding period for 2014-2020, we took the opportunity to refresh our mission and vision statement and details of these statements are included later within the Annual Report.

The year began with the official launch of both Programmes at a high profile event at the PEACE III funded cross-community Skainos centre, located in East Belfast. The event took place on the 22 January 2016 and was attended by Ministers from the entire eligible area of the Programmes including Scotland's Cabinet Secretary for Infrastructure and Investment Keith Brown MSP, Ireland's Minister for Public Expenditure and Reform Brendan Howlin TD and the Northern Ireland Finance Minister Mervyn Storey MLA.

Representing the European Commission, Deša Srsen, highlighted the positive benefits that the funding will make across the Programmes' eligible areas. Over 200 people attended the event which looked back over the success of previous Programmes and the long-term impact that they have had on the lives of hundreds of thousands of people. The launch was followed by a series of funding call seminars for PEACE IV to help raise awareness of the

funding opportunities available under the Programme. These cross-border events were extremely successful and attracted an audience of over 860 people.

The outcome of the UK Referendum on EU membership gave rise to considerable uncertainty in relation to the continued availability of funding for the programmes. However, following discussions between the Department of Finance in Northern Ireland and the Department of Public Expenditure & Reform in Ireland, agreement was reached on the terms of the funding agreements offered to programme beneficiaries so as to ensure that funding can continue until the end of the current programming period, regardless of the UK leaving the EU.

Funding offers for a number of INTERREG VA funded projects were then issued including €16.6 million for a new cross-border enterprise development initiative which will increase the number of SMEs involved in Research & Innovation collaboration within Northern Ireland, Ireland and Western Scotland.

Funding of €23.7 million was offered for three new cross-border greenway projects that will create new and sustainable travel routes for both cyclists and pedestrians. Collectively the projects will increase the number of cross-border journeys made by cycling or walking by up to 10% across the region by 2023.

We were also able to issue the first offer of funding for victims and survivors of the conflict which will be delivered by the Victims & Survivors Service (VSS). With a value of £13.4 million the funding will benefit up to 17,650 victims and survivors as well as members of their families across Northern Ireland and the Border Region of Ireland.

The programmes would not have reached this advanced stage of implementation without the hard



work of the members of the Programme's Monitoring and Steering Committees for PEACE IV and INTERREG VA. The members of these committees have displayed enduring commitment, enthusiasm and support throughout the year.

During the year we have also worked hard to encourage greater levels of involvement in the Transnational INTERREG VB and Inter-regional INTERREG VC Programmes. A significant number of new and innovative project partnerships have been developed as part of this work and many more will continue to do so in future years.

As part of our corporate governance arrangements, we report to the North South Ministerial Council (NSMC) in Sectoral format. The nineteenth NSMC Special EU Programmes meeting was held in the Department of Foreign Affairs and Trade, Iveagh House, Dublin, on 7 July 2016. The meeting was attended by Máirtín Ó Muilleoir MLA, Minister of Finance, Executive Office Junior Minister Alastair Ross MLA and Paschal Donohoe, T.D., Minister for Public Expenditure and Reform.

On 2 December 2016 the twentieth NSMC SEUPB meeting was held in the NSMC Joint Secretariat Offices in Armagh. The meeting was attended by Paschal Donohoe, T.D., Minister for Public Expenditure and Reform, Máirtín Ó Muilleoir MLA Minister of Finance and Alastair Ross MLA Executive Office Junior Minister. Minister Donohoe chaired the meeting. On the 29 June 2016 the SEUPB was invited to give evidence before the Northern Ireland Assembly Committee for Finance. On the 17 November 2016 it was also asked to give evidence before the Joint Committee for the Implementation of the Good Friday Agreement, at the Houses of the Oireachtas in Dublin.



I am very privileged to lead a team of highly professional people who have displayed dedication, resilience and fortitude, particularly during this challenging year. I have great trust in their enthusiasm and ability to implement these Programmes.

I would also like to acknowledge in particular the support of the Ministers and officials of our Sponsor Departments, the Department of Finance and the Department of Expenditure and Reform, along with the many other Government Departments we work with in Northern Ireland, Ireland and Scotland as well as the NSMC and of course the European Commission.

We are now entering into an exciting and fast-paced time for PEACE IV and INTERREG VA as letters of offer are issued and projects start to deliver activity on the ground. Future years will also see ambitious expenditure targets which must be met in order to ensure that we maximise drawdown of all the EU funding available.

The SEUPB will continue to monitor the developments of the UK Brexit negotiations with the European Commission, and evaluate the impact on our EU funding Programmes. As projects become operational we will be able to meet the core objectives contained within the PEACE IV and INTERREG VA Programmes. I look forward to bringing you more news about this as it happens.

**Gina McIntyre**  
**Chief Executive**  
**Special EU Programmes Body**



# The Role of the Special EU Programmes Body

## Our Mission

To improve people's lives through partnership and cross-border cooperation.

## Our Vision

The SEUPB will have a positive and lasting impact on the people in the region by successfully delivering cooperation programmes, on behalf of the two Governments and the European Commission. We will operate with the highest levels of integrity and respect the diversity of all those within the region. We will continually improve, drive simplicity, inspiring staff to be the best that they can be through the ethos of teamwork internally and externally.

### Our Role Explained

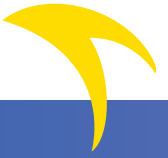
**The Special EU Programmes Body (SEUPB) is a North/South Body, established under the Agreement between the Government of Ireland and the Government of the United Kingdom of Great Britain and Northern Ireland (the Agreement) and came into effect on 2 December 1999.**

The Agreement stipulates that the SEUPB will implement the policies directed by the North South Ministerial Council (NSMC) as specified by the North South Co-operation (Implementation Bodies) (Northern Ireland) Order 1999 and the British-Irish Agreement Act 1999, as amended.

The SEUPB holds the role of Managing Authority and Certifying Authority as well as providing the Joint Secretariat (JS) for the PEACE IV and INTERREG VA Programmes (2014-2020).

The SEUPB has a broad role to support North/South participation in INTERREG VB Transnational Programmes which are relevant to Northern Ireland. Alongside this the SEUPB has an advisory and signposting role for North/South participation in the INTERREG VC Inter-regional programme.





The vertical garden wall at the PEACE funded Skainos, cross-community centre in East Belfast.



# Key Achievements for 2016

Corporate Objectives	Key Outputs
<p><b>1. To ensure effective business processes for closure are implemented for the 2007-2013 Programmes which will result in a maximisation of EU receipts for both Member States.</b></p>	<ul style="list-style-type: none"> <li>• All Article 13 (EC No. 1083/2006) requirements were completed in 2016.</li> <li>• The Final Implementation Reports (FIRs) for both programmes were submitted to the European Commission on 27 March 2017. The Final Claims for both programmes were submitted on 13 March 2017. The Final Control Report &amp; Closure Declaration was submitted to the Commission on 28 March 2017. The Audit Opinion provided in the Closure Declaration was unqualified.</li> </ul>
<p><b>2. To ensure the development of effective administrative structures and processes that will facilitate the implementation of new Programmes for the period 2014-2020, in accordance with the Regulatory Frameworks of the EU.</b></p>	<ul style="list-style-type: none"> <li>• Programme Evaluation Plans have been approved for both Programmes by the Programme Monitoring Committee's and have been submitted to the European Commission. The Evaluation Plans are available to view on the SEUPB website.</li> <li>• The Annual Implementation Reports (AIR) for both Programmes have been submitted to the European Commission by the regulatory deadline of 31 May 2016.</li> <li>• The PEACE IV Monitoring Committee met on 2 March 2016 and 22 November 2016.</li> <li>• The INTERREG VA Monitoring Committee met on 29 June 2016.</li> <li>• An Exceptional Joint Meeting of the PMCs met on 7 September 2016.</li> </ul>



Corporate Objectives	Key Outputs
<p><b>3. To provide guidance and support to projects so that they can access the Programmes and manage funding.</b></p>	<ul style="list-style-type: none"> <li>• Co-ordination of 12 funding call workshops for PEACE IV across the Programme's eligible area.</li> <li>• During 2016, the SEUPB continued to manage the First Level of Control process for Northern Ireland partners of all Transnational and Inter-regional projects. The SEUPB has proactively identified and engaged with key stakeholders to advance seven projects with at least one Northern Ireland partner during 2016.</li> <li>• By the end of 2016, SEUPB was providing the first level control to a total of 27 NI partners across 20 projects under the Interreg VB and VC Programmes.</li> </ul>
<p><b>4. Enhance business performance of the SEUPB and its staff through the implementation of effective and efficient administrative processes within a corporate governance framework designed to meet accountability requirements.</b></p>	<ul style="list-style-type: none"> <li>• Both the PEACE IV and INTERREG VA Programmes were officially launched on 22 January 2016.</li> <li>• The SEUPB worked diligently throughout 2016 to ensure that workplace efficiencies were achieved in line with those outlined within its Efficiency Savings Delivery Plan and are delivering on the 4% efficiency target and prompt payment targets.</li> <li>• Work has continued throughout 2016 with all key stakeholders within the Body and its Sponsor Departments to deliver the INTERACT eMS system as the SEUPB's specific Structural Funds System. Work on the system was delivered on target to meet the March 2017 operational deadline for both PEACE and INTERREG Programmes. The Body continues with the project implementation to now meet some organisation specific requirements.</li> <li>• In terms of absence rates, the Percentage Days Lost of Total Available Working Days was 2.21% against a target of less than 3%. The Average Number of Days Lost per Employee was 4.67 days against a target of less than 6.5 days.</li> </ul>



# PEACE Programme Overview

Established in 1995, the PEACE Programme was created by the European Union as a response to the positive developments in the Northern Ireland peace process in 1994. The Programme works to reinforce progress towards a peaceful and stable society in Northern Ireland and the Border Region of Ireland.

From the inception of PEACE I in 1995 to the conclusion of the PEACE IV Programme in 2020, the eligible region will have benefitted from over £2.2 billion of funding (£1.5 billion from EU and £700m in national contributions).

The PEACE IV Programme is a unique cross-border initiative, financed by the European Regional Development Fund (ERDF) and designed to support peace and reconciliation in Northern Ireland and the Border Region of Ireland.

There has been significant progress in the region since the Good Friday/ Belfast Agreement (1998) and St Andrews Agreement (2006). However divisions between communities are still very evident with low levels of trust and high levels of residential and social segregation. Issues around the expression of identity often result in community tensions and increased polarisation.

Within this context there remains a real need for the region to address a number of key issues in order to support the overall peace process. These include more efforts to develop and deepen reconciliation between divided communities; increase tolerance and respect to reduce the levels of sectarianism and racism; promote increased community cohesion; and address the legacy of the past.

In line with the Europe 2020 strategy the European Commission requires that all of the new 2014-2020 Programmes will focus on a narrow range of activities to ensure that there is sufficient funding available to bring about significant change. Successful applicants are required to demonstrate tangible results and outputs in the delivery of their projects, which must be aligned to the overall objectives, results and outputs of the Programme.

The new PEACE IV Programme has a total value of approximately €270m, this includes an ERDF contribution of €229m (85%) and a matching funding contribution from the Irish Government and Northern Ireland Executive of €41m (15%).

The Programme has four key objectives where it wants to make significant and lasting change in terms of 'Shared Education'; 'Children & Young People'; 'Shared Spaces & Services'; and 'Building Positive Relations'.

The following case studies look back to some of the capital build projects officially launched in 2016 supported under PEACE III, as well as developments under the new PEACE IV Programme for 2014-2020.



Exterior of the £7m EU PEACE III funded Earls project, based in Dungannon.



## ‘Earls’ Project is officially launched

**A new £7m PEACE III-funded project, based in Dungannon was launched in March 2016. Called ‘Earls’ it has created a new cross-community events space at the Hill of the O’Neill, alongside a community-trail which cuts through the town and a new office space at Railway Park for use by a number of local community organisations.**

The project was delivered by Mid Ulster Council alongside a consortium of local partners led by the South Tyrone Empowerment Programme (STEP). The new event space includes state-of-the-art conference facilities and a viewing tower on the historic Hill of the O’Neill.

It also includes a 6.9km walking trail which links key recreational spaces across the town and has been designed to encourage greater levels of cross-community contact and integration. A number of local community groups including Inspire Mental Health and the Willowbank Resource Centre use the new office space at the Railway Park called the ‘Junction Building’ which has also been created under the project.



Pictured (centre left) Minister of Finance, Mervyn Storey MLA and (centre right) Minister for Social Development, Lord Morrow MLA alongside representatives from the Apprentice Boys of Derry Association.



## EU-funded 'Siege Museum' open to the public

**A PEACE III-funded project designed to enhance the quality and breadth of cross-community outreach activity undertaken by the Apprentice Boys of Derry was officially launched on 11 March 2016.**

Called the 'Siege Museum' the £2.4 million funded project consists of a modern interpretative centre connected to the newly refurbished Memorial Hall on Society Street, in Derry-Londonderry.

The newly built 5,000 sq ft visitors centre contains a number of important historical artefacts including a sword belonging to Adam Murray of Siege fame,

cannon balls, musket shot and medals commemorating the reformation of the Apprentice Boys in 1814. The centrepiece on the top floor is a statue of Reverend George Walker, Governor of the City during the Great Siege of 1689.

The facility will promote a greater understanding of the events which led up to the Siege and also provide a comprehensive insight into the history and traditions of the Apprentice Boys of Derry. Over the next few years the project will deliver upon an ambitious set of visitor targets to include members from the Protestant and Catholic communities on both sides of the border.



Exterior of the EU PEACE III funded Girdwood Community Hub project located in North Belfast.



## ‘Girdwood Community Hub’ project opens its doors

**A derelict space at the heart of an interface area in North Belfast has been completely transformed with £11.7 million worth of EU PEACE III-funding. Previously the location of a demilitarised army barracks the site had, for many years, acted as the back-drop for sectarian-based clashes between young people living within the local area.**

The Girdwood Community Hub was created to help tackle these issues and turn the site from a focus of division into one which would encourage local communities to come together peacefully.

Belfast City Council is the lead partner for the project which was officially opened to the public on the 15 January 2016. Designed as a safe space for people from all backgrounds the facility includes a gym, spa, sports hall, further education classrooms, dedicated youth space, a cafe and multi-purpose rooms for community hire.

A large part of the Girdwood Community Hub is leased by Belfast Metropolitan College which offers a range of different training and education courses for young people. The Hub has a dedicated space for young people, including a drop-in service and other youth development facilities.



## Support for Victims and Survivors of the Conflict

**Approximately £13.4 million worth of EU funding has been offered to support the health and well-being of victims and survivors of the troubles/conflict on a cross-border basis. This was the very first funding award to be made under the PEACE IV Programme.**

In total the funding aims to support up to 17,650 victims and survivors and members of their families. The funding is to be delivered through the Victims and Survivors Service (VSS) and will benefit people living in Northern Ireland and the Border Region of Ireland.

Building upon the valuable work funded under previous PEACE Programmes this PEACE IV funding will support the provision of health and wellbeing support to address the complex needs of victims and survivors.

It will also be used to support victims and survivors engaging with new and existing bodies involved in historical investigations and narrative associated with the conflict.





# INTERREG Programme Overview

The INTERREG Programme has been specifically designed to address problems that arise from the existence of borders. Borders can reduce economic development, hamper the efficient management of the environment, obstruct travel and hinder the delivery of essential health and social care services.

From the beginning of INTERREG IA in 1991 to the conclusion of INTERREG VA in 2020, the Programme will have contributed approximately €1.13 billion to the region. Of this figure approximately €810 million was provided directly from the European Union.

The INTERREG VA Programme is one of over 60 funding programmes across the European Union that have been specifically designed to address problems that arise from the existence of borders.

The new INTERREG VA Programme has been designed to promote greater levels of economic, social and territorial cohesion across Northern Ireland, the Border Region of Ireland and Western Scotland.

It will help to create a more prosperous and sustainable cross-border region and also reflects priority areas for European Territorial Cooperation, including contributing to the Atlantic Strategy.

The Programme has a total value of approximately €283 million, this includes an ERDF contribution of €240 million (85%) and a match-funding contribution from the Irish Government and Northern Ireland Executive of €43 million (15%).

INTERREG VA has four key priority areas where it wants to make significant and lasting change in terms of Research & Innovation; the Environment; Sustainable Transport and Health & Social Care.

The following case studies look back to some of the capital build projects officially launched in 2016 supported under INTERREG IVA as well as developments under the new INTERREG VA Programme for 2014-2020.

Fanad Head Lighthouse in County Donegal refurbished as part of the INTERREG IVA funded Great Lighthouses of Ireland project.



## Fanad Head lighthouse opening

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**At the end of April 2016 Fanad Head Lighthouse in County Donegal officially opened as an exciting new tourist destination. This transformation of Fanad Head Lighthouse formed part of the EU INTERREG IVA funded cross-border Great Lighthouses of Ireland project, which was led by the Commissioners of Irish Lights.**

Positioned at the northern tip of the spectacular Fanad Head peninsula the structure stands 22m tall and has been voted one of the most beautiful lighthouses in the world.

The Great Lighthouses of Ireland project involved the refurbishment of 12 different lighthouses into new tourist attractions across Northern Ireland and Ireland. Each of the lighthouses offers a range of services from accommodation to visitor centres and specialised guided tours.

Self-catering accommodation is available in former lightkeepers' dwellings at sites based in Donegal and Northern Ireland (including Blackhead, St. John's Point in County Donegal and in County Down, along with Fanad Head). Under the project visitor centre facilities are also available at Rathlin West Light Seabird Centre.



Approximately €16.6m of EU INTERREG VA funding has been offered for the Co-Innovate project.



## Businesses urged to 'Co-Innovate'

**Approximately €16.6m has been offered to develop the Research & Innovation capacity of over 1,400 SMEs on a cross-border basis through the 'Co-Innovate' project. The funding offer was the first to be announced under the EU's INTERREG VA Programme on the 28 November 2016.**

Upon completion the project will increase the proportion of SMEs and micro-businesses involved in cross-border R&I collaboration within Northern Ireland, Western Scotland and the Border Region of Ireland from 22% to 33%.

InterTradelreland will act as the lead partner for the project, alongside Scottish Enterprise, Highlands & Islands Enterprise and delivery agents Enterprise Northern Ireland and the Local Enterprise offices based within the Border Region of Ireland.

With five distinct strands the project will provide education and capability support tailored to the needs of all participating SMEs and micro-businesses. It will deliver 469 separate innovation audits to support new product and process development and will give SMEs and micro-businesses access to up to 70 'innovation interns' to help implement enhanced R&I activity.

The project will also increase the number of businesses actively participating in cross-border, transnational or interregional research projects.



Approximately €23.27m of INTERREG VA funding has been offered for three new cross-border greenway projects to open up new sustainable travel routes.



## A green way forward in cross-border travel

**Approximately €23.27 million of EU funding has been offered for three new cross-border greenway projects that will open up new sustainable travel routes for both cyclists and pedestrians.**

€14.86m has been offered to the 'North West Greenways Network' that will create a network of 46.5 km of new greenways through three distinct routes connecting: Derry-Londonderry via Pennyburn to Buncrana; Muff Village to Derry via Culmore; and Strabane to Lifford via Lifford Bridge.

€3.46m worth of EU funding has been offered for the development of the 'Carlingford Lough Greenway' which will create 10.1 km of new cross-border

greenway, linking Newry City in Northern Ireland to Carlingford in Ireland.

€4.95m worth of funding has also been offered for the development of the 'Ulster Canal Greenway (Phase 2)' enabling the creation of 22 km of new greenway between Co. Monaghan and Co. Armagh.

The overall objective of the INTERREG VA Programme in supporting these projects is to increase the number of cross-border journeys made by cycling or walking by up to 10% across the region by 2023.

## Interreg VB Transnational VC Interregional Programmes

The Atlantic Area Programme opened its first call for applications on 26 April 2016. Applicants were invited to submit an expression of interest by 31 May 2016. A total of 425 expressions of interest were received with 412 eligible for assessment. Following assessment, 102 were approved to proceed to submit a full application including 5 led by Northern Ireland and a further 25 with Northern Ireland Lead Partners. A decision on applications will be taken in April 2017.

The third call under the North West Europe Programme was also opened during April and May 2016, with a fourth call open until 30 November 2016. As a result, 10 applications received under the third call were progressed to stage 2 and 66 stage one applications were received under the 4<sup>th</sup> call. The Programme Monitoring Committee will meet in mid-March 2017 to make decisions on all applications.

The fourth call for applications into the Northern Periphery and Arctic Programme closed on 30 November 2016. As a result, 35 applications were progressed for full assessment including six led by Northern Ireland and a further seven applications with Northern Ireland partners. A decision on the applications will take place in early March 2017.

Under the INTERREG Europe (VC) Programme, the Programme Monitoring Committee met in October 2016 to consider applications received under the second call for applications. As a result, one project with a Northern Ireland partner was approved for funding.

The SEUPB continued to support the development of projects within Northern Ireland working with colleagues in the Irish Regional Assemblies to ensure that projects are developed with cross-border partnerships where possible. The programme of support offered by the SEUPB included one-on-one sessions throughout the year with potential applicants, workshops/programme information seminars with the SEUPB and the UK National Contact Points and newsletters communicating information in relation to the Programmes.

Since the commencement of the Programmes in 2014, a total of 19 projects have been approved with at least one Northern Ireland Partner involved. Twelve of these projects involve Northern Irish and Irish partners working collaboratively to address common problems and over €4m (ERDF) has been allocated to Northern Irish partners to complete activity under the Programme.

## **Belfast put at forefront of bicycle commuter revolution**

**On 24 May 2016 cycling and walking charity Sustrans Northern Ireland announced its success in securing a major €720,000 funding award through the North West Europe Programme.**

The funding will be used to deliver the CHIPS project (Cycle Highways Innovation for Smarter People Transport and Spatial Planning) which will see Belfast collaborate with leading cycling nations – the Netherlands and Belgium, as well as Transport for London, Germany and Ireland over the next three years.

The Sustrans element of the project will involve coordinating a survey across the nine partners to identify the barriers preventing people commuting by bike. In Belfast this survey will focus on people using the Comber Greenway for their commute. Specifically Sustrans will work with key employers close to the Comber Greenway to encourage and support people to cycle. Programmes which Sustrans develop in Belfast will be shared and implemented by partners across Europe.



**Pictured are Gina McIntyre CEO of the Special EU Programmes Body (SEUPB) and Sustrans Northern Ireland Director, Gordon Clarke announcing the CHIPS (Cycle Highways Innovation for Smarter People Transport and Spatial Planning) project.**

## Sharing the Programmes in 2016

### Joint Ministerial Visit to Derry-Londonderry

**On 16 December 2016 Executive Minister of Finance Máirtín Ó Muilleoir and the Irish Minister for Public Expenditure and Reform, Paschal Donohoe visited a number of PEACE and INTERREG funded projects across the city of Derry-Londonderry.**

During the visit the Ministers were given a brief tour of the Peace bridge which was officially launched back in 2011. This tour was quickly followed by a visit to the Nerve Centre, which was responsible for the delivery of two youth focused PEACE III-funded projects, 'Teaching Divided Histories' and 'Fab Lab'.

Whilst in the city of Derry Minister Donohoe met with representatives of CAWT (Co-operation and Working Together), an organisation dedicated to facilitating cross-border health and social care initiatives. Under the last programming period they were the lead partner in a number of health initiatives which improved the quality of life for tens of thousands of people living on both sides of the border.

For the final part of the visit the Ministers were given a tour of the Catalyst Innovation Centre. The INTERREG IVA funded project involved the construction of a 50,000 sq ft science park facility at Fort George and a 20,000 sq ft extension to the CoLab facility at Letterkenny Institute of Technology. Now completed, both facilities act as a satellite park of the internationally acclaimed Catalyst Inc, thereby extending the reach of the organisation into the whole of the North West Business Technology Zone.



**Pictured (l-r) on the EU PEACE III funded bridge are Minister Máirtín Ó Muilleoir, CEO of the SEUPB Gina McIntyre, Mayor of Derry and Strabane District Council Alderman Hilary McClintock and Minister Paschal Donohoe.**

## SHARING THE PROGRAMMES IN 2016

### Deputy UK Permanent Representative to the EU Visit

On the 26 and 27 September 2016 the SEUPB was asked to host a short visit to Northern Ireland by Shan Morgan, the Deputy UK Permanent Representative to the EU. Shan Morgan represented the UK on the Committee of the Deputy Representatives of the Member States in the Council from 2012 to 2016.

Shan Morgan was given a presentation and tour of the PEACE III-funded Girdwood Community Hub, located in an interface area of North Belfast. Supported with approximately £11.7m worth of assistance Girdwood Community hub is located at 14 acre Girdwood Park, a former demilitarised army barracks.

During her visit Shan Morgan was also introduced to representatives from the Shankill Women's Centre. The centre received over £700,000 worth of funding under the PEACE III Programme to completely transform a derelict church into a modern cross-community focused childcare facility.



**Pictured (l-r) are Betty Carlisle OBE from the Shankill Women's Centre, Gina McIntyre CEO of the SEUPB, Shan Morgan UK Deputy Permanent Representative to the EU along with two local children who use the Small Wonders Childcare facility.**

### Communicating the funding message

Throughout 2016 the SEUPB co-ordinated 12 separate funding call workshops to assist potential applicants to the EU's PEACE IV Programme. These events were held on a cross-border basis and attracted a total of 868 people.

Running from February 2016 to September 2016 the events provided all attendees with a comprehensive insight into the results and outputs that the PEACE IV Programme has been designed to achieve.

During February 2016 and March 2016 the SEUPB was also invited to participate in a number of local funding information seminars co-ordinated by Diane Dodds MEP. These events afforded the Body the opportunity to promote the potential funding on offer under both PEACE IV and INTERREG VA as well as the Transnational and Interregional Programmes.

During 2016, the SEUPB also worked with Martina Anderson MEP on a number of additional EU funding seminars to further spread awareness of the funding opportunities available.



EU PEACE III funded Peace Bridge  
in Londonderry.



# Accounts

## Year Ended

### 31 December 2016

#### Background Information

The Special EU Programmes Body (SEUPB) is a North South Implementation Body sponsored by the Department of Finance in Northern Ireland and the Department of Public Expenditure & Reform in Ireland. The SEUPB was established on 2 December 1999 under the Good Friday Agreement 1998 and the British-Irish Agreement 1998 establishing implementation bodies, which is underpinned by the North South Co-operation (Implementation Bodies) (Northern Ireland) Order 1999 and the British-Irish Agreement Act 1999.

Reporting to the North/South Ministerial Council, the SEUPB's principal functions are to administer certain EU Structural Funds such as PEACE and INTERREG, and thereby to support a range of development and regeneration programmes in Northern Ireland, the Border Region of Ireland, and Western Scotland.

These accounts have been prepared in accordance with:

- The financial arrangements of Part 7 of Annex 2 to the British-Irish Agreement establishing Implementation Bodies;
- A direction by the Department of Finance and the Department of Public Expenditure & Reform as provided for in SEUPB's Financial Memorandum; and
- The Annual Report and Accounts Guidance provided by the Department of Finance and the Department of Public Expenditure & Reform.

#### Business Overview

An overview of the SEUPB's activities and future developments is given in the Annual Report. The current Programme period is 2014-20, with the UK/Ireland PEACE IV and INTERREG VA Programmes officially launched in early 2016.

#### Income and Expenditure for the year

The income and expenditure of the Special EU Programmes Body is set out in detail on page 32. The surplus for the year was €nil (Stg £nil) - 2015: €nil (Stg £nil).

Programme expenditure reduced significantly from 2015 to 2016, as a result of the timing of the programme periods (previous programmes effectively complete by December 2015, and current programmes mainly at project assessment stage during 2016).

#### Fixed Assets

Details of the movement of fixed assets are set out in Note 8 to the accounts.

During the year the main expenditure on fixed assets was in relation to IT hardware and software.

#### Research and Development

There was no significant expenditure in this area.

#### Important Events Occurring After the Year End

There have been no important events since the year end that have had an impact on these Accounts.

#### Charitable Donations

The Special EU Programmes Body made no charitable donations during the financial year.

#### Board Members

The functions of the SEUPB are exercised by the Chief Executive. There are no board members.

The Chief Executive holds no other directorships or interests which would conflict with her management responsibilities.

#### Payment to Suppliers

The Special EU Programmes Body is committed to the prompt payment of bills for goods and services received in accordance with the UK Late Payment Of



Commercial Debts (Interest) Act 1998, as amended by the Late Payment of Commercial Debts Regulations 2013, and the Irish Late Payments in Commercial Transactions Regulations 2013. Unless otherwise stated in the contract, payment is due within 30 days of the receipt of the goods or services, or on presentation of a valid invoice or similar demand, whichever is later.

The SEUPB operates a 30-day prompt payment rule across all of its offices regardless of the jurisdiction where the bill originated. Regular reviews conducted to measure how promptly the Special EU Programmes Body paid its bills found that 99.8% (2015 - 99.8%) of bills were paid within this target.

In December 2008, Public Bodies in Northern Ireland were instructed to support businesses through every effort to make payments to suppliers within 10 days of receipt of a valid invoice. During 2016 SEUPB paid 84% of its invoices within 10 days (2015: 88%).

The SEUPB has entered into Terms and Conditions for Payment of Grant with Accountable Departments in order to make payments to projects via the Centralised Payment Unit. This requires the SEUPB to make payments to projects within 8 working days of receipt of a valid claim. This has been achieved for **94.79%** (2015 - 99.42%) of payments made during the year, analysed as follows:

	No. of Invoices	% on target	Late payments
PEACE III	19	94.74%	1
INTERREG IVA	77	94.81%	4
Total	96	94.79%	5

**Health & Safety Policy**

The SEUPB has developed a written Health and Safety Policy and circulated it to all staff. The policy reflects the legal requirements to be fulfilled on health and safety in both jurisdictions in order for the SEUPB to attain a high standard of health and safety within the organisation.

**Disabled Employees**

The SEUPB’s Disability Action Plan is a statement of the organisation’s commitment to fulfil its statutory obligations in compliance with Section 49A of the Disability Discrimination Act 1995.

The plan outlines measures that the SEUPB will take to ensure that equality of opportunity is achieved not only for its own employees but also applicants and future employees. The plan is reviewed and updated every three years in line with the SEUPB Corporate Planning timetable.

The SEUPB is committed to treating all staff or applicants for employment with disabilities with dignity and respect and will provide a working environment free from unlawful discrimination, victimisation or harassment on the grounds of disability.

Specifically, the SEUPB will aim to:

- Promote a positive working environment within which people with disabilities are readily accepted;
- Examine the working environment and practices to ensure that barriers impacting on the ability of staff with disabilities to participate fully in the life of the SEUPB are removed where practicable;
- Provide a safe working environment;
- Ensure the development of skills and potential of staff with disabilities, through training and staff development; and

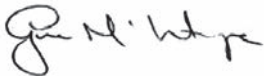


- Provide access to the full range of recruitment and career development opportunities to people with disabilities.

The current Disability Action Plan covers the period 2017-2019. The plan is aligned with the strategic commitments to disability issues included in our 3 year Corporate Plan 2017-2019.

### **Employee Involvement**

Employees have been kept informed of developments through formal and informal means, including staff meetings, ad hoc staff working groups, and structured annual corporate planning events. Communication of all staff policies is managed through an online portal, ensuring that information is available and up to date.



**GINA MCINTYRE**  
**Chief Executive Officer**

13 June 2017



## Statement of Responsibilities

The Department of Finance and the Department of Public Expenditure & Reform have directed the SEUPB to prepare a statement of accounts for each year ended 31 December in the form and on the basis set out in the accounts direction in the appendix to these financial statements. The accounts are prepared on an accruals basis and must give a true and fair view of the SEUPB's state of affairs at the year end and of its income and expenditure, total recognised gains and losses, and cash flows for the calendar year.

In preparing the accounts the SEUPB is required to:

- Observe the accounts direction issued by the Sponsor Departments, including the relevant accounting and disclosure requirements, and apply accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards have been followed and disclose and explain any material departures in the financial statements; and
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the SEUPB will continue in operation.

The Chief Executive's responsibilities as the Accounting Officer for the SEUPB, including responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the Financial Memorandum.

## Statement on Internal Control

### Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the SEUPB's policies, aims and objectives, whilst safeguarding the public funds and the SEUPB's assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money Northern Ireland and Public Financial Procedures (guide for Irish Government Departments & Offices).

The Financial Memorandum between the SEUPB and its Sponsor Departments sets out in detail the responsibilities of the Accounting Officer (the Chief Executive), within a financial and business framework. The SEUPB must operate within the standards and guidance on accounting and financial procedures, as set out in the Managing Public Money (NI) manual and Irish Public Financial Procedures.

### The purpose of the system of internal control

The system of internal control is designed to manage risk to a tolerable 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.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the successful achievement of the SEUPB's policies, aims and objectives. The SEUPB evaluates the likelihood of those risks being realised and the impact of that realisation and the actions required to manage them efficiently, effectively and



economically. The system of internal control has been in place in the SEUPB for the year ended 31 December 2016 and up to the date of approval of the annual report and accounts, and accords with the Finance Departments' guidance.

### Capacity to handle risk

I have carried out appropriate procedures to ensure that I have identified the SEUPB's risk appetite for the key category areas identified which encompass the risks identified within SEUPB. I have determined a control strategy for each of the significant risks. As a result, risk ownership has been allocated to the appropriate staff and the SEUPB has set out its attitude to risk to the achievement of its objectives.

I have ensured that procedures are in place for verifying that aspects of risk management and internal control are regularly reviewed and reported on. A full risk and control assessment has been carried out for the year ended 31 December 2016. Risk management has been incorporated fully into the corporate planning and decision making process of the SEUPB. The Management team must report to me regularly on key risks identified that may affect their area of work. I receive regular reports concerning internal control. The appropriate steps are being taken to manage risks in significant areas of responsibility and monitor progress on key projects.

### The risk and control framework

During the year ended 31 December 2016, the SEUPB has:

- Reviewed and communicated the organisational Risk Appetite;
- Regularly reviewed and updated the record of risks facing the organisation;
- Operated a system of key performance and risk indicators;

- Operated an Audit & Risk Committee, in line with best practice;
- Maintained an organisation-wide risk register; and
- Arranged for reports from the Directors and Managers of the SEUPB on internal control activities.

As at the year end, the Corporate Risk Register contained risks relating to Programme funding mechanisms, database development, Business Plan approval, Programme delivery timeframes, and the impact of the UK's exit from the European Union.

The 2015 Statement on Internal Control noted that there were delays in the implementation of a new database for programme expenditure. This project was being managed by the Department of Finance in Northern Ireland. The contract with the developer was terminated during 2016, and in late 2016 the SEUPB adopted an existing open-source database which was developed specifically for use in EU INTERREG Programmes. SEUPB appointed a developer to configure and customise some elements of the database. The database is operational for both the PEACE IV and INTERREG VA Programmes.

At the time of signing of these accounts, the 2017 Business Plans for all North/South Bodies have yet to be approved by the NSMC. In the interim, a contingency arrangement has been put in place in Northern Ireland, whereby grant can continue to be paid until the end of 2017. This expenditure will be retrospectively regularised when the Plan is approved by NSMC. In Ireland, the grant has already been approved via the 'estimates' process, and no contingency arrangement is required. There is therefore no significant risk in respect of going concern.



### UK Referendum on EU Membership

The result of the Referendum to leave the EU meant that the SEUPB experienced a high degree of uncertainty regarding the future of the Peace and Interreg programmes. The SEUPB, along with its Sponsor Departments, recognised the importance of examining the options to maximise programme expenditure, especially in the period whilst the UK remained a member of the EU. At that time, in the absence of the HM Treasury guarantee, the SEUPB and both Sponsor Departments worked through various options as the environment evolved, in an attempt to maximise the time for project implementation prior to 2018. Timescales of assessment were examined along with options for funding, while ensuring that the robustness and integrity of the assessment process was maintained. The SEUPB, along with the Sponsor Departments, were proactive in taking a number of actions to respond to the evolving situation including:

- Working in close consultation with the relevant government departments to consider all necessary actions to expedite the assessment of projects to ensure the timely commitment of funds. This resulted in the Department of Finance (DoF) in Northern Ireland granting a delegated authority to NI departments for £5 million with respect to the programmes. This significant development meant that departments no longer had to seek DoF supply approval for projects that fell under this delegated limit. This significant change in the departments' assessment procedures has had a direct impact on the assessment process by reducing the time required for departments to consider funding applications.

- During the open call process for both programmes in August 2016, the SEUPB re-issued the 2nd stage application form and associated guidance to help reduce the number of queries/clarifications being tabled with applicants and therefore contribute to a more efficient assessment process.

Agreement was reached during late October on the basis for which Letters of Offer could be issued. The Executive Minister of Finance, Máirtín Ó Muilleoir, and the Irish Minister for Public Expenditure and Reform, Paschal Donohoe, confirmed in October that Letters of Offer for approved projects under the PEACE IV and INTERREG VA programmes could be issued. The Ministers and officials of the Department of Finance and the Department of Public Expenditure and Reform have worked closely together to ensure these Programmes are successfully completed in full (anticipated to be by 31 December 2023).

### Information Assurance

I recognise my responsibility for accurate and secure handling of all information, and the accurate capture and processing of information, particularly where this may be used by third parties, or relied on by other parts of government. In order to discharge this responsibility effectively, the following actions have been taken:

- The Head of Finance & Corporate Services has been appointed as the SEUPB's Senior Information Risk Officer (SIRO). The SIRO has in turn taken assurance from managers, who have added information considerations to their risk registers, which are reported on a monthly basis. The SIRO responsibilities revert to the CEO for any periods during which the Head of Finance & Corporate Services position is vacant.



- An Information Officer is in post to assist with the ongoing implementation of the SEUPB's Information Policies and an information audit has been carried out, with all staff assessing common areas of good practice, risks and improvements required.

### Review of effectiveness

As Accounting Officer, I also have responsibility for reviewing the effectiveness of the system of internal control.

My review of the effectiveness of the system of internal control is informed by the work of the internal auditors in addition to the managers within the SEUPB, who have responsibility for the development and maintenance of the internal control framework. The comments made by the external auditors in their report to those charged with governance and other reports is also a significant part of this review. I have been advised of the implications of the results of my review by the Audit and Risk Committee.

The SEUPB has a Service Level Agreement with the Department of Finance (DoF) Internal Auditor, who operates to standards defined in the Public Sector Internal Audit Standards. Regular reports are received which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the SEUPB's system of internal control together with recommendations for improvement. For 2016 an overall 'satisfactory' annual assurance level has been awarded. All of the individual audits in 2016 resulted in an assurance level awarded of at least 'satisfactory'. The areas covered by internal audits included: Management of Audit Recommendations, and Risk Management.

Under article 59 of Council Regulation (EC) No 1083/2006, an Audit Authority has been designated by the Member States to take responsibility for verification of the effective functioning of the management control systems for PEACE III and INTERREG IVA. A team within DoF in Northern Ireland has been designated to fulfill this role, which is accountable directly to the EU Commission. The Audit Authority has additional specific responsibility for:

- Audits of operations on the basis of an appropriate sample to verify expenditure declared;
- Presentation of an audit plan to the Commission;
- Submission of Annual Control Reports and Audit Opinions to the EU Commission. These reports are made available to the SEUPB, Sponsor Departments, and to the Audit & Risk Committee.

In addition, the Audit Authority has responsibility for carrying out the audit for closure of the PEACE III and INTERREG IVA Programmes. This work concluded in March 2017, resulting in an unqualified audit opinion.

During 2016, the SEUPB's Audit & Risk Committee met four times and considered a range of issues including the systems of internal control in operation within the SEUPB. Throughout 2016 an independent chairman and one further independent member were active members of the Audit & Risk Committee.

The membership of the Audit & Risk Committee during the year was as follows:

Independent Chair	<b>Brendan Mullan</b>
Independent Member	<b>Joe Campbell</b>
DOF representative	<b>Frank Duffy</b>
DPER representative	<b>Gearoid O'Keefe</b>





One further independent member, Mr Derek Staveley, was appointed to the Committee in late 2016, attending his first Committee in February 2017. The Departmental Representatives will be regarded as 'non-voting members' from 2017 onwards.

The responsibilities of the Committee as a whole are laid out in its Terms of Reference, and include providing advice to the Accounting Officer on the following:

- The strategic processes for risk, control and governance;
- The accounts, accounting policies and Annual Report;
- Planned activity of internal and external audit; and
- Assurances relating to governance and management of the EU Programmes.

To aid in the discharge of these responsibilities, the Committee meets to review its own effectiveness and all members also receive minutes of key senior staff meetings.

The Committee also prepares an Annual Report to summarise its activity during the year, and has concluded that risk control and governance is at a satisfactory level within SEUPB.

The SEUPB operates within the terms of its Financial Memorandum (2006). Governance units within the administrations in both jurisdictions continue to work towards the provision of an updated Financial Memorandum for all North/South Bodies.

The SEUPB is committed to the prevention of fraud and the promotion of an anti-fraud culture. The organisation operates a zero-tolerance attitude to fraud and requires staff, Lead Partners and final beneficiaries to act honestly and with integrity at all times and to report all reasonable suspicions of fraud. The SEUPB will investigate all instances of

actual, attempted and suspected fraud and will seek to recover funds and assets lost through fraud. The SEUPB is placing a clear emphasis on the prevention of fraud and has embarked on a series of exercises to promote an anti-fraud culture within the Programmes.

Fraud Awareness forms part of SEUPBs Training Programme which is being delivered to Programme beneficiaries and SEUPB staff in 2017. The SEUPB anti-fraud and whistleblowing policy was re-issued to staff in 2016 and will be published on the new SEUPB website alongside clear guidance and advice to promote an anti-fraud culture within the programmes. SEUPB will also use the ARACHNE data mining tool as part of its suite of anti-fraud measures.

Where appropriate, in response to serious issues, SEUPB will withdraw funding offers and issue recovery orders to Lead Partners, informing the relevant authorities as necessary.

**GINA MCINTYRE**  
**Chief Executive Officer**

13 June 2017



# The Certificate of the Comptrollers and Auditors General to the Northern Ireland Assembly and Houses of the Oireachtas

We certify that we have audited the accounts of the Special EU Programmes Body (the Body) for the year ended 31 December 2016 pursuant to the provisions of the North/South Co-operation (Implementation Bodies) (Northern Ireland) Order 1999 and the British-Irish Agreement Act 1999 which require us to audit and certify, in co-operation, the accounts presented to us by the Body. The accounts comprise the Income and Expenditure Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes and appendix. These accounts have been prepared under the accounting policies set out within them.

## Respective responsibilities of the Body, the Chief Executive and the Auditors

As explained more fully in the Statement of Responsibilities, the Body is responsible for the preparation of the accounts on the basis set out in the accounts direction in the appendix to these accounts. The Chief Executive, as Accountable Officer, is responsible for ensuring propriety and regularity in relation to the use of public funds. Our responsibility is to audit and certify the accounts in accordance with the provisions of the North/South Co-operation (Implementation Bodies) (Northern Ireland) Order 1999 and the British-Irish Agreement Act 1999. We conducted our audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require us and our staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Body's

circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Body; and the overall presentation of the accounts. In addition we read all the financial and non-financial information in the Annual Review of Activities and the Foreword to identify material inconsistencies with the audited accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our certificate.

We are required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the accounts have been applied to the purposes intended by the Northern Ireland Assembly and the Houses of the Oireachtas and the financial transactions conform to the authorities which govern them.

## Opinion on regularity

In our opinion, in all material respects the expenditure and income reported in the accounts have been applied to the purposes intended by the Northern Ireland Assembly and the Houses of the Oireachtas and the financial transactions reported in the accounts conform to the authorities which govern them.

## Opinion on the accounts

In our opinion:

- the accounts have been properly prepared in accordance with the provisions of the North/South Co-operation (Implementation Bodies) (Northern Ireland) Order 1999 and the British-Irish Agreement Act 1999 and directions issued thereunder; and

- the accounts give a true and fair view, in accordance with those directions, of the state of the Special EU Programmes Body's affairs as at 31 December 2016 and of its surplus, total recognised gains and losses and cash flows for the year then ended.

### Opinion on other matters

In our opinion the information in the Foreword for the financial year for which the accounts are prepared is consistent with the accounts.




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### Kieran Donnelly

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


14 June 2017

### Matters on which we report by exception

We report by exception if:

- adequate accounting records have not been kept; or
- the accounts are not in agreement with the accounting records; or
- we have not received all of the information and explanations we require for our audit; or
- the information given in the Annual Review of Activities is not consistent with the related account; or
- the Statement on Internal Control does not reflect compliance with applicable guidance on corporate governance.

We have nothing to report in respect of those matters upon which reporting is by exception.




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### Seamus McCarthy

Irish Comptroller and Auditor General  
3A Mayor Street  
Spencer Dock  
Dublin 1  
Ireland

16 June 2017

## Income and Expenditure Account for the year ended 31 December 2016

<b>INCOME</b>	<b>Notes</b>	<b>2016 €'000</b>	2015 €'000	<b>2016 £'000</b>	2015 £'000
Grant from Sponsor Departments (Administration)	2	<b>2,185</b>	2,511	<b>1,787</b>	1,822
Other Operating Income	4	<b>1</b>	1	<b>1</b>	1
Capital Grant Release	14	<b>140</b>	136	<b>114</b>	99
Net Deferred Funding for Pensions	12(c)	<b>1,018</b>	973	<b>832</b>	706
<i>CENTRAL PAYMENTS UNIT</i>					
Grant from Accountable Departments (Programmes)	3	<b>536</b>	26,259	<b>438</b>	19,056
<i>EU COMMISSION</i>					
Claims Receivable from the EU	3	<b>2,428</b>	64,841	<b>1,986</b>	47,054
<b>TOTAL INCOME</b>		<b>6,308</b>	94,721	<b>5,158</b>	68,738
<b>EXPENDITURE</b>					
Depreciation	8	<b>(140)</b>	(136)	<b>(114)</b>	(99)
Staff Costs	5	<b>(2,476)</b>	(2,689)	<b>(2,024)</b>	(1,951)
Other Operating Costs	7	<b>(727)</b>	(795)	<b>(595)</b>	(577)
Interest repayable to Department of Finance	3	<b>(1)</b>	(1)	<b>(1)</b>	(1)
<i>CENTRAL PAYMENTS UNIT</i>					
Payments Made to Projects	3	<b>(2,964)</b>	(91,100)	<b>(2,424)</b>	(66,110)
<b>TOTAL EXPENDITURE</b>		<b>(6,308)</b>	(94,721)	<b>(5,158)</b>	(68,738)
<b>Surplus for the year transferred to General Reserve</b>		<b>-</b>	-	<b>-</b>	-

All amounts above relate to continuing activities.

The notes on pages 36 to 61 and the appendix on page 62 form part of these accounts.



## Statement of Total Recognised Gains and Losses for the year ended 31 December 2016

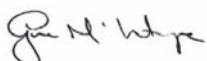
	Notes	2016 €'000	2015 €'000	2016 £'000	2015 £'000
<b>Surplus for the year</b>		-	-	-	-
Experience gains on pension scheme liabilities including exchange rate effect	12(d)	<b>(1,358)</b>	143	<b>(1,110)</b>	104
Changes in assumptions underlying the present value of pension scheme liabilities	12(b)	<b>(4,209)</b>	1,774	<b>(3,442)</b>	1,287
<b>Actuarial (losses)/gains</b>	12(b)	<b>(5,567)</b>	1,917	<b>(4,552)</b>	1,391
<b>Adjustment to deferred pension funding</b>		<b>5,567</b>	(1,917)	<b>4,552</b>	(1,391)
		-	-	-	-
Currency exchange gains/(losses)	13	-	8	-	-
<b>Total recognised gain/(loss) for the year</b>		-	<b>8</b>	-	-



## Balance Sheet as at 31 December 2016

	Notes	2016 €'000	2015 €'000	2016 £'000	2015 £'000
<b>Fixed Assets</b>					
Tangible Assets	8(a)	264	346	227	254
Intangible Assets	8(b)	57	81	49	59
<b>Total Fixed Assets</b>		<b>321</b>	427	<b>276</b>	313
<b>Current Assets</b>					
Debtors - amounts due within one year	9(a)	50,260	496	43,142	364
Cash at bank and in hand	10	25,016	28,564	21,473	20,988
<b>Total Current Assets</b>		<b>75,276</b>	29,060	<b>64,615</b>	21,352
<b>Current Liabilities</b>					
Creditors - amounts due within one year	11(a)	(75,276)	(29,928)	(64,615)	(21,990)
<b>Net Current Liabilities/Assets</b>		-	(868)	-	(638)
Debtors - amounts due after one year	9(b)	-	42,980	-	31,580
<b>Total Assets less Current Liabilities, before Long Term Liabilities</b>		<b>321</b>	42,539	<b>276</b>	31,255
Creditors - amounts due after one year	11(b)	-	(42,112)	-	(30,942)
Deferred pension funding	12(c)	14,225	9,291	12,210	6,826
Pension liabilities	12(b)	(14,225)	(9,291)	(12,210)	(6,826)
<b>Net Assets</b>		<b>321</b>	427	<b>276</b>	313
<b>Financed by:</b>					
<b>Capital and Reserves</b>					
General Reserve	13	-	-	-	-
Capital Grant Reserve	14	321	427	276	313
		<b>321</b>	427	<b>276</b>	313

The accounts were approved by the  
Chief Executive on 13 June 2017



**Gina McIntyre, Chief Executive Officer**

The notes on pages 36 to 61 and the appendix on page 62 form part of these accounts.



## Cash Flow Statement for the year ended 31 December 2016

	Notes	2016 €'000	2015 €'000	2016 £'000	2015 £'000
<b>Net cash (outflow)/inflow from operating activities</b>	15.1	<b>(5,828)</b>	9,000	<b>(1,472)</b>	5,716
<b>Capital expenditure and financial investment</b>					
Payments to acquire fixed assets	14	<b>(34)</b>	(54)	<b>(29)</b>	(38)
<b>Net cash (outflow)/inflow before financing</b>		<b>(5,862)</b>	8,946	<b>(1,501)</b>	5,678
<b>Financing</b>					
Capital funding received	14	<b>34</b>	54	<b>29</b>	38
<b>Net cash inflow from financing</b>		<b>34</b>	54	<b>29</b>	38
<b>(Decrease)/increase in cash/bank balances</b>	15.2	<b>(5,828)</b>	9,000	<b>(1,472)</b>	5,716



# Notes to the Accounts for the year ended 31 December 2016

## 1. Accounting Policies

### 1.1. Accounting Convention

The accounts have been prepared in accordance with the historical cost convention.

The accounts comply with accounting and disclosure requirements issued by the Department of Finance and by the Department of Public Expenditure and Reform.

### 1.2. Fixed Assets

Fixed Assets are valued at their cost to the SEUPB, and capitalised where individual asset values are £500 or greater. Intangible assets include purchased software.

Fixed assets are depreciated from the month following their dates of acquisition, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, or lease period if shorter. The estimated useful lives of the main categories of fixed assets are:

Fixtures and Fittings	7 years
Computer Equipment	5 years
Office Equipment	7 years
Leased assets	The shorter of the term of the lease and the useful economic life of the asset
Intangible assets	5 years

The value of the operational assets in use within the SEUPB is not considered sufficient to require annual revaluation.

### 1.3. Pension Costs

The SEUPB operates a defined benefit pension scheme which is funded annually on a 'pay as you go' basis from monies available to it, including monies provided by the Department of Finance (DoF) in Northern Ireland and the Department of Public Expenditure & Reform (DPER) in Ireland.

Funding is also provided by way of deductions from staff salaries, which are repaid by the SEUPB to DoF and DPER. Deductions are included within salaries and wages costs (note 5).

Pension Scheme liabilities are measured on an actuarial basis using the projected unit method.

Pension costs reflect pension benefits earned by employees in the period. An amount corresponding to the pension charge is recognised as income to the extent that it is recoverable, and offset by grants received in the year to discharge pension payments.

Actuarial gains or losses arising from changes in Actuarial assumptions and from experience surpluses and deficits are recognised in the Statement of Total Recognised Gains and Losses for the year in which they occur and a corresponding adjustment is recognised in the amount recoverable from DoF/DPER.

Pension liabilities represent the present value of future pension payments earned by staff to date. Deferred pension funding represents the corresponding asset to be recovered in future periods from DoF/DPER.





#### 1.4. Value Added Tax

The SEUPB is not in a position to reclaim VAT. Therefore VAT is included as expenditure and where appropriate capitalised in the value of fixed assets.

#### 1.5 Leases

Assets held under finance leases and hire purchase contracts are capitalised at their fair value on the inception of the lease and depreciated over the shorter of the period of the lease and the estimated useful economic lives of the assets. The finance charges are allocated over the period of the lease and are charged to the income and expenditure account. Rentals are charged to the income and expenditure account over the term of the lease.

#### 1.6 Currencies

The SEUPB's transactions are effected in the currencies of each jurisdiction. The Financial Statements are presented in both currencies, each representing an aggregation of all transactions for the year in each jurisdiction translated at the average respective exchange rates during the year. At the year end assets and liabilities are translated at the rate existing at that time. The rates of exchange used for 2015 and 2016 are as follows:

	2016	2015
Average rate	£1 = €1.223	£1 = €1.378
Year-end rate	£1 = €1.165	£1 = €1.361

Variances between current year figures and comparitors in the secondary currency may appear to be exaggerated or understated due to the impact of movements in exchange rates.

#### 1.7 Central Payments Unit


The SEUPB operates a Central Payments Unit which has been established to make payments to projects funded under relevant EU Programmes on behalf of Accountable Government Departments in Northern Ireland and Ireland. Service Level Agreements operate between the SEUPB and each Accountable Department, outlining responsibilities of both parties, and clearly state that the funds may not be used at the discretion of the SEUPB, but only for the purposes of making payments to projects under the relevant Accountable Department, Programme and Theme.

Funds are drawn from the Departments and held in dedicated bank accounts. Payments are made to projects on the basis of suitably authorised electronic vouchers.

For the INTERREG and PEACE programmes, payments made to projects (as adjusted for accruals and unearned advances) are shown within expenditure on the Income & Expenditure Account. Income to cover these payments is split between the EU Commission 'Claims Receivable', and match funding from Accountable Departments. Any surplus/shortfall in funding received from Departments is shown as accrued/deferred income within debtors/creditors.

The SEUPB carries out this function in its role as Certifying Authority for the PEACE and INTERREG Programmes.





Payments made to beneficiaries which are subsequently deemed to be ineligible are recovered by the SEUPB either via offset against subsequent Lead Partner claims, or via a direct reimbursement from the project. Should recovery by these means prove unsuccessful, the SEUPB seeks guidance from the relevant Accountable Departments as to the recovery process. In cases where recovery is not possible, responsibility reverts to the Member States.

### **1.8 Capital Grant Reserve**

Grants for capital purposes are credited to a Capital Grant Reserve and released to the Income and Expenditure Account over the expected useful lives of the assets.

### **1.9 Commitments**

Commitments represent contracted obligations in future years in respect of contracts existing at the year end. Any liabilities which relate to project activity in the current year are provided for by accruals or provisions, as deemed appropriate.

### **1.10 Income**

Grant income is credited to the Income & Expenditure Account, to the extent required to cover associated expenditure (which is recognised on an accruals basis). Surplus grant is recognised as deferred income on the Balance Sheet.



## 2. Grant From The Departments

	DOF	DPER	TOTAL	TOTAL
	€'000	€'000	2016	2015
	€'000	€'000	€'000	€'000
<b>Grant receivable:</b>				
Administration and Expenses	1,180	1,005	2,185	2,511
Capital funding	16	16	32	51
<b>Total</b>	<b>1,196</b>	<b>1,021</b>	<b>2,217</b>	<b>2,562</b>

### Split as follows:

Grants credited to Income & Expenditure account	1,180	1,005	2,185	2,511
Grants credited to Capital Grant Reserve	16	16	32	51
<b>Total</b>	<b>1,196</b>	<b>1,021</b>	<b>2,217</b>	<b>2,562</b>

	DOF	DPER	TOTAL	TOTAL
	£'000	£'000	2016	2015
	£'000	£'000	£'000	£'000
<b>Grant receivable:</b>				
Administration and Expenses	965	822	1,787	1,822
Capital funding	14	13	27	36
<b>Total</b>	<b>979</b>	<b>835</b>	<b>1,814</b>	<b>1,858</b>

### Split as follows:

Grants credited to Income & Expenditure account	965	822	1,787	1,822
Grants credited to Capital Grant Reserve	14	13	27	36
<b>Total</b>	<b>979</b>	<b>835</b>	<b>1,814</b>	<b>1,858</b>

Grants from Sponsor Departments are issued on an agreed North/South funding ratio (53/47), as adjusted for specific individual pensioner funding ratios.



### 3. Operational Analysis

In terms of the areas of activity, the results for the year can be analysed as follows:

		<b>Central Payments Unit</b>	<b>Administration</b>	<b>TOTAL 2016</b>	<b>TOTAL 2015</b>
		<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
<b><u>Income</u></b>					
Grant from Sponsor Departments (Administration)	(i)	-	2,185	2,185	2,511
Grants from Accountable Departments (Programmes)	(ii)	536	-	536	26,259
Other Operating Income		-	1	1	1
Capital Grant Release		-	140	140	136
Claims receivable from the EU		2,428	-	2,428	64,841
N/S Pension Scheme Funding		-	1,018	1,018	973
		<b>2,964</b>	<b>3,344</b>	<b>6,308</b>	<b>94,721</b>
<b><u>Expenditure</u></b>					
Depreciation		-	(140)	(140)	(136)
Staff Costs		-	(2,476)	(2,476)	(2,689)
Other Operating Costs		-	(727)	(727)	(795)
Interest repayable to Department of Finance		-	(1)	(1)	(1)
Project Payments	(iii)	(2,964)	-	(2,964)	(91,100)
		<b>(2,964)</b>	<b>(3,344)</b>	<b>(6,308)</b>	<b>(94,721)</b>
<b>Surplus/(Deficit)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



### 3. Operational Analysis (Cont'd)

	Central Administration		TOTAL	TOTAL
	Payments	Unit	2016	2015
<b>Income</b>	£'000	£'000	£'000	£'000
Grant from Sponsor Departments (Administration) (i)	-	1,787	1,787	1,822
Grants from Accountable Departments (Programmes) (ii)	438	-	438	19,056
Other Operating Income	-	1	1	1
Capital Grant Release	-	114	114	99
Claims receivable from the EU	1,986	-	1,986	47,054
N/S Pension Scheme Funding	-	832	832	706
	<b>2,424</b>	<b>2,734</b>	<b>5,158</b>	<b>68,738</b>
<b>Expenditure</b>				
Depreciation	-	(114)	(114)	(99)
Staff Costs	-	(2,024)	(2,024)	(1,951)
Other Operating Costs	-	(595)	(595)	(577)
Interest repayable to Department of Finance	-	(1)	(1)	(1)
Project Payments (iii)	(2,424)	-	(2,424)	(66,110)
	<b>(2,424)</b>	<b>(2,734)</b>	<b>(5,158)</b>	<b>(68,738)</b>
<b>Surplus/(Deficit)</b>	-	-	-	-



### 3. Operational Analysis (Cont'd)

- (i) 'Grant Receivable' includes funding for running costs receivable from the SEUPB's Sponsor Departments (DoF & DPER).
- (ii) 'Grants from Accountable Departments' includes 'match funding' from Accountable Departments, to cover expenditure under the PEACE and INTERREG Programmes.
- (iii) Project Payments (and income recognised to fund such expenditure) of £2,424k (€2,964k) can be analysed by Programme as follows:

	€'000	£'000
PEACE III	635	520
INTERREG IVA	(198)	(162)
PEACE IV	1,177	962
INTERREG VA	1,350	1,104
	<b>2,964</b>	<b>2,424</b>

The expenditure reflected in the SEUPB accounts excludes Scottish 'match funding' which does not flow through the SEUPB, but rather is funded by the projects themselves via various sources. In 2016 the value of Scottish 'match funding' amounted to approximately €0.04m (2015: €0.7m).

Included within 'Project Payments' are Technical Assistance costs incurred by the SEUPB (and in 2015 also the Consortium) amounting to €2.5m (£2.1m) in 2016, €2.8m (£2.0m) in 2015. Analysis is as follows:

<b>2016</b>	€'000	£'000
SEUPB	2,527	2,066
	<b>2,527</b>	<b>2,066</b>
<b>2015</b>	€'000	£'000
SEUPB	2,679	1,944
Consortium	117	85
	<b>2,796</b>	<b>2,029</b>



#### 4. Other Operating Income

	2016 €'000	2015 €'000	2016 £'000	2015 £'000
Interest Receivable	1	1	1	1

#### 5. Staff Costs

(a) The average number of employees  
(full time equivalent, including supernumerary) was:

	2016	2015
Senior Management	3	4
Programme Management	5	6
Project Assessment & Support (including verification)	32	30
Corporate Services (including project payments & certification)	17	17
<b>Total</b>	<b>57</b>	<b>57</b>

(b) The costs incurred in respect of these employees were:

	2016 €'000	2015 €'000	2016 £'000	2015 £'000
Wages and Salaries	2,165	2,513	1,770	1,823
Temporary agency staff	247	117	202	85
Social Security Costs:				
- Current year costs	201	196	164	142
Other Pension Costs:				
- Current service & interest costs	1,147	1,101	938	799
	<b>3,760</b>	<b>3,927</b>	<b>3,074</b>	<b>2,849</b>
Funded via PEACE IV Technical Assistance	(642)	(619)	(525)	(449)
Funded via INTERREG VA Technical Assistance	(642)	(619)	(525)	(449)
<b>Total</b>	<b>2,476</b>	<b>2,689</b>	<b>2,024</b>	<b>1,951</b>

The accounting policy for pensions is detailed in Note 1.3.



## 5. Staff Costs (Cont'd)

(c) The emoluments and pension entitlements of the CEO, key management and Committee Members were as follows:

	<b>Emoluments £'000</b>	<b>Real increase in pension earned £'000</b>	<b>Accrued pension (as at 31/12/16) £'000</b>	<b>Age (years)</b>	<b>Benefits in kind £'000</b>
Ms G McIntyre (Chief Executive)	Consent withheld				
Mr S Henry (Managing Authority Director)	50 - 55	0 - 2.5 (including 0 - 2.5 lump sum)	50 - 60 (including 45 - 50 lump sum)	52	nil
Ms L McCourt (JTS Director - Resigned 8/1/16)	Consent withheld				
Mr J Greer (Head of Joint Secretariat - appointed 11/04/16)	Consent withheld				
Mr P Sheridan (Head of Finance and Corporate Services - appointed 10/11/16)	5 - 10 (FTE 50-55)	0 - 2.5	0 - 5	44	nil
Mr B Mullan (Chair of Audit Committee)	0 - 5	n/a	n/a	n/a	nil
Mr J Campbell (Independent Member of Audit Committee)	0 - 5	n/a	n/a	n/a	nil
Mr D Staveley (Independent Member of Audit Committee - appointed 1/11/16)	0	n/a	n/a	n/a	nil

\* the revised pension scheme (career average) no longer includes an automatic pension lump sum.  
A lump sum remains in place for service within the previous scheme.





## 6. Performance Against Key Financial Targets

The SEUPB successfully operated within its budget allocation for the year. The SEUPB has successfully maximised EU Receipts within the INTERREG IV Programme. Within the PEACE III Programme, outturn was 99% of the total value of the Programme. There were no regulatory financial targets for PEACE IV and INTERREG VA in 2016.

## 7. Other Operating Costs

	2016 €'000	2015 €'000	2016 £'000	2015 £'000
Office Premises Costs	585	664	478	482
ICT	226	259	185	188
Other Administration	59	48	48	35
Travel & Subsistence	83	99	68	72
Training & Subscriptions	33	43	27	31
Other Professional Services	96	88	79	64
Audit fees				
External Audit	27	36	22	26
Audit Authority	350	176	286	128
Other Audit	50	59	41	43
Communications	126	181	103	131
Programme Management & Evaluation	248	245	203	178
Project Assessment, Implementation & Monitoring	265	379	217	275
<b>TOTAL GROSS OPERATING COSTS</b>	<b>2,148</b>	<b>2,277</b>	<b>1,757</b>	<b>1,653</b>
Funded by Technical Assistance	(1,421)	(1,482)	(1,162)	(1,076)
<b>TOTAL NET OPERATING COSTS</b>	<b>727</b>	<b>795</b>	<b>595</b>	<b>577</b>

From 2016, the presentation of this note has been amended to show total gross costs for each category, with Technical Assistance funding contribution then deducted to leave net costs (funded by Sponsor Department administration grants).



## 8. Fixed Assets

### (a) Tangible Fixed Assets

	Leasehold Improvements €'000	Office Equipment €'000	Computer Equipment €'000	Fixtures & Fittings €'000	Total €'000
<b>Cost or Valuation</b>					
At 1 January 2016	1,231	60	671	120	2,082
Additions	5	1	17	1	24
Disposals	-	-	(19)	-	(19)
At 31 December 2016	<u>1,236</u>	<u>61</u>	<u>669</u>	<u>121</u>	<u>2,087</u>
<b>Depreciation</b>					
At 1 January 2016	1,017	56	561	102	1,736
Provision for year	57	1	39	9	106
Depreciation on disposals	-	-	(19)	-	(19)
At 31 December 2016	<u>1,074</u>	<u>57</u>	<u>581</u>	<u>111</u>	<u>1,823</u>
<b>Net Book Value (€)</b>					
At 31 December 2016	<u>162</u>	<u>4</u>	<u>88</u>	<u>10</u>	<u>264</u>
At 31 December 2015	<u>214</u>	<u>4</u>	<u>110</u>	<u>18</u>	<u>346</u>
<b>Net Book Value (£)</b>					
	£'000	£'000	£'000	£'000	£'000
At 31 December 2016	114	3	64	6	187
Currency Translation Adjustment	25	1	11	3	40
At 31 December 2016 (as adjusted)	<u>139</u>	<u>4</u>	<u>75</u>	<u>9</u>	<u>227</u>
At 31 December 2015	<u>157</u>	<u>3</u>	<u>81</u>	<u>13</u>	<u>254</u>

Currency translation adjustment is the difference between the net book value of fixed assets calculated using year-end exchange rates and their net book value stated at historic rates of exchange.

No assets are held under finance leases or hire purchase contracts.



## 8. Fixed Assets (Cont'd)

### (b) Intangible Fixed Assets

	<b>Software</b> <b>€'000</b>
<b>Cost or Valuation</b>	
At 1 January 2016	440
Additions	10
Disposals	(63)
At 31 December 2016	<u>387</u>
<b>Depreciation</b>	
At 1 January 2016	359
Provision for year	34
Disposals	(63)
At 31 December 2016	<u>330</u>
<b>Net Book Value (€)</b>	
<b>31 December 2016</b>	<u><u>57</u></u>
<b>31 December 2015</b>	<u><u>81</u></u>
<b>Net Book Value (£)</b>	
<b>31 December 2016</b>	<b>40</b>
<b>Currency Translation Adjustment</b>	<b>9</b>
<b>31 December 2016 (adjusted)</b>	<u><u>49</u></u>
<b>31 December 2015</b>	<u><u>59</u></u>

Currency translation adjustment is the difference between the net book value of fixed assets calculated using year-end exchange rates and their net book value stated at historic rates of exchange.

No assets are held under finance leases or hire purchase contracts.



## 9(a) Debtors - (amounts due within one year)

	Note	2016 €'000	2015 €'000	2016 £'000	2015 £'000
Prepayments and accrued income	(i)	154	95	133	70
Amounts due from EU Commission	(ii)	50,043	337	42,955	247
Other debtors		63	64	54	47
		<b>50,260</b>	<b>496</b>	<b>43,142</b>	<b>364</b>

## 9(b) Debtors - (amounts due after one year)

	Note	2016 €'000	2015 €'000	2016 £'000	2015 £'000
Amounts due from EU Commission	(ii)	-	42,980	-	31,580
		<b>-</b>	<b>42,980</b>	<b>-</b>	<b>31,580</b>

- (i) On demonstration of need, advance payments are made to projects, to be converted to actuals at a later date. This is in line with EU Regulations and Managing Public Money NI.
- (ii) The SEUPB acts as Certifying Authority for the INTERREG IVA and PEACE III Programmes and is responsible for claiming funds from the EU Commission. As at 31 December 2016, €50,043,067 (£42,955,423) was receivable, relating to both submitted and unsubmitted claims, all of which falls due within one year. The debtor balance falling due will be settled partly in cash from the European Commission, and partly through offset of an advance totalling €31,265,042 (£26,836,946) which was received from the Commission at the beginning of the Programme period (2007/2008), and passed on to the Member States (UK & Ireland).



## 10. Cash at bank and in hand

	Note	2016 €'000	2015 €'000	2016 £'000	2015 £'000
Cash at bank:					
-Held for administration payments		705	91	605	67
-Held for Programme payments	(i)	24,311	28,473	20,868	20,921
<b>Total</b>		<b>25,016</b>	<b>28,564</b>	<b>21,473</b>	<b>20,988</b>

- (i) Cash held for Programme payments reflects amounts drawn from Government Departments to enable the SEUPB to meet its obligations to make payments to projects on a timely basis, plus any EU receipts not yet reimbursed to Government Departments. These balances are used and re-drawn on a quarterly basis in line with forecasted requirements. At 31 December 2016, the balance included approx £20.15m (€23.48m) relating to EU advance payments for PEACE IV and INTERREG VA, which is expected to be paid to DoF/DPER during 2017.



## 11(a) Creditors - (amounts due within one year)

	Note	2016 €'000	2015 €'000	2016 £'000	2015 £'000
Trade and Project Creditors		-	267	-	196
Accruals and Deferred Income	(i)	1,513	17,283	1,299	12,699
ERDF due to Accountable Departments	(ii)	73,518	12,178	63,106	8,948
Other amounts due to Departments	(iii)	245	200	210	147
		<b>75,276</b>	<b>29,928</b>	<b>64,615</b>	<b>21,990</b>

## 11(b) Creditors - (amounts due after one year)

	Note	2016 €'000	2015 €'000	2016 £'000	2015 £'000
ERDF due to Accountable Departments	(ii)	-	42,112	-	30,942
		<b>-</b>	<b>42,112</b>	<b>-</b>	<b>30,942</b>

- (i) For the PEACE and INTERREG Programmes, funding received in excess of recognised expenditure is treated as deferred income and recorded within 'Accruals and Deferred Income'.
- (ii) Funds are drawn from the Departments and used to facilitate payments to projects during the course of the year. Claims are then submitted for reimbursement of the ERDF element of eligible expenditure incurred. Upon receipt of these reimbursements from the EU Commission, the SEUPB is required to reimburse Accountable Departments (via DoF and DPER). At 31 December 2016 the amount due to Departments in respect of PEACE III and INTERREG IVA was €50,043,069, (£42,955,423), all of which falls due for reimbursement within one year. Settlement of this balance will be partly in cash, and partly via offset against Programme advances held by Member States (see note 9ii). Advances of €23,475,851 (£20,150,945) relating to the PEACE IV and INTERREG VA Programmes are also included in this balance, and are all payable to DoF/DPER within one year.
- (iii) Other amounts due to Departments primarily comprise running balances of core funding from SEUPB's Sponsor Departments.



## 12. Pensions

### a) Analysis of total pension costs charged to Expenditure:

	2016 €'000	2015 €'000	2016 £'000	2015 £'000
Current service cost	841	754	688	547
Interest on Pension Scheme Liabilities	306	347	250	252
	<b>1,147</b>	<b>1,101</b>	<b>938</b>	<b>799</b>

### b) Movement in Net Pension Liability during the financial year

	2016 €'000	2015 €'000	2016 £'000	2015 £'000
Net Pension Liability at 1 January	9,291	9,644	6,826	7,511
Current Service Cost	841	754	688	547
Interest on scheme liabilities	306	347	250	252
Actuarial loss/(gain) - inc currency movements	5,567	(1,917)	4,552	(1,391)
Net transfers in/(out)	-	-	-	-
Benefits paid	(130)	(128)	(106)	(93)
Exchange differences	(1,650)	591	-	-
Net Pension Liability at 31 December	<b>14,225</b>	<b>9,291</b>	<b>12,210</b>	<b>6,826</b>

Member contributions are included within the Current Service Cost, and amounted to £109k (€133k) in 2016, and £100k (€136k) in 2015. These amounts were paid over to Sponsor Departments in line with the agreed funding mechanisms.



## 12. Pensions (Cont'd)

Analysis of the movement in deficit in the plan during the period is as follows:

	2016 €'000	2015 €'000	2016 £'000	2015 £'000
Experience (loss)/gain	(1,358)	143	(1,110)	104
(Loss)/gain on change of financial assumptions (inc currency movements)	(4,209)	1,774	(3,442)	1,287
<b>Actuarial (loss)/gain</b>	<b>(5,567)</b>	<b>1,917</b>	<b>(4,552)</b>	<b>1,391</b>

The primary driver for the loss on change in assumptions, and as a result the significant increase in liability, is the reduction in discount rates (see note 12e)

### c) Deferred Funding for Pensions

In accordance with accounting practice for non-commercial State Bodies in the Republic of Ireland, the SEUPB recognises an asset representing resources to be made available by the UK and Irish Exchequers for the unfunded deferred liability for pensions on the basis of a number of past events. These events include the statutory backing for the superannuation schemes, and the policy and practice in relation to funding public service pensions in both jurisdictions including the annual estimates process. While there is no formal agreement and therefore no guarantee regarding these specific amounts with the funding bodies, the SEUPB has no evidence that this funding policy will not continue to progressively meet this amount in accordance with current practice. This treatment is inconsistent with accounting practice for UK Non-Departmental Bodies, where, due to the absence of a formal guarantee, a funding liability is not recognised until the commitment falls due.

The Net Deferred Funding for Pensions recognised in the Income and Expenditure Account was as follows:

	2016 €'000	2015 €'000	2016 £'000	2015 £'000
Funding Recoverable in respect of current year pension costs	1,148	1,101	938	799
Benefits paid during the year	(130)	(128)	(106)	(93)
	<b>1,018</b>	<b>973</b>	<b>832</b>	<b>706</b>

The deferred funding asset for pensions as at 31 December 2016 amounted to €14.225m (£12.210m); 2015: €9.291m (£6.826m).



## 12. Pensions (Cont'd)

### d) History of defined benefit obligations

	2016	2016	2015	2015	2014	2014	2013	2013	2012	2012	2011	2011
	£'000	€'000	£'000	€'000	£'000	€'000	£'000	€'000	£'000	€'000	£'000	€'000
Defined benefit obligations	<b>(12,210)</b>	(14,225)	<b>(6,826)</b>	(9,291)	<b>(7,511)</b>	(9,644)	<b>(6,231)</b>	(7,477)	<b>(5,899)</b>	(7,234)	<b>(4,371)</b>	(5,360)
Experience adjustment on liabilities including exchange rate effect gain/(loss)	<b>(1,110)</b>	(1,358)	<b>104</b>	143	<b>205</b>	254	<b>18</b>	21	<b>(7)</b>	(9)	<b>86</b>	99
Percentage of Scheme Liabilities	<b>-9.10%</b>	-9.10%	<b>1.50%</b>	1.50%	<b>2.70%</b>	2.70%	<b>0.30%</b>	0.30%	<b>-0.10%</b>	-0.10%	<b>2.00%</b>	2.00%

### e) General description of the Scheme

The pension scheme consists of a number of sections with different benefit structures. The main sections are:

The Core Final Salary section – this is a final salary pension arrangement with benefits modelled on the Classic section of the Principal Civil Service Pension Scheme in Northern Ireland. The scheme provides a pension (eightieths per year of service), a gratuity or lump sum (three eightieths per year of service) and spouse's and children's pensions. Normal Retirement Age is a member's 60th birthday. Pensions in payment (and deferment) increase in line with general price inflation.

The Core alpha section – this is a career averaged revalued earnings pension arrangement or CARE scheme with benefits modelled on the alpha section of the Principal Civil Service Pension Scheme in Northern Ireland. The scheme provides a pension based on a percentage (2.32%) of pensionable pay for each year of active membership (the pension is increased at the start of each scheme year in line with general price inflation) and spouse's and children's pensions. Normal Retirement Age is a member's State Pension Age in the relevant jurisdiction, which is currently 67, 68 or between 67 and 68 in the UK and 68 in Ireland. Pensions in payment (and deferment) increase in line with general price inflation.

Most Core section members have benefits in both the Final Salary and alpha sections and new entrants who join the Scheme after 1 April 2015 will, in most cases, become members of the Core alpha section.

The valuation used for FRS17 disclosures at 31 December 2016 has been carried out by a qualified independent actuary (Deloitte Total Reward & Benefits Ltd). The results this year have been prepared by carrying out a full valuation of the Scheme's liabilities incorporating market conditions and scheme data at 31 December 2016.

## 12. Pensions (Cont'd)

The principal assumptions were as follows:

	31-Dec-16	31-Dec-15	31-Dec-14	31-Dec-13	31-Dec-12	31-Dec-11
Discount rate:						
NI	2.7%	3.7%	3.6%	4.5%	4.1%	4.7%
ROI	1.9%	2.65%	2.1%	3.5%	2.7%	4.6%
Inflation rate:						
NI	2.3%	1.9%	2.0%	2.5%	1.8%	2.6%
ROI	1.5%	2.0%	2.0%	2.0%	2.5%	2.5%
Rate of increase in salaries						
NI	2.3%	2.9%	3.0%	4.0%	4.0%	4.0%
ROI	3.0%	3.0%	3.0%	4.0%	4.0%	4.0%
Ave. rate of increase in pensions:						
NI	2.3%	1.9%	2.0%	2.5%	1.8%	2.6%
ROI (salary increases)	3.0%	3.0%	3.0%	4.0%	4.0%	4.0%
ROI (CPI)	1.5%	2.0%	2.0%	2.0%	2.5%	2.5%
Ave. expected future life at age 65 for:						
Male currently aged 65	22.2	21.9	22.1	21.6	21.5	21.4
Female currently aged 65	24.2	23.8	24.3	24.2	24.1	24.0
Male currently aged 45	23.9	23.1	23.5	23.5	23.4	23.3
Female currently aged 45	26.1	25.3	25.8	26.0	25.9	25.9



### 13. Reconciliation of Movements in General Reserve

	2016 €'000	2015 €'000	2016 £'000	2015 £'000
At 1 January	-	131	-	102
Exchange gains/(losses)	-	8	-	-
Offset Departmental funding	-	(139)	-	(102)
Surplus for the year	-	-	-	-
At 31 December	-	-	-	-

In 2015, reserves brought forward were utilised to offset against Departmental funding requirements, arising from fluctuating exchange rates.



## 14. Reconciliation of Movements in Capital Grant Reserve

	Note	2016 €'000	2015 €'000	2016 £'000	2015 £'000
At 1 January		427	509	313	398
Capital funding receivable during the period	2	32	51	27	36
Funding received via technical assistance		2	3	2	2
Profit/loss on disposal of fixed assets		-	-	-	-
Less amount released to income and expenditure account		(140)	(136)	(114)	(99)
Difference on foreign exchange translation		-	-	48	(24)
At 31 December		<b>321</b>	<b>427</b>	<b>276</b>	<b>313</b>



## 15. Notes To Cashflow Statement

### 15.1 Reconciliation of result for the period to net cash (outflow)/inflow from operating activities

	2016 €'000	2015 €'000	2016 £'000	2015 £'000
<b>Surplus/(deficit) for the period</b>	-	-	-	-
<b>Adjustment for non cash transactions</b>				
Exchange differences on translation of opening cash balances at 1 January	(2,280)	816	(1,957)	600
Depreciation	140	136	114	99
Capital Grant Release	(140)	(136)	(114)	(99)
Difference on Foreign Exchange Translation	-	8	-	-
Reserves offset against Departmental funding	-	(139)	-	(102)
<b>Adjustments for movements in working capital</b>				
(Increase)/decrease in debtors	(6,784)	11,411	(11,198)	10,803
Increase/(decrease) in creditors	3,236	(3,096)	11,683	(5,585)
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(5,828)</b>	<b>9,000</b>	<b>(1,472)</b>	<b>5,716</b>

### 15.2 Reconciliation of net cash outflow to movement in net debt

	2016 €'000	2015 €'000	2016 £'000	2015 £'000
Cash in bank at 1 January	28,564	20,380	20,988	15,872
Retranslation to current year exchange rates	2,280	(816)	1,957	(600)
	30,844	19,564	22,945	15,272
Net cash (outflow)/inflow	(5,828)	9,000	(1,472)	5,716
Cash in bank at 31 December	<b>25,016</b>	<b>28,564</b>	<b>21,473</b>	<b>20,988</b>



## 16. Provisions & contingent liabilities

There were no provisions or contingent liabilities at either 31 December 2016 or 31 December 2015.

## 17. Operating Lease Commitments

At 31 December the SEUPB was committed to making the following payments during the next year in respect of operating leases:

	<b>Land and Buildings 2016 €'000</b>	<b>Other 2016 €'000</b>	<b>Land and Buildings 2015 €'000</b>	<b>Other 2015 €'000</b>
Leases which expire:				
Within one year	-	5	-	10
Within two to five years	97	-	418	-
After five years	218	-	-	-
	<b>315</b>	<b>5</b>	<b>418</b>	<b>10</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Within one year	-	4	-	7
Within two to five years	83	-	307	-
After five years	187	-	-	-
	<b>270</b>	<b>4</b>	<b>307</b>	<b>7</b>



## 18. Capital Commitments

The SEUPB had no capital commitments at either 31 December 2016 or 31 December 2015.

## 19. Grant Commitments

At 31 December 2016, the SEUPB had grant commitments to a number of Lead Partners, following the issue and acceptance of a number of Letters of Offer.

	Grant awarded	Paid to date	Outstanding Commitment 31/12/2016	Outstanding Commitment 31/12/2015
	€'000	€'000	€'000	€'000
PEACE IV	-	-	-	-
INTERREG VA	6,763	-	6,763	-
	<b>6,763</b>	-	<b>6,763</b>	-

The above commitments relate entirely to 2014-20 Programmes. All commitments relating to 2007-13 Programmes were cleared before 31 December 2016.

All LoOs issued in 2016 were denominated in Euros.



## 20. Related Party Transactions

The Special EU Programmes Body (SEUPB) is a North South Implementation Body sponsored by the Department of Finance in Northern Ireland and the Department of Public Expenditure & Reform in Ireland.

The above named departments are regarded as related parties. During the year the SEUPB has had various transactions with these departments:

- (1) The Head of Internal Audit for the Department of Finance provides Internal Audit Services to the SEUPB under an arm's length Service Level Agreement. Costs incurred are shown in Note 7 to the accounts.
- (2) The functions of the Audit Authority are provided by a dedicated unit within the Department of Finance, on a joint member-state basis. This relationship is governed by a Service Level Agreement.
- (3) The SEUPB has a Service Level Agreement with the Northern Ireland Statistics and Research Agency (NISRA), an executive agency within DoF, which provides a monitoring and evaluation service in relation to the Programmes.
- (4) DoF manages a central EU Grants database which is used by the SEUPB and DoF EU Division. A portion of the costs incurred in relation to the database are re-charged to the SEUPB on an agreed basis.
- (5) The SEUPB has a Service Level Agreement with the Central Procurement Directorate (CPD) which is the Centre of Procurement Expertise (CoPE) located within DoF. The SEUPB engages with CPD on an ad hoc basis to manage procurement competitions, and to provide procurement advice in relation to construction projects.

## 21. Losses and Special Payments

There were no losses or Special Payments in the year.





## 22. Financial Instruments, Liquidity, Interest Rate and Foreign Currency Risk

### 22.1 Financial Instruments

Due to the non-trading nature of its activities and the way the SEUPB is financed, the SEUPB is not exposed to the degree of financial risk faced by business entities. The SEUPB has very limited powers to borrow or invest surplus funds. Financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the SEUPB in undertaking its activities.

### 22.2 Liquidity, Interest Rate and Foreign Currency Risk

The SEUPB's net revenue resource requirements are financed by resources voted annually by the Northern Ireland Assembly and the Houses of the Oireachtas, as is its capital expenditure. It is not therefore exposed to significant liquidity risks. The SEUPB does not access funds from commercial sources and so is not exposed to significant interest rate risk. The SEUPB's exposure to foreign currency risk is not significant as it receives agreed levels of funding from its sponsoring Departments, the Department of Finance, and the Department of Public Expenditure & Reform, in sterling and euro respectively, and does not engage in trading activities. However, as the majority of transactions are conducted in sterling, and most funding is received equally from the two Departments, the SEUPB is exposed to foreign currency risk to a limited degree.

In relation to funds drawn from Accountable Departments for the Central Payments Unit, foreign currency risk remains with the sponsor Departments.

## 23. Third Party Assets

There were no third party assets held by the SEUPB at 31 December 2016.

## 24. Events after the reporting period date

There were no material non-adjusting events after the reporting period date.



## Appendix

Accounts direction given by the Northern Ireland Department of Finance & Personnel and the Irish Department of Finance. In accordance with the North/South Co-operation (Implementation Bodies) (Northern Ireland) Order 1999 and the British-Irish Agreement Act 1999.

The annual accounts shall give a true and fair view of the income and expenditure and cash flows for the financial year, and the state of affairs as at the year end. Subject to this requirement, the Body shall prepare accounts for the financial period ended 31 December 2000 and subsequent years in accordance with:

- a. the North/South Implementation Bodies Annual Reports and Accounts Guidance;
- b. Other guidance with Finance Department may issue from time to time in respect of accounts which are required to give a true and fair view;
- c. any other disclosures required by sponsoring Departments;

except where agreed otherwise with Finance Departments, in which case the exception shall be described in the Notes to the Accounts.



Signed by authority of the Department of Finance and Personnel

**L O'Reilly**

29 June 2001



Department of Finance

**A Dunning**

29 June 2001





Special EU Programmes Body  
Foras Um Chláir Speisialta An AE  
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