

From the Office of the Minister



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Alban Maginness MLA
ETI Committee Chair
Northern Ireland Assembly
Room 375
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6 September 2012

Dear Alban

ENTERPRISE AND REGULATORY REFORM BILL: GREEN INVESTMENT BANK & COMPANY DIRECTORS' REMUNERATION

I am writing to inform you of my Department's intention to seek a Legislative Consent Motion (LCM) to enable the Department for Business, Innovation and Skills (BIS) to legislate to:

- Ensure that the UK Green Investment Bank Plc engages only in activities that contribute to achieving 'green purposes', and remains operationally independent and that these provisions extend to Northern Ireland; and
- give shareholders of quoted companies greater control over the remuneration of directors.

Green Investment Bank

Although banking is a reserved matter, the 'green purposes' for which the Bank is being set up bring it into the area of transferred policy. An LCM is required to give the Bank the statutory authority to operate in Northern Ireland.

Directors' remuneration

By letter dated 30 October 2010, I wrote to the Chair of the Committee of Enterprise, Trade and Investment to inform the Committee of a review by BIS of UK corporate governance, which considered inter alia the issue of company directors' pay.

That review was followed by UK-wide consultations on directors' pay in September 2011 and March 2012, which elicited broad support from stakeholders for reform of the governance framework for director's remuneration.

On 27 June, the UK Government tabled amendments to the Enterprise and Regulatory Reform Bill on the issue. The proposed clauses will amend the Companies Act 2006, the key piece of legislation governing UK company law, by giving shareholders of quoted companies a binding vote on directors' pay, and improving pay transparency.

Legislative Consent Motion

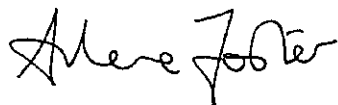
On 25 May 2012, the Minister for Employment Relations, Consumer and Postal Affairs, Norman Lamb MP, wrote to me proposing the inclusion of clauses in relation to a proposed green investment bank and company directors' remuneration

I intend to issue to Ministerial colleagues an Executive Paper seeking agreement to put to the Northern Ireland Assembly a legislative consent motion, which would permit the relevant clauses of the Enterprise and Regulatory Reform Bill to apply to Northern Ireland.

It is in the best interests of Northern Ireland business that this LCM is passed. Should the LCM not be brought to the Assembly, there is a risk that Northern Ireland would not see the benefits of the UK Green Investment Bank, and local companies would be excluded from this additional source of finance. It would also maintain parity in company law between Northern Ireland and Great Britain, and ensure that Northern Ireland companies continue to benefit from a single UK-wide company law regime.

BIS has indicated that, in order to comply with its legislative programme schedule, it requires confirmation of the passage of the Legislative Consent Motion by 15 November 2012. The timescale requires that I lay the LCM before the Assembly on 21 September 2012 I would seek the support of the Committee to make this possible.

Yours sincerely



ARLENE FOSTER MLA
Minister of Enterprise, Trade and Investment