

STRATEGIC INVESTMENT BOARD LIMITED

Company Registration No. NI45710

Annual Review and Financial Statements 2020-21

Year Ended 31st March 2021

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1 Glossary of Terms

Abbreviation	Full name
ALB	Arm's Length Body
AMU	Asset Management Unit
CEO	Chief Executive Officer
Covid-19	Coronavirus Disease 2019
CSU	Council Support Unit
DAERA	Department of Agriculture, Environment and Rural Affairs
DAO letter	'Dear Accounting Officer' letter
DARE	Data Analytics Research & Exploitation
DE	Department of Education
DEL	Departmental Expenditure Limit
DfC	Department for Communities
DfE	Department for the Economy
DfI	Department for Infrastructure
DoF	Department of Finance
DoH	Department of Health
DoJ	Department of Justice
EPC	Economic Policy Centre
EU	European Union
FOI	Freedom of Information
FTC	Financial Transactions Capital
FTE	Full-time Equivalent
FReM	Financial Reporting Manual
GAA	Gaelic Athletic Association
GDPR	General Data Protection Regulations
GP	General Practitioner
HMT	Her Majesty's Treasury
HR	Human Resources
IAS	International Accounting Standard
IASB	International Accounting Standards Board
ICLRD	International Centre for Local and Regional Development

IFRS	International Financial Reporting Standard
ISNI	Investment Strategy Northern Ireland
IT	Information Technology
LIBOR	London Interbank Offered Rate
NIAO	Northern Ireland Audit Office
MLKDC	Maze Long Kesh Development Corporation
MSFM	Management Statement and Financial Memorandum
NFI	National Fraud Initiative
NHS	National Health Service
NI	Northern Ireland
NIAO	Northern Ireland Audit Office
NICO	Northern Ireland Cooperation Overseas
NICS	Northern Ireland Civil Service
NICTS	Northern Ireland Courts & Tribunal Service
NIFRS	Northern Ireland Fire & Rescue Service
NMNI	National Museums Northern Ireland
ONS	Office for National Statistics
OPA	Operational Partnership Agreement
PAC	Public Accounts Committee
PfG	Programme for Government
PFI	Private Finance Initiative
PMO	Project Management Office
PPP	Public Private Partnership
PSNI	Police Service of Northern Ireland
SBRI	Small Business Research Initiative
SIF	Social Investment Fund
SIRB	Strategic Investment and Regeneration Branch
SoCNE	Statement of Comprehensive Net Expenditure
SoFP	Statement of Financial Position
SOLACE	Society of Local Authority Chief Executives
SONI	System Operator for Northern Ireland
SSAP	Statement of Standard Accounting Practice
SSU	Strategic Support Unit
TEO	(The) Executive Office

2 Officers and Professional Advisers

2.1 Directors

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

2.2 Secretary

Gregor Hamilton

2.3 Auditors

Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU

2.4 Principal Bankers

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

2.5 Registered Office

9 Lanyon Place
Belfast
County Antrim
BT1 3LP

3 Performance Report for the Year Ended 31st March 2021

3.1 Overview

During 2020-21 Strategic Investment Board Ltd continued to provide advice to departments, councils and other organisations in relation to the articulation and delivery of their major investment programmes and projects.

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

3.1.1 Chief Executive's Perspective on Performance

In 2020-21, Strategic Investment Board Ltd assisted its partners in the planning of infrastructure, the delivery of programmes and projects, the management of assets, the promotion of reform and in responding to the Covid-19 emergency.

3.1.2 Performance and Activities

During 2020-21, the Strategic Investment Board Ltd:

- Provided Directors or Managers for the following programmes and projects:
 - Strule Education Campus;
 - NI Fire & Rescue Service (NIFRS) Training College at Desertcreat;
 - Casement Park (GAA);
 - The Urban Villages programme;
 - The 'Green Growth' programme (Department of Agriculture, Environment and Rural Affairs);
 - Social Investment Fund (SIF) capital and revenue projects;
 - Department of Finance (DoF) Agile Working project;
 - Arc21 Waste Management procurement;
 - Southern Regional College Campus programme;
 - Northern Regional College Campus programme;
 - Ebrington capital projects;
 - North Coast Sports Village;
 - Public Sector Shared Network project;
 - Project Stratum (Ultrafast Broadband);
 - South Lakes Leisure Centre;
 - Mobuoy Road Remediation Project;
 - Newry Civic Centre project;
 - The 'Shop Local' project;
 - United Youth programme; and the
 - Tackling Paramilitarism programme.
- Provided data analytical support to departments and Arm's Length Bodies (ALBs);
- Completed 125 assignments undertaken by the Strategic Support Unit (SSU); and

- Managed the Investment Strategy Northern Ireland (ISNI) Delivery Tracking System and project pipeline.

During the Covid-19 emergency Strategic Investment Board Ltd:

- Provided data-analytical support to the Department of Health and Health Trusts;
- Led the Digital Coordination Cell for the Health and Social Care response to the Covid-19 pandemic (including overseeing the development of the StopCOVID19 app);
- Established a Project Management Office (PMO) to oversee the work of consultancy firms assisting the Northern Ireland Civil Service (NICS) establish the NI Hub, its command and control centre for managing government's response to the Covid-19 emergency;
- Provided three members of staff to fill Deputy Chief of Staff roles within the Hub;
- Filled the role of functional lead for Communications within the Hub;
- Operated a PMO within the NI Fire and Rescue Service to establish and operate a Gold Command;
- Identified and procured additional warehousing for Health and Social Care;
- Devised and operated the Waste Tracker system and Volunteer Waste Driver systems for Society of Local Authority Chief Executives (SOLACE) and local councils;
- Advised on recruitment to the Covid-19 Task Force; and
- Managed the 'Shop Local' High Street Support project.

With support from our partners we:

- Delivered 6,136 person weeks of employment to 266 people who were long term unemployed or had no substantial work experience through the Buy Social initiative;
- Obtained £9.5m through capital realisations, bringing the total realised since 2012 to £240.5m; and
- Managed £285m of Financial Transactions Capital (FTC) investments; including new loans made during the year of £110m.

Specifically, the Strategic Investment Board:

- Supported **The Executive Office (TEO)** by:
 - providing the acting Chief Executive for the Maze Long Kesh Development Corporation (MLKDC);
 - providing a team to work on the Urban Villages programme;
 - providing a Project Manager to the SIF capital and revenue programmes;
 - providing a Director and Project Managers to deliver capital projects, strategic planning and asset disposals at Ebrington;
 - advising on the recruitment of an interim Head of the Civil Service; and
 - advising on the management of existing Public Private Partnerships (PPP)/ Private Finance Initiative (PFI) contracts.
- Supported the **Department of Agriculture, Environment & Rural Affairs (DAERA)** by:
 - providing a Director and other support to the Green Growth Programme;

- providing a Director for the Mobuoy Road Project;
 - providing a Strategic Adviser to support work on investment in fisheries;
 - providing strategic advice on waste management; and
 - leading work on the Circular Economy.
- Supported the **Department for the Economy (DfE)** by:
 - establishing and staffing the Digital Catapult NI and Immersive Laboratory;
 - seconding a Strategic Adviser to lead the Department's Energy Directorate;
 - providing an Energy Adviser to work on the development of the region's Energy Strategy;
 - implementing the Energy Management programme;
 - providing a Project Manager for the United Youth project;
 - providing a Chief Digital Officer to Tourism NI;
 - providing a Vice-Principal Organisational development to Northern Regional College;
 - providing a Project Director for Project Stratum, the Ultrafast Broadband project;
 - providing Project Managers for the Southern and Northern Regional Colleges capital investment programmes;
 - advising on the management of the Department's Further Education investment programme;
 - advising on the Department's support to Ulster University's Graduate Entry Medical School and Belfast Campus Project;
 - administering of the Department's £285m FTC loan portfolio and providing ongoing due diligence support;
 - advising on the promotion of the role of Hydrogen in decarbonisation and renewable energy generation;
 - providing programme management for the £2.4m Data/Digital Small Business Research Initiative (SBRI) Innovation Fund;
 - supporting InterTradeIreland's transition to a data-led organisation through a review of data systems, processes and infrastructure; and
 - Providing a Project Manager and delivery team for the High Street Support Scheme ('Shop Local').
- Supported the **Department for Communities (DfC)** by:
 - providing an embedded team to advise the Engaged Communities group on infrastructure planning and delivery;
 - providing the GAA with a project manager for Casement Park;
 - advising on the development of a Housing Strategy;
 - providing a Capital Programme Director to National Museums, NI;
 - providing project management support to Historic Environment Division;
 - providing advice on extension of the Personal Independence Payment (PIP) contract;
 - advising SportNI on a new technology strategy;
 - developing a risk management system for the Charity Commission for NI; and

- providing advice to Armagh Observatory and Planetarium, the Arts Council and Ulster Orchestra.
- Supported the **Department of Education (DE)** by:
 - providing a Construction Manager and leading the communications function for the Strule Educational Campus programme; and
 - providing data analytical support to the department's schools and transport planners.
- Supported the **Department of Finance (DoF)** by:
 - operating the Asset Management Unit (AMU);
 - providing a Transformation Director and staff for the Reform of Property Management/Conect2 programme;
 - providing a Project Manager for the Public Sector Shared Network project;
 - advising on the recruitment of the Head of the Civil Service; and
 - operating the 'Buy Social' unit to promote the delivery of social value in public sector procurement.
- Supported the **Department of Health (DoH)** by:
 - providing a Project Manager for the NIFRS College at Desertcreat;
 - providing a Chief Digital Officer for Health and Social Care;
 - providing data analytical and dynamic systems modelling support to the NHS;
 - advising on a programme of revenue funded investment in primary health care facilities (including the preparation of business cases; the conduct of bidder negotiations and the provision of legal advice);
 - advising on the reform of GP Out of Hours services; and
 - advising on the development of the 111 and National Covid-19 Pandemic Flu service.
- Supported the **Department for Infrastructure (Dfi)** by:
 - leading the procurement of NI Water's Hydrogen Demonstrator project and
 - advising on the regeneration element of the Weavers Cross project.
- Assisted the **Department of Justice (DoJ)** by:
 - the provision of a Programme Director and research analyst to the Tackling Paramilitary Activity Programme;
 - provision of a data modelling and scenario evaluation tool and the development of visualisations for the Committal Reform project;
 - development of a Strategic Decision Support System for the NI Courts and Tribunal Service (NICTS);
 - development of the NI Courts Transformation Planning System;
 - provision of advice on the development of the DoJ Digital Strategy;
 - provision of advice to the Courts Service on Transformation, Estates and Communications;

- provision of an embedded Technical Advisor for work on Historic Enquiries;
 - provision of Estates Planning advice to Police Service of Northern Ireland (PSNI); and
 - support to the Office of the Prisoner Ombudsman.
- Supported **Belfast City Council, Derry City and Strabane District Council, Ulster University and Queen’s University, Belfast** by advising on City Deal projects.
 - Supported **Belfast City Council** through the provision of its Digital Commissioner;
 - Supported **Derry City and Strabane District Council** through:
 - the provision of a Property Advisor;
 - management of the Community Centres Capital programme; and
 - the development of Foyle Street regeneration proposals.
 - Supported **Armagh, Banbridge and Craigavon Council** by providing a Project Director for the South Lake Leisure Centre and Armagh Leisure Village.
 - Supported **Newry, Mourne and Down District Council** by the provision of a Project Manager and the procurement of a development partner for the Newry Civic Centre project.
 - Supported **Causeway Coast and Glens Council** by the provision of a Capital Projects Manager.
 - Supported **Ards and North Down Borough Council** by the provision of a Head of Strategic Capital Development.
 - Supported **Mid and East Antrim Council** through:
 - the provision of a Project Manager; and
 - the provision of a Property Advisor.
 - Supported other councils by providing strategic, communications and other advice.
 - Supported **Arc21** by providing a Project Manager for the Hightown residual waste management infrastructure project;
 - Provided 2,295 days of support on 125 assignments to departments and councils through the deployment of staff from the SSU; and
 - Supported departments and other organisations through the provision of advice on procurement law, recruitment and communications.

3.1.3 The Key Issues and Risks

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

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

A number of risks and issues arose as a result of the Covid-19 pandemic. There is a risk that Strategic Investment Board Ltd staff may be unable to work because of infection or the need to care for infected dependents. Strategic Investment Board Ltd defined contingency plans to deal

with staff affected in this way. These included the nomination of deputies for all key roles and the preparation of handover notes and other documentation. There are a small number of posts where the specialist skills, knowledge and experience of the post-holder are such that a single deputy cannot be identified. In these cases a group of staff have been identified who could maintain the relevant service if required.

There is a medium risk that partner organisations may return Strategic Investment Board Ltd staff because their constrained budgets mean such staff are considered unaffordable. There is a low risk that staff may be unable to work effectively because of IT failures. A risk was identified that the Covid-19 pandemic might lead to reductions in demand for support from the SSU. These risks did not transpire to any significant degree during the past year.

There is a risk that fraudsters may attempt to exploit the current unusual modes of working. Staff identified a number of attempts to launch such frauds using impersonated emails; none were successful.

A substantial risk arose in-year that the cost of untaken leave might prove unaffordable. Management action which included a change to the annual leave carry forward policy reduced the impact and likelihood of this risk and it did not transpire.

There remains a residual risk that the organisation may be adversely affected by the long-term impact of the Covid-19 pandemic. This risk may arise if post-pandemic budgets are reduced and public sector investment curtailed.

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

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

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

The risk that procedures may be put in place by the Northern Ireland Civil Service (NICS) to satisfy the requirements of the Northern Ireland Civil Service Commissioners could delay the appointment of Strategic Investment Board Ltd staff to roles embedded in departments is no longer considered significant.

The ability of Strategic Investment Board Ltd to discharge its statutory and other functions requires the development and maintenance of effective working relationships with its partners.

There is a risk that such stakeholder relationships may break down, adversely impacting on the organisation's efficacy. The organisation has identified the need to devote additional effort to increase stakeholder engagement following the Covid-19 pandemic. The Board has authorised the development and implementation of a new communications strategy to address this risk.

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

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

There is a risk that ongoing delays to the implementation of the proposed new Group Structure and Senior Leadership Team will adversely impact on Strategic Investment Board Ltd's performance. The organisation continues to work with TEO and DoF to seek their agreement to these changes.

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

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

The ability of Strategic Investment Board Ltd to pursue its asset management remit will be affected by the availability of capital, the priorities of the Executive and the capability and capacity of individual partner organisations.

Strategic Investment Board Ltd's work on digital infrastructure is likely to be affected by a shortage of suitably qualified and experienced candidates for roles within its digital teams.

The Board and senior leaders will continue to monitor these risks and any new risks that may arise and will take the action necessary to mitigate them.

3.1.4 Performance, Risk and Uncertainty

There is some uncertainty in Strategic Investment Board Ltd's operating environment and this is likely to continue for the foreseeable future. Such uncertainty may, when considered in the context of the specific risks faced by the organisation, impact on its overall performance. The linkages between risk, uncertainty and key performance indicators are set out below.

The most significant uncertainties the organisation faces are:

- The long-term impact of the Covi-19 pandemic;
- The overall public capital and resource budgets for the region;
- The deployment of that budget and consequentially the types of programme and project the government will fund;
- The size of Strategic Investment Board Ltd's grant-in-aid;
- The appetite of partner organisations to commission and pay for work from Strategic Investment Board Ltd; and

- The demand for, and availability of, specialist skills and expertise by and within the NICS and other partner organisations.

These factors affect the level of demand for the organisation's services and its capacity to respond to such demand. The organisation's business model does, however, enable it to adapt to such changes. Its contractual arrangements with staff mean it can respond to increases in demand by growing and to decreases through contraction.

Those services most at risk are those funded directly from grant-in-aid and for which the organisation does not recoup its costs from partner organisations. These include the Social Value Team, elements of the AMU and other common good services such as strategic recruitment and the provision of legal support to complex procurements. Should the grant-in-aid provided to the organisation be inadequate, the delivery of such services would be prioritised by the Board and costs cut accordingly.

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

3.1.5 The Going Concern Basis

The Financial Statements have been prepared on the assumption that Strategic Investment Board Ltd is a going concern and will continue in operation for the foreseeable future. Strategic Investment Board Ltd is funded by its sponsor Department, TEO. TEO has provided a budget for 2021-22. The availability of cash is central to programme delivery and Strategic Investment Board Ltd has been working closely with its sponsor Department, TEO, regarding future cash flow forecasts. Strategic Investment Board Ltd has carried out an assessment to ascertain how the business has been impacted by Covid-19. Strategic Investment Board Ltd has introduced working from home for all employees and demand for services and strategic advice has remained consistent. Strategic Investment Board Ltd is able to meet its current liabilities and will seek to achieve cost-savings where possible and if required.

3.1.6 Performance Summary

In 2020-21 Strategic Investment Board Ltd has:

- assisted partner organisations to respond to the Covid-19 emergency;
- delivered strategic infrastructure research and planning models in key sectors, which help its partners to plan and deliver more economically and operationally sustainable infrastructure to meet contemporary and future needs across the region;
- provided support that has helped Departments to deliver their major programmes and projects;
- met the targets set for the use of FTC;
- met the targets set for the generation of additional capital;
- helped Departments develop and implement asset management plans;
- continued the implementation of an energy management strategy;

- supported the development of the region’s Energy Strategy and its sustainable housing strategy;
- initiated the development of the region’s ‘Green Growth’ strategy;
- supported the development of initiatives to promote the generation and use of hydrogen to support decarbonisation;
- continued to promote and expand the use of the ‘Buy Social’ approach to delivering employment opportunities for hard to reach groups;
- provided information to its stakeholders on progress with the implementation of the Investment Strategy; and
- developed as an organisation so that it is capable of meeting the requirements of its stakeholders: local representatives, the Departments, its shareholder (TEO), the private and third sectors, its staff and the public.

3.2 Performance Analysis

3.2.1 How Performance is Measured

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

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

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

3.2.2 Analysis and Explanation

At the 31st March 2021, of the 31 objectives set in the business plan, (<https://sibni.org/app/uploads/2020/01/SIB-BUSINESS-PLAN-2019-20.pdf>) 22 were achieved, four were partly achieved and four were suspended for reasons beyond the organisation’s control. The reasons for the partial achievement of four targets is set out in the table below.

Project	Target	Explanation for Non-achievement
ISNI	By March 2021 the Investment Strategy (ISNI) will have been approved by the Executive.	Progress was delayed by the Covid-19 pandemic. The ISNI is on track to be completed in line with the revised schedule (October 2021).
Strule Education Campus	To secure full planning permission for the Gortin Road widening scheme and recommence procurement with Department for Infrastructure by March 2021.	The project is awaiting Ministerial and Executive approval to begin a new procurement.
Strule Education Campus	To award the Grass Pitch and Bridge contract by March 2021.	Achievement has been delayed by the Covid-19 pandemic.
Urban Villages	By the end-March 2021 to have purchased Meenan Square.	Negotiations have taken longer than expected. The business case for the purchase has, however, now been approved.

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

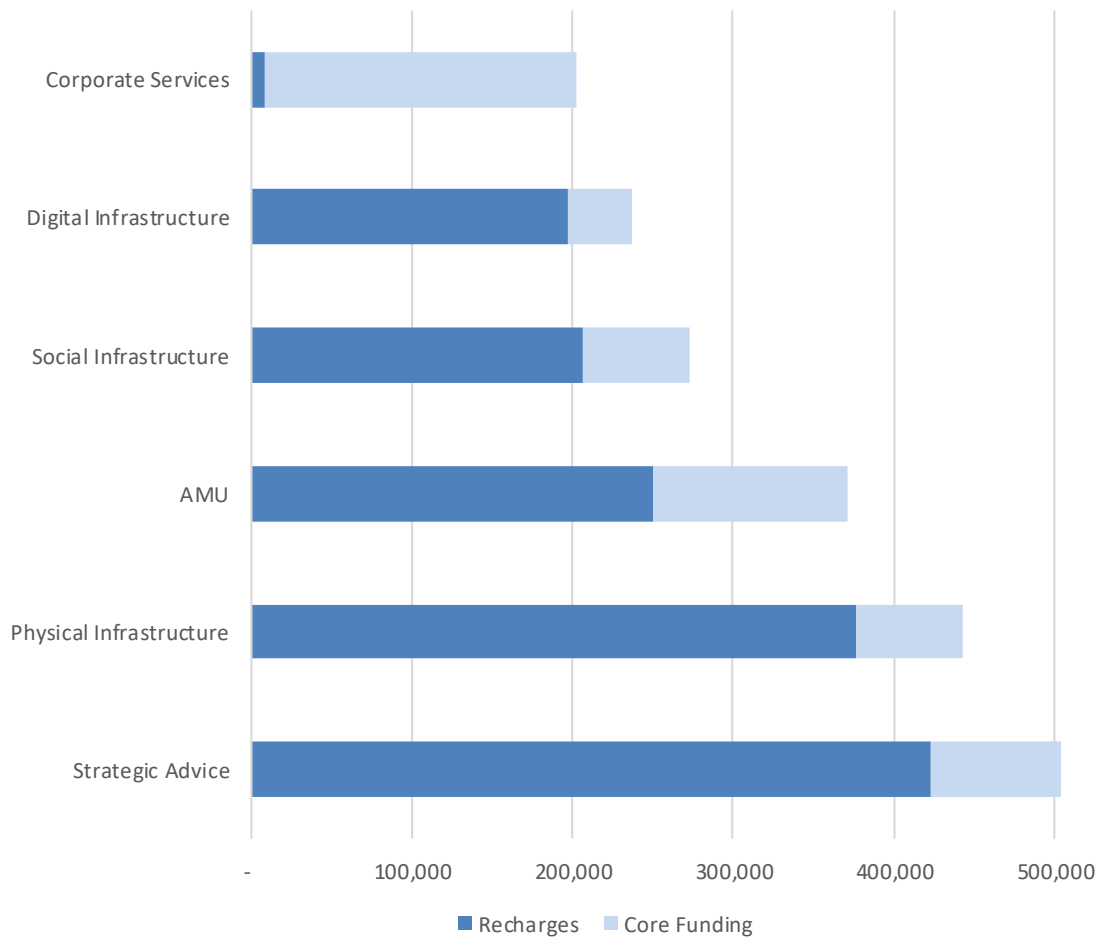
- all Asset Management targets were achieved;
- all Buy Social targets were achieved; and
- all internal administrative targets were achieved.

The SSU carried out 2,295 days' work (2,138 in 2019-20) on assignments.

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

Strategic Advice (inc SSU)	26%
Physical Infrastructure	19%
Social Infrastructure	17%
AMU	15%
Corporate Services	12%
Digital Infrastructure	11%

Strategic Investment Board Ltd recouped 72% of its salary costs from its partner organisations. The proportions of costs recovered for each business area are shown in the chart below:



The income received from each partner is shown in the Financial Statements below (Section 6 – Sources and Application of Funds).

3.2.3 Long-term Expenditure Trends

Strategic Investment Board Ltd is funded by its sponsor Department, TEO. TEO intends to continue to fund the organisation for the foreseeable future and has provided a budget for 2021-22. The organisation has the staff resources required to achieve its current business objectives. However Strategic Investment Board Ltd recognises the financial pressures and uncertainties which will exist in future years. Strategic Investment Board Ltd will endeavour to meet this challenge through continued use of co-funding and changes in operational processes and procedures that deliver increased efficiencies.

3.2.4 Social Impact

Strategic Investment Board Ltd offers a Payroll Giving Scheme that allows staff to make tax-efficient donations to charities of their choice. In 2020-21 Strategic Investment Board Ltd's Staff Social Fund donated to a number of local charities.

3.2.5 Sustainability Report & Environmental Matters

Strategic Investment Board Ltd is committed to the Executive's Sustainable Development Strategy. Policies and practices have been introduced within Strategic Investment Board Ltd to encourage efficiency in the use of resources. These include the 100% use of recycled paper, the use of multifunction printing/ copying/ scanning devices which are set to duplex printing by default and the use of efficient heaters to provide hot water for refreshments.

In early-April 2019, Strategic Investment Board Ltd moved from the Lighthouse Building to No. 9 Lanyon Place. The move resulted in the company occupying less space than previously. This has been made possible through the aggressive use of 'hot-desking'. The company has also, in order to reduce its carbon footprint, pursued a policy of using video-conferencing as an alternative to travelling. The implementation of this policy was a key factor in Strategic Investment Board Ltd's ability to move to remote working during the Covid-19 emergency.

Strategic Investment Board Ltd promotes economic, social and environmental sustainability in all its projects. Over the past year it has, for example, promoted the efficient use of energy through its work on the Energy Management programme and the development of the region's Energy Strategy; encouraged the wider use of 'Buy Social' in construction and service contracts; initiated the development of the region's 'Green Growth' strategy and supported sustainable economic growth through its work on the Investment Strategy. Strategic Investment Board Ltd is currently developing a Sustainability Strategy that it expects to implement in Financial Year 2021-22.

3.2.6 Anti-Corruption and Anti-Bribery Matters

In 2020-21 there was one anonymous whistleblowing allegation made against a Strategic Investment Board Ltd team. An internal investigation found the allegation to have no substance. This finding was endorsed by the Audit Committee. Otherwise, there were no allegations of corruption or bribery raised during 2020-21 (2019-20: Nil). Any new Anti-Corruption or Anti-Bribery regulations or Best Practice Guidance issued from TEO, DoF or NIAO are considered and embedded accordingly.

3.2.7 Equality

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

3.2.8 Organisational Structure

Strategic Investment Board Ltd has a flat organisational structure that enables employees to operate with considerable levels of personal autonomy. Staff, with the exception of individuals embedded within the structures of host organisations, are organised into small teams.

During 2019-20 the Board of Strategic Investment Board Ltd approved the implementation of a new organisational structure that responded to the growth of the organisation. The establishment of a new Senior Leadership Team has yet to be fully endorsed by TEO and DoF.

Staff are organised in five lines-of-business. These are:

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

In addition there is a corporate services function:

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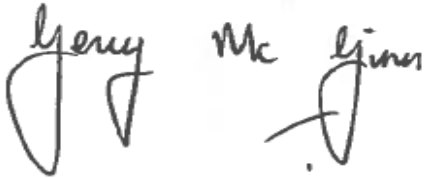
3.2.9 Organisational Development

Strategic Investment Board Ltd has continued to invest in the development of the organisation and its staff. The average number of days each employee devoted to training was 3.3 (2019-20: 3.3). Staff have gained qualifications in project and change management and in a range of other specialisms.

The reorganisation of Strategic Investment Board Ltd did not proceed to plan because it was impacted by the Covid-19 pandemic and then by the ongoing consideration of the proposal by TEO and DoF. As a result, although the new group structure has been implemented it has not yet proved possible to appoint group leaders to the proposed senior leadership team.

In order to address the particular challenges arising from Covid-19, the organisation developed and delivered two 'Health and Wellbeing' Programmes and implemented a comprehensive internal communications plan. The former sought to ensure that staff maintained a healthy work-life balance and enabled them to deal with the inevitable stresses arising from the effects

of the Covid-19 pandemic. The positive impact of these initiatives were monitored through staff surveys.

Handwritten signature of Gerry McGinn in black ink.

Gerry McGinn
Chairman

Handwritten signature of Brett Hannam in black ink.

Brett Hannam
Chief Executive

Date: 15th June 2021

4 Accountability Report for the Year Ended 31st March 2021

4.1 Corporate Governance Report

4.1.1 Directors' Report

4.1.1.1 Future Developments

Strategic Investment Board Ltd derives its strategic priorities from the outcomes defined in the draft Programme for Government (PfG) Outcomes Framework and from the requirements set out in First and deputy First Ministers' Letter of Expectations. All Strategic Investment Board Ltd's work will contribute to the achievement of these outcomes.

In line with the draft PfG, the over-arching priority for Strategic Investment Board Ltd is "improving wellbeing for all – by tackling disadvantage and driving economic growth."

The priority issues Strategic Investment Board Ltd will address are:

- the statutory requirement for Strategic Investment Board Ltd to advise the Executive in relation to its investments;
- the statutory requirement for Strategic Investment Board Ltd to advise public bodies on the delivery of major investment projects;
- the need to deliver those projects to the required quality, on time and within budget;
- the need to obtain value for money for infrastructure investment (including the delivery of social value through sustainable procurements and use of assets);
- the need to make best use of existing assets and dispose of those that are surplus to requirements;
- the need to engage with the private sector more closely in order to optimise the use of private funding in support of public investment, (while recognising that private funds do not have general applicability at all times or across all types of infrastructure);
- the need to deliver the best possible return to the Executive through the use of FTC;
- the need to support strategic infrastructure planning;
- the need to address the generational challenges of climate, demographic and technological change;
- the need to improve the infrastructure delivery capabilities of government departments;
- the need for continual improvement in the processes and procedures for the commissioning, procurement and operational management of major capital investments;
- the need to develop Strategic Investment Board Ltd's capacity and capabilities to ensure it continues to meet the needs of its partners;
- the need to be flexible and informed to support departments in the delivery of new major investment policies and programmes;
- the need to engage effectively with all Strategic Investment Board Ltd's stakeholders;
- the need to improve the infrastructure delivery capabilities of local government (district councils); and
- the need to work with councils to make best use of their existing assets in line with their Corporate and Community Plans.

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

4.1.1.2 Share Capital

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

4.1.1.3 Fixed Assets

Details of the movement of fixed assets have been summarised in note 9 to the accounts. The company does not believe that there is any material difference between the market and book value of its fixed assets as at 31 March 2021.

4.1.1.4 Financial Transactions Capital Loans

In 2020-21 Strategic Investment Board Ltd processed two new FTC loans. One loan of £30,000,000 was to GFS Corporate Directorate II Limited, the vehicle holding the NI Investment Fund and one loan of £80,000,000 was to the University of Ulster. (One new loan was processed in 2019-20).

4.1.1.5 Data Protection and Freedom of Information

Strategic Investment Board Ltd is required to report on personal data related incidents. Within its Government framework, Strategic Investment Board Ltd has an explicit control system to meet its responsibility under Data Protection and Freedom of Information. The control system has been established to ensure the appropriate handling of personal data and information used for operational and reporting purposes by development of appropriate strategies and policies. In the 2020-21 year Strategic Investment Board Ltd received two Freedom of Information (FOI) requests (2019-20: 0). Strategic Investment Board Ltd will continue to monitor and assess its information risks in order to identify and address any weakness and ensure continuous improvement of its systems.

There were no reportable losses of secure devices in 2020-21 (2019-20: 1). There were no incidents of personal data loss recorded within the period under review (2019-20: Nil).

4.1.1.6 Reporting of Complaints

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

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

In 2020-21 Strategic Investment Board Ltd received no complaints (2019-20: no complaints).

4.1.1.7 Payments to Suppliers

Strategic Investment Board Ltd is committed to the prompt payment of bills for goods and services received, in accordance with the British Standard for Achieving Good Payment Performance in Commercial Transactions (BS 7890), and with the Late Payment of Commercial Debts (Interest) Act 1998 as amended. Strategic Investment Board Ltd follows DAO 12/08 "Supporting Businesses Prompt Payment of Invoices" which introduced a prompt payment target of ten days, with effect from December 2008. In the year ended 31 March 2021, Strategic Investment Board Ltd has paid 99.1% of its suppliers within 10 days (2019-20: 99.6%). In the year ended 31 March 2021, 99.7% of suppliers were paid within 30 days (2019-20: 99.9%).

4.1.1.8 Statement of Directors' Responsibilities

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

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

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

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

The Accounting Officer for TEO has designated the Chief Executive as the Accounting Officer for Strategic Investment Board Ltd. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of public finances and for the keeping of proper records, are set out in the Accounting Officer Memorandum, in compliance with Chapter 3 of Managing Public Money Northern Ireland and Financial Reporting Manual (FRM).

4.1.1.9 Charitable Donations and Gifts

The company made no charitable donations or gifts during 2020-21 (2019-20: Nil).

4.1.1.10 Corporate Governance

The company's Statement of Corporate Governance is set out on page 25.

4.1.1.11 Statement of Disclosure of Information to Auditors

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

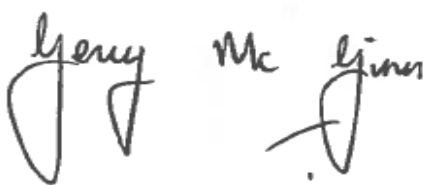
- so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. For this purpose, "relevant audit information" comprises the information needed by the company's auditors in connection with preparing their report; and
- each director has taken all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

4.1.1.12 Auditors

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

4.1.1.13 National Fraud Initiative

The Comptroller and Auditor General for Northern Ireland has statutory powers to conduct data matching exercises for the purpose of assisting in the prevention and detection of fraud. The Northern Ireland Audit Office (NIAO) commissioned a National Fraud Initiative (NFI) Data Matching Exercise in October 2020. Strategic Investment Board Ltd has provided all necessary reports for their review.



Gerry McGinn
Chairman



Brett Hannam
Chief Executive

Date: 15th June 2021

3.1.2 Statement of Accounting Officer's Responsibilities

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

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

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

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

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

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

4.1.3 Governance Statement

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

This statement is given in respect of Strategic Investment Board Ltd's Resource Account for 2020-21. The Governance Statement comprises two broad elements. Firstly, it describes Strategic Investment Board Ltd's governance framework; identifying responsibilities and explaining the functions of its constituent elements. Secondly, it reports my assessment as Accounting Officer of the effectiveness of the framework during the reporting period. The report identifies any significant governance issues and concludes with a review of Strategic Investment Board Ltd's conformance with the Code of Conduct.

4.1.4 The Purpose of the Governance Framework

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

4.1.5 The Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which Strategic Investment Board Ltd is directed and controlled. The system of internal control is a significant part of this framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve Strategic Investment Board Ltd's aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

The governance framework described below has been in place in Strategic Investment Board Ltd for the year ended 31 March 2021. It comprises:

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

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

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

- The Investment Committee;
- The Management Statement and Financial Memorandum;

- TEO Oversight Arrangements;
- The Corporate and Business Plans;
- The Performance Management Framework;
- Operational Partnership Agreements;
- Financial Policies and Procedures;
- The Risk Management Framework;
- The Fraud Prevention Strategy and Response Plan;
- Whistleblowing Arrangements;
- The identification and reporting of significant Governance Issues;
- FTC Loans Agreements; and
- Conformance with the Board Code of Good Practice.

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

4.1.6 The Accounting Officer

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

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

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

4.1.7 The Board

The Board is chaired by a non-executive Director. It supports the delivery of effective Corporate Governance and operates within best practice guidelines set out in 'Corporate Governance Code of Good Practice (NI) 2013'. The Board takes an objective long-term view of the business of the organisation, leading its strategic planning process and assisting me in meeting my corporate governance responsibilities.

The Terms of Reference of the Board make clear its responsibility to establish and oversee the organisation's Corporate Governance arrangements.

Notwithstanding this, all tiers of management have commensurate responsibilities for ensuring that good governance practices are followed within the organisation.

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

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

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

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

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

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

The Board receives monthly written reports from me and the Chief Investment Officer. It also receives a monthly financial and budget monitoring report and a pack of relevant media reporting.

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

In 2020-21 the Board reviewed its reporting requirements and has changed the frequency of reports it will receive in 2021-22.

The Board maintains a Register of Interests that is published on the Strategic Investment Board Ltd website. This lists, for each Director, all commercial and other relevant interests. A similar register is maintained by all Strategic Investment Board Ltd staff. The published versions of the registers are updated every six months but Directors and staff are required to report any significant changes as they occur.

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

In 2020-21 Board members declared possible conflicts of interest relating to particular projects and their involvement in organisations with which Strategic Investment Board Ltd works. These were recorded in the minutes of the meetings. On no occasion was a Director required, on account of such interests, to withdraw from any meeting.

In 2020-21, the Board comprised the following members:

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

The Board held 10 meetings, one incorporating a Board Away Day, in 2020-21. Attendance was as follows:

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

In 2020-21 the Strategic Investment Board Ltd Board considered the following standing agenda items:

- Minutes of the Previous Meeting;
- Conflicts of Interest;
- Chairman's and Directors' business;
- Chief Executive's report, which included reports on significant developments in projects supported by Strategic Investment Board Ltd; reports on the development and implementation of the Asset Management Strategy and the achievement of targets for capital release; governance and staffing issues and reports on the work of the SSU, CSU and Data Analytics Research & Exploitation (DARE);
- Finance Report; and
- Media Report.

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

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

- The Northern Ireland Audit Office (NIAO) Report & Public Accounts Committee (PAC) Hearing on the Delivery of Major Projects;
- COVID-19 Epidemiological Modelling;
- Support to Recovery Post-Covid-19;
- The Investment Strategy;
- Reorganisation and the implementation of the Group Structure and Senior Leadership Team;
- Green Growth; and
- The Report of the Independent Panel on an Infrastructure Commission.

The Board held discussions with the Deputy Secretary, TEO; the Chair of the Independent Panel on an Infrastructure Commission and Richard Johnston, Deputy Director, Ulster University Economic Policy Centre.

In addition the Board considered the following matters:

- The Report and Accounts for 2019-20;
- The Risk Appetite Statement and Risk Register;
- Strategic Investment Board Ltd Review Action Plan;
- The results of staff surveys;
- Internal and External Communications;

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

4.2 Board Committees

The Board operates the following committees:

- The Audit Committee, which provides assurance to the Board, (and indirectly the shareholder – TEO), that the company’s financial and other control systems are operating effectively; and
- The Remuneration and Personnel Committee, which approves senior appointments, salaries and allowances; scrutinises recruitment and advises on personnel matters. In 2020-21 this committee provided oversight of the organisation’s response to the Covid-19 pandemic.

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

4.2.1 The Audit Committee

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

The Audit Committee and its Chair are appointed by the Board from amongst its non-executive members and a quorum which comprises of no less than two non-executive members. The Audit Committee Chair is a non-executive member of the Board other than its Chair.

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

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

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

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

The membership of the Strategic Investment Board Ltd Audit Committee in 2020-21 comprised:

Mr. Duncan McCausland	(Chair from December 2016)
Ms. Marie-Thérèse McGivern	
Ms. Kathryn Thomson	(from September 2015 to January 2021)
Mr. Daniel McSorley	(from January 2021)

The Audit Committee met 4 times in 2020/21. All members attended all meetings. The committee took four reports from its internal auditors. The results were as follows:

- Procurement, Tenders & Contracts satisfactory;
- Business Continuity & Emergency Plan satisfactory;
- Payroll Governance satisfactory; and
- Corporate and Business Planning satisfactory;

All recommendations from the internal audit reports were accepted and all recommendations from prior years were addressed or in the process of being implemented. The internal auditor's overall assurance rating for 2020-21 was SATISFACTORY.

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

Owing to Covid-19 restrictions, the committee did not meet the internal and external auditors in the absence of the executive. However, the Chair of the Audit Committee provided opportunities before each meeting for the auditors to raise any concerns they may have had with him privately. No matters were raised with the executive as a result of these arrangements.

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

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

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

4.2.1.1 Sources of Independent Assurance

Independent Assurance is received from the following sources:

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

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

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

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

4.2.1.2 Other Board Committees

The Remuneration Committee met five times during the reporting period. All members attended all meetings. The CEO, HR Manager and Finance Manager were also in attendance. Some elements of meetings were held in closed session, attended only by the members and CEO. These discussed the proposals for a new organisational structure. In addition, members considered, by written procedure, proposals for senior appointments, out of committee. All such appointments were formally ratified at the following meeting. The committee recommended a cost of living pay increase of 1% for 2019-20 that has been implemented. The Committee also oversaw the organisations response to Covid-19, including the mitigation of risks arising from the Covid-19 pandemic.

4.2.1.3 Board Effectiveness

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

4.2.1.4 The Investment Committee

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

The committee consists of the Chief Executive, the Legal Director, Compliance Manager and Finance Manager. A Grade 7 from TEO and the HR Manager attend as observers. The Investment Committee met 6 times during the reporting period. It approved 72 business cases with a total value of £ 11,383k.

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

4.2.1.5 The Management Statement and Financial Memorandum (MSFM)

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

- the Strategic Investment Board Ltd's overall aim, objectives and targets in support of TEO's wider strategic aims;
- the rules and guidelines relevant to the exercise of the Strategic Investment Board Ltd's functions, duties and powers;
- the conditions under which any public funds are paid to the Strategic Investment Board Ltd; and
- how the Strategic Investment Board Ltd is to be held to account for its performance.

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

The MSFM is expected to be replaced by a Partnership Agreement with TEO in 2021-22.

4.2.1.6 The Executive Office (TEO) Oversight Arrangements

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

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

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

4.2.1.7 The Corporate and Business Plan

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

4.2.1.8 The Performance Management Framework

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

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

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

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

I have monitored Strategic Investment Board Ltd's performance against the targets set out in its business plan and have reported quarterly on these to the Board and to TEO. I have satisfied myself as to the quality of data reported to the Board through personal inspection, by reports provided to me from electronic data sources and by assurances provided by senior staff. I have sought feedback from customers on the performance of Strategic Investment Board Ltd staff and have incorporated such feedback into performance appraisals. I have provided customers with the opportunity to comment on the services provided by Strategic Investment Board Ltd and have taken such feedback into account in my business planning and my management of day-to-day operations.

4.2.1.9 Operational Partnership Agreements (OPAs)

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

4.2.1.10 Financial Management

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

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

4.2.1.11 Risk Management

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

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

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

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

I drafted the 2020-21 Corporate Risk Register and it was subject to revision through regular scrutiny by the Audit Committee and Board. This included a comprehensive review and reassessment to make it compliant with the latest version of the 'Orange Book'. Board members had the opportunity to identify and consider any emerging external risks/ threats that could affect the Strategic Investment Board Ltd's capacity to deliver its Business Plan commitments.

In addition, since March 2020 I have maintained an additional risk register that addresses the risks arising out of the Covid-19 pandemic.

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

Risk	Residual Impact 31 March 2021	Residual Likelihood 31 March 2021
1 Strategic Investment Board Ltd may not be able to recruit or retain the staff needed to achieve its business objectives.	HIGH	MEDIUM
2 Key stakeholder relationships may break down.	MEDIUM	MEDIUM
3 Strategic Investment Board Ltd's financial and other controls may not be sufficient to prevent or identify fraud.	HIGH	LOW
4 Strategic Investment Board Ltd's information may not be protected or managed adequately including Strategic Investment Board Ltd not being compliant with GDPR.	MEDIUM	LOW
5 Strategic Investment Board Ltd's performance may be adversely affected by its staff appointments being made subject to Civil Service Commission approval.	RISK REMOVED FROM REGISTER	
6 The implementation of the new Group Structure and Senior Leadership Team may fail to deliver the expected benefits and adversely impact on Strategic Investment Board Ltd's performance.	HIGH	MEDIUM
7 Strategic Investment Board Ltd's performance may be adversely affected by Covid-19.	MEDIUM	MEDIUM
8 Strategic Investment Board Ltd's work may be adversely affected by a recession (including one arising from Brexit)	MEDIUM	HIGH
9 Strategic Investment Board Ltd's budget may be insufficient to enable it to achieve its business objectives.	HIGH	HIGH

The additional risks arising from the Covid-19 emergency pertaining at 31 March 2021 were:

Risk	Residual Impact 31 March 2021	Residual Likelihood 31 March 2021
1 Strategic Investment Board Ltd staff may be unable to work because they contract Covid-19 or need to care for dependents who contract Covid-19	HIGH	HIGH
2 Partner organisations may release Strategic Investment Board Ltd staff from their embedded roles.	LOW	LOW
3 Strategic Investment Board Ltd staff may be unable to work effectively because of IT failures	LOW	LOW
4 Fraudsters may make increased attempts to exploit the current unusual modes of working.	MEDIUM	MEDIUM
5 There may be no suitable replacements for some staff deployed on high priority work, should they become incapacitated.	HIGH	HIGH
6 The pipeline of work for the SSU may fall away as a result of the Covid-19 crisis.	MEDIUM	LOW
7 The organisation may be adversely affected by the long term impact of the Covid-19 pandemic.	MEDIUM	MEDIUM

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

Vulnerability	Significance
The poor economic outlook arising from the Covid-19 emergency may lead to projects being cancelled or delayed.	Demand for Strategic Investment Board Ltd support for projects may fall.
Brexit may, in the short term, cause disruption to supply chains.	The work of Programme and Project teams may be adversely affected.
Construction cost inflation may rise significantly.	Physical infrastructure projects supported by Strategic Investment Board Ltd may become unaffordable or subject to additional delay.

During this reporting period, management provided the audit and risk committee with reports setting out the sources of risk assurance. In my opinion there have been no material changes that required this report to be re-considered.

No ‘Ministerial Directions’ have been issued to Strategic Investment Board Ltd.

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

4.2.1.12 Fraud and Counter-Fraud

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

There was one instance of attempted fraud during the reporting period. (2019-20: two instances of suspected and unsuccessful fraud). The attempted fraud comprised a phishing email purportedly from a debt collection agency that referred to a fictitious outstanding invoice. Finance spotted this in the normal operation of control procedures and reported it to the Group Fraud Investigation Service in NICS. There was no loss.

4.2.1.13 Whistleblowing

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

There was one anonymous whistleblowing allegation made against a Strategic Investment Board Ltd team in 2020-21 (2019-20: Nil). An internal investigation found the allegation to have no substance. The finding was endorsed by the Audit Committee.

4.2.1.14 Significant Governance Issues

Except as noted below, no governance matters arising in prior years are still considered to represent internal governance issues for 2020-21. There were no significant issues arising during 2020-21 in respect of Corporate Governance.

4.2.1.15 Financial Transactions Capital loans

Strategic Investment Board Ltd is the channel through which FTC loans are made from the DfE to the universities and from the DoF to the NI Investment Fund. Strategic Investment Board Ltd performs this function because the Departments do not currently have the vires to make such loans.

4.2.1.16 Conformance with Code of Good Practice

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

Throughout the year ended 31 March 2021, Strategic Investment Board Ltd has complied with all relevant Code provisions.

4.2.1.17 Certification

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

system of internal control, by the Strategic Investment Board Ltd Board and by the Audit Committee.

Strategic Investment Board Ltd has a rigorous system of accountability on which I rely, as Accounting Officer, to form an opinion on the probity and use of public funds, as detailed in Managing Public Money NI. Having considered the operation of its governance framework, I am content that Strategic Investment Board Ltd has operated a sound system of internal governance during the period 2020-21.

A handwritten signature in black ink, appearing to read 'Brett Hannam', with a stylized flourish at the end.

Brett Hannam
Chief Executive

Date: 15th June 2021

4.2.2 Remuneration and Staff Report

4.2.2.1 Remuneration Policy

The Remuneration Committee consists of non-executive board members of the company. The Remuneration Committee is currently chaired by Gerry McGinn. Duncan McCausland is a member. Kathryn Thomson joined the Committee in January 2021. The Chief Executive and Finance Manager attend as observers and the HR Manager provides a secretariat function.

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

The Committee also considers other matters relating to pay and performance. Pay awards are made within the parameters set by the DoF.

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

4.2.2.2 Directors' Emoluments (Audited)

	2020-21				2019-20			
	Salary £'000	Benefits in kind (to nearest £100)	Pension benefits (to nearest £1,000)	Total £'000	Salary £'000	Benefits in kind (to nearest £100)	Pension benefits (to nearest £1,000)	Total £'000
Hannam B <i>Chief Executive</i>	150 - 155	-	15	165-170	145 - 150	-	15	160-165
McGinn G <i>Chairman</i> <i>Non-Executive Director</i>	15 - 20	-	-	15 - 20	15 - 20	-	-	15 - 20
McCausland D <i>Non-Executive Director</i>	10 - 15	-	-	10 - 15	10 - 15	-	-	10 - 15
McGivern MT <i>Non-Executive Director</i>	10 - 15	-	-	10 - 15	10 - 15	-	-	10 - 15
Thomson K <i>Non-Executive Director</i>	10 - 15	-	-	10 - 15	10 - 15	-	-	10 - 15
McSorley D <i>Non-Executive Director</i>	10 - 15	-	-	10 - 15	10 - 15	-	-	10 - 15

Directors' emoluments consisted of basic salary only. There were no bonus payments, benefits in kind or non-cash benefits provided to any director during the year or in the previous year. Mr. Hannam was appointed as Chief Executive on 1st June 2012. In 2020-21 Mr. Hannam's base salary was £149,582 (2019-20 £148,101). Mr. Hannam received back pay for a 1% cost of living pay increase for 2019-20 of £1,481 (2019-20: £1,466 1% cost of living pay increase for 2018-19).

Total remuneration including pension payments are disclosed in the remuneration table. Strategic Investment Board Ltd Directors do not receive pension benefits. The Chief Executive however is a member of a defined contribution pension scheme operated by Strategic Investment Board Ltd for all staff. The employer makes a contribution of 10% of basic salary to the company's pension scheme. The employee does not have to contribute to this scheme. Contributions on behalf of the Chief Executive were £14,958. Strategic Investment

Board Ltd also contributes to a centrally-provided risk benefit scheme (that provides cover for death in service and retirement due to ill health). A total contribution of £10,311 was made on behalf of the Chief Executive.

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

	2020-21	2019-20
	£	£
Mr. Daniel McSorley	-	325
	<u>-</u>	<u>325</u>

4.2.2.3 Compensation for Loss of Office and Early Retirement

Non-Executive Directors have fixed-term public appointments not exceeding three years. These appointments are renewable. Individual appointments are made, and remuneration levels set, by TEO Ministers. There has been no compensation for loss of office or early retirement for Directors in 2020-21 (2019-20: Nil). The arrangements for early termination of staff members would be made in accordance with the employment contract of the relevant individual. Strategic Investment Board Ltd's liabilities in the event of termination do not, at present, exceed those set out in statute. During the year no early termination payments were paid to staff members.

4.2.2.4 Fair Pay Disclosure (Audited)

	2020-21	2019-20
Band of highest paid Director's total remuneration*	£150k - £155k	£145k - £150k
Median total remuneration*	£77,273	£75,750
Ratio	1.94	1.96

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

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

The banded remuneration of the highest-paid director in Strategic Investment Board Ltd in the financial year 2020-21 was £150,000 - £155,000 (2019-20: £145,000 - £150,000). This was 1.94 times (2019-20: 1.96) the median remuneration of the workforce, which was £77,273 (2019-20: £75,750). In 2020-21 no employees received remuneration in excess of the highest-paid director.

Remuneration (FTE) ranged from the band of £20k-£25k to £150k-£155k (2019-20: £15k-£20k to £145k-£150k). Total remuneration includes salary and benefits-in-kind but does not include severance pay. There were no severance payments made in 2020-21 (2019-20: Nil). It does not include employer pension contributions. There were no bonus payments or off-payroll engagements in 2020-21 (2019-20: Nil).

4.2.2.5 Payments to Past Directors

There have been no payments made to past directors in year (2019-20: Nil).

4.2.2.6 Staff Report: Staff Numbers (Audited)

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

	2020-21	2019-20
Staff	25	28
Staff recharged to other departments	74	68
Seconded staff*	4	3
Total	<u>103</u>	<u>99</u>
Permanent	40	41
Temporary contracts	63	58

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

4.2.2.7 Staff Report: Analysis of Staff Costs (Audited)

The costs incurred in respect of these employees were:	2020-21 £	2019-20 £
Wages and salaries (increased by employee benefits)	2,629,298	2,485,120
Wages and salaries recharged to other departments	5,606,486	5,122,073
Social security costs	991,509	914,626
Health Insurance	443,030	383,089
Other pension costs	<u>809,225</u>	<u>747,800</u>
Total staff cost	10,479,548	9,652,708
Seconded staff *	<u>299,986</u>	<u>281,199</u>
Total employment cost	<u>10,779,534</u>	<u>9,933,907</u>

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

Fees paid to third party organisations for services of seconded staff include management charges, employment costs, social security costs, pension costs and VAT. There are no equal pay claims and therefore no provision is required for equal pay claims in Strategic Investment Board Ltd accounts.

4.2.2.8 Staff Report: Staff Composition (Gender Analysis)

	2020-21			2019-20		
	Male	Female	Total	Male	Female	Total
Board Members	3	2	5	3	2	5
Staff	<u>77</u>	<u>56</u>	<u>133</u>	<u>73</u>	<u>57</u>	<u>130</u>
	<u>80</u>	<u>58</u>	<u>138</u>	<u>76</u>	<u>59</u>	<u>135</u>

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

4.2.2.9 Staff Report: Sickness Absence Data

	Working Days lost 2020-21	Working Days lost 2019-20	Variance
Including long-term absence	541	435	106
Excluding long term absence	430	219	211
	Average days lost per FTE member of staff 2020-21	Average days lost per FTE member of staff 2019-20	Variance
Including long-term absence	5.2	4.2	1.0
Excluding long term absence	4	2.1	1.9
	Absence rate 2020-21 %	Absence rate 2019-20 %	Variance %
Including long-term absence	2.0	1.6	0.4
Excluding long term absence	1.6	0.8	0.8

4.2.2.10 Staff Report: Staff Turnover Percentage

Strategic Investment Board Ltd's staff turnover percentage in the financial year 2020-21 was 6% (2019-20: 4%).

4.2.2.11 Staff Report: Staff Engagement

Health and wellbeing is a key area for the organisation and we support our staff with improving both their physical and mental health. All staff have been working from home since March 2020. Strategic Investment Board Ltd held two virtual, two day staff conferences in 2020-21, one in May 2020 and one in November 2020. Strategic Investment Board Ltd carried out post staff engagement surveys for each session. There were also three staff surveys completed across the year as part of our response to Covid-19 and home working. On the basis of our findings, Strategic Investment Board Ltd developed a Staff Engagement programme and a Working from Home guide. Since March 2020 the Chief Executive has provided updates to staff through a weekly newsletter.

4.2.2.12 Staff Report: Remuneration

Remuneration of all staff is set out in their contracts and may be subject to annual review under NICS pay remit guidelines. Such review requires the approval of the TEO Accounting Officer. The Audit committee recommended a cost of living pay increase of 1% for 2019-20 that was applied in November 2020.

4.2.2.13 Staff Report: Staff Policies

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

In particular, the company:

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

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

4.2.2.14 Staff Report: Consultancy

As outlined in the financial statements Strategic Investment Board Ltd did not incur any consultancy expenditure in 2020-21 (2019-20: Nil).

4.2.2.15 Staff Report: Off Payroll Engagements

There were no off-payroll engagements during the year (2019-20: Nil).

4.2.2.16 Staff Report: Exit Packages

No exit packages were made during the year (2019-20: Nil).

4.3 Accountability and Audit Report

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

4.3.1 Regularity of Expenditure (Audited)

In the 2020-21 financial year, Strategic Investment Board Ltd spent 99% (2019-20: 99%) of its budget allocation from TEO.

The average cash held in the bank throughout the year was £1,281,573 (2019-20: £1,106,060).

4.3.2 Fees and Charges (Audited)

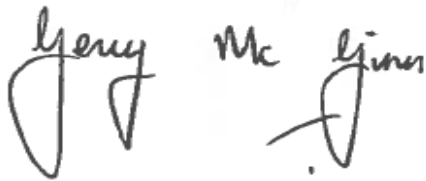
As referred to in Notes 2 and 6 of the financial statements; in the 2020-21 financial year, Strategic Investment Board Ltd has generated fees and charges of £6,076,007 (2019-20: £5,199,489). Fees and charges have been generated as a result of recovering the full cost of undertaking fee paid work.

4.3.3 Contingent Liabilities (Audited)

There were no contingent liabilities at 31 March 2021, (2019-20: Nil).

4.3.4 Losses and Special Payments (Audited)

There were no losses or special payments in 2020-21 (2019-20: Nil).



Gerry McGinn
Chairman



Brett Hannam
Chief Executive

Date: 15th June 2021

4.3.5 **Certificate and Report of the Comptroller and Auditor General to the Northern Ireland Assembly**

Opinion on financial statements

I certify that I have audited the financial statements of Strategic Investment Board for the year ended 31 March 2021 under the Companies (Public Sector Audit) Order (Northern Ireland) 2013. The financial statements comprise: the Statement of Comprehensive Net Expenditure, the Statement of Financial Position and Statement of Cash Flows; and the related notes, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the Government Financial Report Manual (FReM) as applied in accordance with the provisions of the Companies Act 2006.

I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of Strategic Investment Board's affairs as at 31 March 2021 and of the net result for the year then ended;
- have been properly prepared in accordance with the Government Financial Reporting Manual; and
- have been prepared in accordance with the Companies Act 2006.

Opinion on regularity

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

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs)(UK), applicable law and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate. My staff and I are independent of Strategic Investment Board in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2019, and have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that Strategic Investment Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the Strategic Investment Board work I have performed, I have not disclosed in the financial statements any identified any material uncertainties that relating to events or conditions that, individually or collectively, may cast significant doubt about on Strategic Investment Board's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

The going concern basis of accounting for Strategic Investment Board is adopted in consideration of the requirements set out in the Government Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

My responsibilities and the responsibilities of the directors and Accounting Officer with respect to going concern are described in the relevant sections of this report.

Other Information

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

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion:

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

- the Performance Report and Accountability Report have been prepared in accordance with applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of Strategic Investment Board and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Report. I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records; or
- certain disclosures of remuneration specified by law are not made; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with the Department of Finance's guidance.

Responsibilities of the directors and Accounting Officer for the financial statements

As explained more fully in the Statement of Directors' and Accounting Officer Responsibilities, the trustees/directors and the Accounting Officer are responsible for:

- the preparation of the financial statements and for being satisfied that they give a true and fair view.
- such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
- assessing Strategic Investment Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by Strategic Investment Board will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

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

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

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to Strategic Investment Board through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included the Companies Act (2006) and taxation legislation;
- making enquires of management and those charged with governance on Strategic Investment Board's compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of Strategic Investment Board's financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud. As part of this discussion, I identified potential for fraud in the following areas: posting of unusual journals;
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;
- documenting and evaluating the design and implementation of internal controls in place to mitigate risk of material misstatement due to fraud and non-compliance with laws and regulations;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading board and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate, testing of journal entries, discussing regularity with management and reading internal audit reports;
- addressing the risk of fraud as a result of management override of controls by:
 - performing analytical procedures to identify unusual or unexpected relationships or movements;
 - testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;
 - assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and
 - investigating significant or unusual transactions made outside of the normal course of business; and

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

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the

purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Report

I have no observations to make on these financial statements.



KJ Donnelly
Comptroller and Auditor General
Northern Ireland Audit Office
1 Bradford Court
Upper Galwally
Belfast
BT8 6RB

23 June 2021

5 Financial Statements for the Year Ended 31st March 2021

5.1 Statement of Comprehensive Net Expenditure for the Year Ended 31st March 2021

	Note	2020-21 £	2019-20 £
OPERATING INCOME - Grant in aid	2	6,398,638	6,042,448
- Income from activities	2	6,076,007	5,199,489
		<u>12,474,645</u>	<u>11,241,937</u>
OPERATING EXPENDITURE			
Staff costs (including employee benefits)	4	10,779,534	9,933,907
Enabling expenditure	6	957,905	532,785
Other operating charges	5	722,834	761,167
Depreciation - Property, Plant & Equipment	9a	3,706	3,261
Amortisation - Intangible Assets	9b	10,666	10,817
TOTAL EXPENDITURE		<u>12,474,645</u>	<u>11,241,937</u>
NET RESULT FOR THE YEAR		<u>-</u>	<u>-</u>

Notes 1 to 18, on pages 54-71, form part of these financial statements.

5.2 Statement of Financial Position as at 31st March 2021

	Note	2021 £	2020 £
Non-current assets			
Property, Plant and Equipment	9a	8,147	6,521
Intangible Assets	9b	24,531	13,487
Total non-current assets		<u>32,678</u>	<u>20,008</u>
Current assets			
Trade and other receivables	10	1,671,871	1,236,568
Cash and cash equivalents	11	391,496	1,560,109
Total current assets		<u>2,063,367</u>	<u>2,796,677</u>
Total Assets		<u>2,096,045</u>	<u>2,816,685</u>
Current liabilities			
Trade and other payables	12	<u>(2,096,045)</u>	<u>(2,816,685)</u>
Total assets less net current liabilities		-	-
Non-current liabilities			
		-	-
Assets less liabilities		<u>-</u>	<u>-</u>
Reserves			
General reserve (Income and Expenditure account)	18	-	-
Total		<u>-</u>	<u>-</u>

Notes 1 to 18, on pages 54-71, form part of these financial statements.

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

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

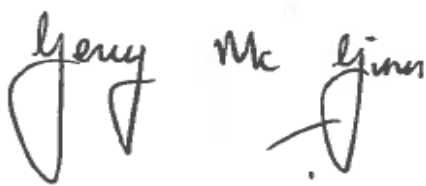
Statement of Financial Position continued

The members have not required Strategic Investment Board Ltd (Company Registration No. NI 45710) to obtain an audit of its accounts for the year ended 31st March 2021, in accordance with section 476 of the Companies' Act 2006. However Strategic Investment Board Ltd is subject to audit by the Comptroller and Auditor General for Northern Ireland under the Companies (Public Sector Audit) Order (Northern Ireland) 2013.

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

The Financial Statements on pages 50-53 were approved on 15th June 2021 by the Strategic Investment Board Ltd Board of Directors.

Signed on behalf of the Board of Directors by:



Gerry McGinn
Chairman



Brett Hannam
Chief Executive

Date: 15th June 2021

5.3 Statement of Cash Flows for the Year Ended 31st March 2021

	2020-21	2019-20
	£	£
Cash flows from operating activities		
Result for the year	-	-
Depreciation - Property, Plant and Equipment	3,706	3,261
Depreciation - Intangible Assets	10,666	10,817
Loss on disposal	-	-
(Decrease)/Increase in trade and other payables	(720,640)	122,575
(Increase)/ Decrease in trade and other receivables	(435,303)	248,880
Net cash flow from operating activities	<u>(1,141,571)</u>	<u>385,533</u>
Cash flows from investing activities		
Purchase of Property, Plant and Equipment	(5,332)	-
Purchase of Intangible Assets	(21,710)	(9,315)
Financial Transaction Capital (FTC) loans	(110,000,000)	(30,000,000)
Repayment of FTC loan receipt to the Executive Office	(6,525,000)	(6,525,000)
Net cash flow from investing activities	<u>(116,552,042)</u>	<u>(36,534,315)</u>
Cash flows from financing activities		
Funding received in respect of FTC loans	110,000,000	30,000,000
Receipt of FTC loan repayment	6,525,000	6,525,000
Net cash flow from financing activities	<u>116,525,000</u>	<u>36,525,000</u>
(Decrease)/Increase in cash and cash equivalents	(1,168,613)	376,218
Cash and cash equivalents at the beginning of the period	<u>1,560,109</u>	<u>1,183,891</u>
Cash and cash equivalents at end of the period	<u>391,496</u>	<u>1,560,109</u>

Notes 1 to 18, on pages 54-71, form part of these financial statements.

5.4 Notes to the Accounts

1. Accounting Policies

General

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

FReM requires Non-Departmental Public Bodies to regard Grant in Aid received as contributions from controlling parties giving rise to a financial interest in the residual interest of the body, and hence accounted for as financing, i.e. by crediting them to the income and expenditure reserve. The disclosure requirements in relation to this are set out in Appendix 1.

The particular accounting policies adopted are described below.

Accounting Convention

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

Income

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

Other operating income

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

Fixed assets and depreciation

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

Intangible Assets

Expenditure on intangible assets which includes information technology, software licences, websites and the associated costs of implementation is capitalised where the cost is £1,000 or more. Intangible assets are measured initially at cost. These assets are amortised on a straight-line basis over the shorter of the term of the licence and the useful economic life.

Cash and Cash Equivalents

Cash and cash equivalents comprises cash and demand deposits with commercial banks. As at each reporting date, the carrying value of Cash and cash equivalents approximates their fair value due to their short-term nature.

Financial Instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position (SoFP) when Strategic Investment Board Ltd becomes a party to the contractual provisions of the instrument. They are measured initially at fair value and transaction costs that are directly attributable to the acquisition, or issue of financial assets and financial liabilities are added to, or deducted from, the fair value as appropriate on initial recognition.

Financial Transactions Capital Loans

Strategic Investment Board Ltd is the channel through which FTC loans are made from the DfE to the universities and from the DoF to the NI Investment Fund. Strategic Investment Board Ltd performs this function because the Departments do not currently have the vires to make such loans. The Executive has agreed that Strategic Investment Board Ltd will act as a conduit to make loans and collect repayments over the loan period. On receipt of a loan repayment Strategic Investment Board Ltd arranges for the money to be passed as quickly as possible to TEO. Strategic Investment Board Ltd bears no credit risk in the event of non-payment of FTC loans and is only obliged to repay receipts when received from the borrower. Information relevant to FTC loans is presented in note 20 to enable the reader to understand the nature of the transactions.

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

Financial Assets

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

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

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

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Impairment of Financial Assets

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

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

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

Derecognition of Financial Assets

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

Financial Liabilities

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

Derecognition of Financial Liabilities

Strategic Investment Board Ltd derecognises financial liabilities when, and only when, its obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Employee Benefits and Pensions

Under the requirements of IAS 19: 'Employee Benefits,' staff costs must be recorded as an expense as soon as the organisation is obliged to pay them. This includes the cost of any untaken leave at the year end. This cost has been calculated using the untaken leave per staff

member and applying this to their annual salary to calculate the leave balance as at 31st March 2021. Seconded staff members remain members of their respective pension schemes.

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

Value Added Tax

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

Taxation

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

Operating Segments

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

Provisions

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

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

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

Contingencies

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

Changes in Accounting Policy and Disclosure

Strategic Investment Board Ltd is aware of the International Accounting Standards Board (IASB) Disclosure Initiative to improve presentation and disclosure in financial reporting. The IASB has

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

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

Strategic Investment Board Ltd has reviewed the revised accounting standards and new (or amendments to) interpretations contained within the Government Financial Reporting Manual (FReM) 2020-21.

New standards, interpretations and amendments to existing standards have been drafted but not yet issued and will come into effect in accounting periods beginning on or after 1 April 2021. It is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

The IASB have issued new and amended standards (IFRS 10, IFRS 11, IFRS 12) that affect the consolidation and reporting of subsidiaries, associates and joint ventures. These standards are effective with EU adoption from 1 January 2014. Accounting boundary IFRS are currently adapted in the FReM so that the Westminster departmental accounting boundary is based on the UK Office for National Statistics (ONS) control criteria, as designated by Treasury. A similar review in Northern Ireland, which will bring Northern Ireland departments under the same adaptation, has been carried out and the resulting recommendations were agreed by the Executive in December 2016. With effect from 2021-22, the accounting boundary for departments will change and there will also be an impact on departments around the disclosure requirement under IFRS 12. Strategic Investment Board Ltd applies IFRS in full.

IFRS 16 Leases replaces IAS 17 Leases and is effective with EU adoption from 1 January 2019. In line with the requirements of the FReM, IFRS 16 will be implemented, as interpreted and adapted for the public sector, with effect from 1st April 2021. Strategic Investment Board Ltd has reviewed the standard and does not expect IFRS 16 to have an impact on the financial statements.

IFRS 17 Insurance Contracts will replace IFRS 4 Insurance Contracts and is effective for accounting periods beginning on or after 1 January 2023. In line with the requirements of the FReM, IFRS 17 will be implemented, as interpreted and adapted for the public sector, with effect from 1 April 2023. Strategic Investment Board Ltd has reviewed the standard and does not expect IFRS 17 to have an impact on the financial statements.

Critical accounting judgments and estimation uncertainty

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

2. Income

	2020-21	2019-20
	£	£
This comprises:		
Grant in Aid receivable (TEO)	<u>6,398,638</u>	<u>6,042,448</u>
Total revenue grants receivable	<u>6,398,638</u>	<u>6,042,448</u>

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

	2020-21	2019-20
	£	£
Trading Income	6,076,007	5,199,489
Expenditure	<u>(6,076,007)</u>	<u>(5,199,489)</u>
	<u>-</u>	<u>-</u>

3. Net Deficit from Operations

	2020-21	2019-20
	£	£
The net deficit from operations is stated after charging:		
Property rent & costs	195,173	119,494
Depreciation - Property, Plant & Equipment	3,706	3,261
Amortisation - Intangible Assets	10,666	10,817
Auditors' remuneration - Internal audit services	7,704	4,950
Auditors' remuneration - External audit services*	<u>20,000</u>	<u>14,000</u>

*External audit remuneration in 2020-21 includes a fee of £1,250 for the National Fraud Initiative carried out in October 2020 (2019-20: Nil).

4. Employees and Staff costs

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

	2020-21	2019-20
Staff	25	28
Staff recharged to other departments	74	68
Seconded staff*	4	3
Total	<u>103</u>	<u>99</u>
Permanent	40	41
Temporary contracts	63	58

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

Staff per salary scales are detailed in the table below.

		2020-21	2019-20
	Pay Scale	No of Staff	No of Staff
Administrators	£15k - £30k	5	5
Assistant Advisors/ Administration Managers	£30k - £60k	28	25
Strategic & Project Managers	£60k - £125k	60	63
Senior Management	£125k - £150k	10	6
		<u>103</u>	<u>99</u>

Employees (Cost)

The costs incurred in respect of these employees were:	2020-21	2019-20
	£	£
Wages and salaries (increased by employee benefits)	2,629,298	2,485,120
Wages and salaries recharged to other departments	5,606,486	5,122,073
Social security costs	991,509	914,626
Health Insurance	443,030	383,089
Other pension costs	809,225	747,800
Total staff cost	10,479,548	9,652,708
Seconded staff *	<u>299,986</u>	<u>281,199</u>
Total employment cost	<u>10,779,534</u>	<u>9,933,907</u>

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

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

5. Other Operating Charges

		2020-21	2019-20
		£	£
Office Accommodation	(i)	195,173	119,494
Telephones and postage		32,629	37,248
Computer consumables	(ii)	20,286	7,800
Stationery	(iii)	467	8,764
Recruitment costs		9,928	9,181
Travel, accommodation and subsistence	(iii)	13,083	101,463
IT Costs		176,220	183,881
Training & Conferences	(iv)	80,036	93,822
Hospitality	(iii)	172	4,468
Misc Operational Costs		21,434	31,013
Communication		51,813	42,097
Fees		58,694	58,564
Director Costs		62,899	63,372
		<u>722,834</u>	<u>761,167</u>

- i. DoF recharge in 2020-21 relating to 2019-20 9 Lanyon Place rates
- ii. The Covid-19 emergency led to the implementation of Strategic Investment Board Ltd's Business Continuity Plan on March 13th 2020. Since that date, Strategic Investment Board Ltd's staff have been working remotely and required additional IT support.
- iii. The impact of staff working from home led to immediate short-term cost savings in 2020-21.
- iv. 340 days were spent on training and development activities, an average of 3.3 per full time equivalent employee (2019-20: 322 days, 3.3 per full time equivalent employee).

6. Sources and Application of Funds

SOURCE OF FUNDS	Note	2020-21 £	2019-20 £
The Executive Office Grant in Aid including ring-fenced	2	6,398,638	6,042,448
		<u>6,398,638</u>	<u>6,042,448</u>
Department of Finance		832,074	805,537
Department for Communities		737,293	836,120
Department for the Economy		732,705	444,156
Ulster University		353,718	141,702
Department of Health		323,096	183,074
The Executive Office		296,663	14,794
Department of Justice		230,083	230,386
Digital Catapult UK		200,000	-
Northern Regional College		178,117	242,328
Derry City & Strabane District Council		160,658	205,540
Department of Agriculture, Environment and Rural Affairs		152,596	81,151
Belfast City Council		151,154	-
Health & Social Care		150,645	78,650
Department for Education		145,264	174,218
Ards & North Down Borough Council		138,407	107,349
National Museums NI		119,549	23,169
NI Environment Agency		105,650	64,910
Tourism NI		105,105	127,044
NI Fire & rescue		104,864	112,726
Armagh Banbridge & Craigavon Borough Council		104,393	112,190
Causeway Coast & Glens Borough Council		97,948	93,787
Newry Mourne & Down District Council		97,792	83,827
Southern Regional College		97,373	99,808
Department of Employment & Learning		88,988	88,423
Maze Long Kesh Development Corporation		87,112	60,642
Northern Ireland Courts & Tribunal		70,711	129,340
Special EU Programmes Body		53,273	11,345
NI Ambulance Service		35,243	-
NI Audit Office		19,320	19,320
Canada Life		18,093	23,149
Land & Property Services		15,217	-
NI Screen		14,001	1,250
Forensic Science NI		13,289	18,805
Sport Northern Ireland		10,437	-
Department for Infrastructure		9,062	97,773
Lisburn & Castlereagh City Council		7,706	29,306
CCEA		7,589	32,214
Loughs Agency		5,520	-
Probation Board NI		4,800	4,400
Other		500	-

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Education Authority	-	213,282
Armagh Planetarium	-	24,860
Mid & East Antrim Borough Council	-	29,426
Libraries NI	-	18,694
Mid Ulster District Council	-	24,000
Charity Commission NI	-	23,875
Cabinet Office	-	22,698
NI Water	-	17,781
Public Health Agency	-	14,162
Invest NI	-	13,700
Driver & Vehicle Agency Northern Ireland	-	8,750
NICO	-	8,120
Translink	-	1,250
Ulster Orchestra	-	250
Arts Council NI	-	207
Fees and charges	6,076,007	5,199,489
	12,474,645	11,241,937

	2020-21	2019-20
	£	£
APPLICATION OF FUNDS		
Staff Costs (see note 4)	10,779,534	9,933,907
Other operating charges (see note 5)	722,834	761,167
Other		
<i>Enabling Expenditure by project</i>		
Asset Management Unit	819,842	660,616
Ulster University FTC management fees	131,675	-
Investment Strategy Northern Ireland 2	100,364	845
Council Support Unit	59,114	34,237
Hydrogen Generator X	30,000	-
Buy Social	18,295	18,790
Behavioural Insight	14,400	-
Urban Villages programme	-	35,211
Digital Catapult	-	21,180
Ebrington	-	8,950
Strategic Support Unit	(215,785)	(247,044)
Total Enabling	957,905	532,785
Total Expenditure (excl Depreciation)	12,460,273	11,227,859

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

Enabling Expenditure

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

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

	No. of Projects	2020-21 £	No. of Projects	2019-20 £
AECOM Limited	6	134,835	-	-
Ulster University	1	131,675	-	-
Hamilton Architects	6	112,567	-	-
FCM Partnership	-	-	1	113,600
ASM	-	-	3	39,489
Belfast City Council	-	-	1	(605)
Total suppliers over £100k		379,077		152,484
Suppliers under £100k		578,828		380,301

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

Of the project spend detailed in note six above, 2020-21 consultancy expenditure: Nil (2019-20: Nil).

7. Related Party Transactions

TEO is regarded as a related party. During the year Strategic Investment Board Ltd received grant in aid for normal activities and for the FTC loan arrangement. TEO is also a shareholder in MLKDC to whom Strategic Investment Board Ltd provided staff during the year.

Transactions Involving Directors and Related Parties to Strategic Investment Board Ltd

Due to the nature of Strategic Investment Board Ltd's operations and the composition of its Board, it is inevitable that there will be relationships or transactions with companies and organisations in which Board members may have a beneficial or non beneficial interest or with which they have a relationship. A beneficial interest is when the Board member is either, directly or through a family connection, a material shareholder or receives remuneration (including expenses) from the entity.

The following table lists the related party relationships involving Strategic Investment Board Ltd, and any Board Members interests during and after the financial year end.

Board Member	Related Party to Strategic Investment Board Ltd	Nature of Relationship with Strategic Investment Board Ltd	Board Member's Interest	Financial Reward from Related Party (if any)
G McGinn	Deloitte	Strategic Investment Board Ltd may contract work to Deloitte in relation to projects	A family member works for Deloitte	N/A
G McGinn	Ulster University Economic Policy Centre	Strategic Investment Board Ltd provides FTC finance to Ulster University and some of Strategic Investment Board Ltd's Strategic Advisers also carry out work for or with Ulster University.	Ulster University Economic Policy Centre, Board Member	None
G McGinn	Queen's University Belfast	Strategic Investment Board Limited provides FTC finance to Queens University and some of Strategic Investment Board Limited's Strategic Advisers also carry out work for or with Queens University.	On the Investment Committee at Queen's University Belfast, which oversees the investments made in the markets for the funds the University holds	None
B Hannam	Armagh Observatory and Planetarium (AOP)	Strategic Investment Board Ltd provides advice to the Department for Communities and AOP	Member was a non-executive Director of AOP until 4 January 2021	None
D McCausland	MLKDC	Strategic Investment Board Ltd provides support to MLKDC.	Member is a Non-executive director of MLKDC. (TEO public appointment)	Remuneration
D McCausland	G4S (NI)	G4S (NI) has a contract for the supply of security services to NICS	Member is an employed associate of G4S(NI)	Remuneration

Board Member	Related Party to Strategic Investment Board Ltd	Nature of Relationship with Strategic Investment Board Ltd	Board Member's Interest	Financial Reward from Related Party (if any)
D McCausland	PwC	Strategic Investment Board Ltd has awarded contracts to PwC	Member is an employed associate of PwC (but no work undertaken in year) A family member works for PwC.	Remuneration
D McCausland	KPMG	Strategic Investment Board Ltd has awarded contracts to KPMG	Member is an employed associate of KPMG (but no work undertaken in year)	Remuneration
D McCausland	DfC	Strategic Investment Board Ltd provides staff assistance and other project assistance to DfC.	Independent Board Member	Remuneration
M T McGivern	Titanic Foundation	Strategic Investment Board Ltd has provided support and advice to Titanic Foundation	Member is Chair of Titanic Foundation	None
M T McGivern	PwC	Strategic Investment Board Ltd may contract work to PwC in relation to projects	A family member works for PwC	N/A
M T McGivern	Bombardier Foundation	Strategic Investment Board Ltd provides advice to Arc21 with which Bombardier has commercial links	Member is also a member of Bombardier Foundation	N/A
M T McGivern	Northern Ireland Water	Strategic Investment Board Ltd provides advice to Northern Ireland Water	Board Member of Northern Ireland Water	Remuneration
M T McGivern	InvestNI	Strategic Investment Board Ltd provides advice to InvestNI from time to time.	Board Member of InvestNI	Remuneration
D McSorley	Ulster University	Strategic Investment Board Ltd works with Ulster University and provides FTC loans	Board member for International Centre for Local and Regional Development (ICLRD), which is a partnership of Maynooth University, Ulster University and the University of Maryland, USA.	N/A
K Thomson	Tourism Ireland	Some Strategic Investment Board Ltd projects work in partnership with Tourism Ireland/ DfE	Director of Tourism Ireland Ltd	Remuneration (the fee is paid as a charitable donation to NMNI).

Board Member	Related Party to Strategic Investment Board Ltd	Nature of Relationship with Strategic Investment Board Ltd	Board Member's Interest	Financial Reward from Related Party (if any)
K Thomson	National Museums NI (NMNI)	NMNI is funded by the Department for Communities for which Strategic Investment Board Ltd may do work Strategic Investment Board Ltd has used NMNI facilities Strategic Investment Board Ltd provides paid services to National Museums NI Strategic Investment Board Ltd second a Capital Programme Director on a fixed term contract	Chief Executive of NMNI. Appointed March 2016	Remuneration
K Thomson	Eirgrid/SONI	Strategic Investment Board Ltd manages an energy management programme	A family member works for Eirgrid/SONI	None
K Thomson	Open House Festival Ltd	Strategic Investment Board Ltd provided advice to the Courthouse project	Member of Board of Trustees	None

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

8. Taxation

HM Revenue & Customs has determined that Strategic Investment Board Ltd is a taxable entity but not all of the income will be taxable. In the year ended 31 March 2021, no provision for tax has been made as there has been no assessable income arising (period ended 31 March 2020: Nil).

9. a) Property, Plant and Equipment

	2020-21	2019-20
	£	£
Cost:		
At 1 April	9,782	9,782
Additions in year	5,332	-
At 31 March	<u>15,114</u>	<u>9,782</u>
Accumulated Depreciation		
At 1 April	3,261	-
Charge in year	3,706	3,261
At 31 March	<u>6,967</u>	<u>3,261</u>
Net book value		
At 31 March	<u>8,147</u>	<u>6,521</u>

9. b) Intangible Assets

	IT	Software	Websites	Total
	£	£	£	£
Cost:				
At 1st April 2019	9,998	3,310	72,228	85,536
Additions in year	-	-	9,315	9,315
At 31st March 2020	<u>9,998</u>	<u>3,310</u>	<u>81,543</u>	<u>94,851</u>
Additions in year	-	-	21,710	21,710
At 31st March 2021	<u>9,998</u>	<u>3,310</u>	<u>103,253</u>	<u>116,561</u>
Amortisation:				
At 1st April 2019	9,998	3,310	57,239	70,547
Charge in year	-	-	10,817	10,817
At 31st March 2020	<u>9,998</u>	<u>3,310</u>	<u>68,056</u>	<u>81,364</u>
Charge in year	-	-	10,666	10,666
At 31st March 2021	<u>9,998</u>	<u>3,310</u>	<u>78,722</u>	<u>92,030</u>
Carrying Amount				
At 31st March 2021	<u>-</u>	<u>-</u>	<u>24,531</u>	<u>24,531</u>
At 31st March 2020	<u>-</u>	<u>-</u>	<u>13,487</u>	<u>13,487</u>
At 31st March 2019	<u>-</u>	<u>-</u>	<u>14,989</u>	<u>14,989</u>

10. Trade and Other Receivables

	2020-21	2019-20
	£	£
Trade Receivables	1,485,124	756,809
Prepayments and Accrued Income	186,747	479,759
	<u>1,671,871</u>	<u>1,236,568</u>

11. Cash and Cash Equivalents

	2020-21	2019-20
	£	£
Balance as at 1 April:	1,560,109	1,183,891
Net Changes in cash and cash equivalent balances	(1,168,613)	376,218
Balance as at 31 March	<u>391,496</u>	<u>1,560,109</u>

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

12. Trade and Other Payables

	2020-21	2019-20
	£	£
Included in liabilities falling due within one year are:		
Trade Payables	82,569	117,830
Accruals	850,404	773,955
Employee benefits (Note 13)	395,711	363,432
Deferred Income (Grant in Aid)	208,081	1,305,719
Value Added Tax	559,280	255,749
	<u>2,096,045</u>	<u>2,816,685</u>

13. Employee Benefits

Strategic Investment Board Ltd has recognised the cost of providing employee benefits in the period in which the benefit was earned by the employee, rather than when it is paid or payable. Short term benefits are recorded as an expense in the period in which the employee renders the service. For Strategic Investment Board Ltd, this expense relates solely to the cost of any untaken annual leave at the year end. This policy has been adopted in accordance with IAS 19 'Employee benefits' (2020-21: £395,711; 2019-20: £363,432).

14. Contingencies and Commitments

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

There were no contingent liabilities at 31 March 2021 (2019-20: Nil).

15. Guarantee

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

16. Deferred Income

	2020-21	2019-20
	£	£
At 1 April	(1,306,219)	(1,307,167)
Released to Statement of Comprehensive Net	1,306,219	1,306,667
Deferred Income	<u>(208,081)</u>	<u>(1,305,719)</u>
At 31 March	<u>(208,081)</u>	<u>(1,306,219)</u>

17. Financial Instruments

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

18. Reserves

As at 31st March 2021 Reserves amounted to Nil (2019-20: Nil).

5.5 Events after the Reporting Period

None

5.6 Date Authorised for Issue

The Accounting Officer authorised the issue of these financial statements on 15th June 2021.

6 Appendix 1: Additional Disclosures to Comply with FReM and Department of Finance Instruction

The Government's Financial Reporting Manual (FReM) requires non-Departmental public bodies to regard Grant in Aid received as contributions from controlling parties giving rise to a financial interest in the residual interest of the body, and hence accounted for as financing, i.e. by crediting them to the income and expenditure reserve. The Strategic Investment Board Ltd have instead accounted for Grant In Aid as part of income which is matched to expenditure in the same period as permitted under company law.

Strategic Investment Board Ltd is the channel through which FTC loans are made from the DfE to the universities and from the DoF to the NI Investment Fund. Strategic Investment Board Ltd performs this function because the Departments do not currently have the vires to make such loans. DoF have instructed that the Strategic Investment Board Ltd *recognise a financial asset for loans made but not recognise any liability for the repayment as this is to be accounted for as funding from the Consolidated Fund and not as a loan.*

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

6.1 Statement of Comprehensive Net Expenditure Prepared under FReM and DoF Instruction

	Note	2020-21 £	2019-20 £
INCOME			
Other operating income	2	6,076,007	5,199,489
		<u>6,076,007</u>	<u>5,199,489</u>
EXPENDITURE			
Staff costs	4	10,779,534	9,933,907
Enabling expenditure	6	957,905	532,785
Other operating charges	5	722,834	760,667
Depreciation - Property, Plant & Equipment	9a	3,706	3,261
Amortisation - Intangible Assets	9b	10,666	10,817
Amortisation - FTC Loan	6.8	84,141,534	4,283,313
		<u>96,616,179</u>	<u>15,524,750</u>
TOTAL EXPENDITURE			
		<u>96,616,179</u>	<u>15,524,750</u>
NET DEFICIT FOR THE YEAR		(90,540,172)	(10,325,261)
AMOUNT TRANSFERRED TO RESERVES		<u>(90,540,172)</u>	<u>(10,325,261)</u>

Instruction

6.2 Statement of Financial Position as at 31st March 2021 Prepared under FReM and DoF Instruction

		2020-21	2019-20
	Note	£	£
Non-current assets			
Property, Plant and Equipment	9a	8,147	6,521
Intangible Assets	9b	24,531	13,487
Financial Transaction Capital (FTC) loans	6.8	158,277,814	131,443,971
Total non-current assets		<u>158,310,492</u>	<u>131,463,979</u>
Current assets			
Trade and other receivables	6.7	1,671,872	1,236,568
Financial Transaction Capital (FTC) loans	6.8	1,275,000	6,525,000
Cash and cash equivalents	12	391,496	1,560,109
Total current assets		<u>3,338,368</u>	<u>9,321,677</u>
Total Assets		<u>161,648,860</u>	<u>140,785,656</u>
Current liabilities			
Trade and other payables	6.6	<u>(1,887,965)</u>	<u>(1,510,966)</u>
Total assets less net current liabilities		<u>159,760,895</u>	<u>139,274,690</u>
Non-current liabilities		-	-
Assets less liabilities		<u>159,760,895</u>	<u>139,274,690</u>
Reserves			
General reserve (Income and Expenditure account)	6.5	<u>159,760,895</u>	<u>139,274,690</u>
Total		<u>159,760,895</u>	<u>139,274,690</u>

6.3 Statement of Cashflows Prepared Under FReM and DoF Instruction

	2020-21	2019-20
	£	£
Cashflows from Operating Activities		
Net Deficit after interest and tax	(90,540,172)	(10,325,261)
Non Cash Transactions (Depreciation - Property, Plant & Equipment)	3,706	3,261
Non Cash Transactions (Amortisation - Intangible Assets)	10,666	10,817
Non Cash Transactions (Amortisation Reserve - FTC Loans)	84,141,534	4,283,313
(Decrease)/Increase in trade and other payables*	376,998	123,523
(Increase)/ Decrease in trade and other receivables	<u>(435,303)</u>	<u>248,880</u>
Net Cash used in Operating Activities	<u>(6,442,571)</u>	<u>(5,655,467)</u>
Cash flows from Investing Activities		
Purchase of Property, Plant & Equipment	(5,332)	-
Purchase of Intangible Assets	(21,710)	(9,315)
FTC loan issued	(110,000,000)	(30,000,000)
Repayment of FTC loan receipt to the Executive Office	<u>(6,525,000)</u>	<u>(6,525,000)</u>
Net Cash used in Investing Activities	<u>(116,552,042)</u>	<u>(36,534,315)</u>
Cash flows from Financing Activities		
Grant in Aid from Parent Department	5,301,000	6,041,500
Grant in Aid re FTC	110,000,000	30,000,000
Receipt of FTC Loan repayment	<u>6,525,000</u>	<u>6,525,000</u>
Net Cash used in Financing Activities	<u>121,826,000</u>	<u>42,566,500</u>
(Decrease)/Increase in cash and cash equivalents	<u>(1,168,613)</u>	<u>376,218</u>
Cash and cash equivalents at beginning of the period	<u>1,560,109</u>	<u>1,183,891</u>
Cash and cash equivalents at end of the period	<u>391,496</u>	<u>1,560,109</u>

*(Decrease)/Increase in trade and other payables rounded to nearest £1

In 2020-21 Strategic Investment Board Ltd received FTC loan repayments of £6,525,000 (2019-20: £6,525,000). Strategic Investment Board Ltd immediately transferred the repayments to TEO.

Instruction

6.4 Statement of Changes in Taxpayers' Equity Note Prepared Under FReM and DoF Instruction

	2020-21 £	2019-20 £
Analysis of Income and Expenditure Reserves:		
Balance at 1 April	139,274,690	118,312,481
Grant in Aid received in year	115,301,000	36,041,000
Interest capitalised on FTC Loan	2,250,377	1,771,470
Net operating cost for the year	(90,540,172)	(10,325,261)
Receipt of FTC loan repayment	<u>(6,525,000)</u>	<u>(6,525,000)</u>
Balance at 31 March	<u>159,760,895</u>	<u>139,274,690</u>

	2020-21 £	2019-20 £
Summary of Balances:		
Income & Expenditure reserve	<u>159,760,895</u>	<u>139,274,690</u>
Balance at 31 March	<u>159,760,895</u>	<u>139,274,690</u>

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

6.5 Movement in Reserves Prepared Under FReM and DoF Instruction

	Note	2020-21 £	2019-20 £
Reserves at 1st April		139,274,690	118,312,481
FTC loans issued and interest capitalised on FTC loan	6.8	112,250,377	31,771,470
Amortisation of loans issued in year	6.8	(84,141,534)	(4,283,313)
Receipt of FTC Loan repayment	6.8	(6,525,000)	(6,525,000)
Movement in Deferred/ Accrued Income in year	16	<u>(1,097,638)</u>	<u>(948)</u>
Reserves at 31st March		<u>159,760,895</u>	<u>139,274,690</u>

Instruction

6.6 Trade and Other Payables Prepared Under FReM and DoF Instruction

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

	2020-21	2019-20
	£	£
Included in liabilities falling due within one year are:		
Trade Payables*	82,570	117,830
Accruals	850,404	773,955
Employee benefits (Note 13)	395,711	363,432
Value Added Tax	559,280	255,749
	<u>1,887,965</u>	<u>1,510,966</u>

*Trade Payables rounded to nearest £1

6.7 Trade and Other Receivables Prepared Under FReM and DoF Instruction

	2020-21	2019-20
	£	£
Trade Receivables*	1,485,125	756,809
Prepayments and Accrued Income	186,747	479,759
	<u>1,671,872</u>	<u>1,236,568</u>

*Trade Receivables rounded to nearest £1

6.8 Financial Transactions Capital (FTC) Loans Prepared Under FReM and DoF Instruction

	2020-21	2019-20
	£	£
As at 1 April	137,968,971	117,005,814
Loans issued in year	110,000,000	30,000,000
Loan interest receivable in year (added to capital)	2,250,377	1,771,470
Amortisation of loans issued in year	(84,141,534)	(4,283,313)
Repayment of loan in year*	(6,525,000)	(6,525,000)
Balance as at 31 March	<u>159,552,814</u>	<u>137,968,971</u>
Expected timing of cashflows		
Not later than one year	(1,275,000)	(6,525,000)
Later than one year but not later than five years	(17,395,000)	(19,575,000)
Later than five years	<u>(140,882,814)</u>	<u>(111,868,971)</u>
	<u>(159,552,814)</u>	<u>(137,968,971)</u>

Instruction

Strategic Investment Board Ltd facilitated the transfer of funds between DoF and DfE via TEO and Queen's University Belfast, Ulster University and GFS Corporate Directorate II Limited (the vehicle holding the NI Investment Fund) for FTC loan agreements. The loan to Queen's University Belfast is an interest free loan agreement.

In 2020-21 Strategic Investment Board Ltd issued a £80m FTC loan to Ulster University and consolidated the outstanding balance on loans previously issued. The terms of the loan changed from interest free to interest bearing. The total value of the Ulster University's FTC loans as at 31st March 2021 is £137.750m. Interest of 0.25% is applied monthly and received at the end of each financial year. This interest is to be used for the management of this specific loan and will be expensed in year by both Strategic Investment Board Ltd, DoF and DfE. Strategic Investment Board Ltd will be receiving a gross economic benefit from this loan through the receipt of interest payments. Strategic Investment Board Ltd will receive no net economic benefit as the income will be used to meet service obligations.

The loan to GFS Corporate Directorate II Limited, the vehicle holding the NI Investment Fund is interest bearing at a rate of London Interbank Offered Rate (LIBOR) plus 4%.

In 2020-21 Strategic Investment Board Ltd processed a new loan of £30m to GFS Corporate Directorate II Limited. Funding for the loans was received from TEO and have been recorded at amortised cost at the following rates:

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

Apr-20	4.57450%	Oct-20	4.06050%
Jul-20	4.15088%	Jan-21	4.02713%

**In 2020-21 Strategic Investment Board Ltd received the sixth loan repayment from Queen's University, Belfast (2020-21: £1,275,000; 2019-20: £1,275,000) and the third loan repayment from Ulster University (2020-21: £5,250,000; 2019-20: £5,250,000). Strategic Investment Board Ltd transferred the repayments to TEO (see note 17).*