



Minutes of the meeting of the Agri-Food and Biosciences Institute Board
held at
The Agriculture and Food Science Centre, Newforge Lane
on Wednesday 17 May 2006 at 10.00 am

Present:

Board Members

Mr Sean Hogan, Chairperson
Professor David McDowell, Deputy
Chairperson
Mr Kieran Campbell
Dr Michael Hollywood
Dr Christine Kennedy
Mr Nicholas Mack
Mr John McKinley
Professor Stewart McNulty
Professor Grace Mulcahy
Mr James Noble
Mr John Rankin
Mr Jim Stewart
Mr Michael Walker

In attendance: Dr George McIlroy, Chief Executive
Dr Robin Boyd, Head of Chief Executive's Office
Mr Stephen Dolan, Head of Business Support Unit
Mr Manus McGuinness (Secretary)

Mr Hogan welcomed members to the second meeting of the AFBI Board. He was impressed with the new Boardroom and thanked Dr Boyd for his work on this. When the electronic provision was completed, AFBI would have state of the art communication facilities. Mr Hogan said that he would be encouraging Government Departments, and other organisations, to use them.

1. Minutes of the meeting held on 5 April 2006

The minutes of the meeting held on 5 April 2006 were agreed subject to the following change requested by Professor McNulty.

The following sentence should be added to Item 5.2:

"It was also proposed that the requirement for AFBI staff to have previous experience of supervising postgraduate students (Part (d) of

Schedule 1 of the Draft Agreement) should be dropped from the eligibility criteria, as some AFBI staff who were currently very successful in attracting external funding had no experience of such supervision.”

In general discussion it was clarified that AFBI - University Collaborative Agreements would be brought to the Board for consideration before they were finalised.

2. Matters arising

There were no matters arising from the meeting on 5 April 2006.

3. Management Statement and Financial Memorandum (MSFM)

Dr Boyd reported that the draft MSFM had not yet been considered by the DARD Departmental Board. DARD Sponsoring Branch had written to confirm that the MSFM should be available for the June meeting of the AFBI Board.

4. Report from Chief Executive’s Office (CEO)

4.1 Dr Boyd gave a presentation and overview of the current structure and functions of the CEO. The main areas of responsibility are:

Contracts – where AFBI is the contractor. There is a very comprehensive database of contracts which has been approved by the Auditors. It is planned that CEO staff will take on more of a contracts management role and this will free up more scientists’ time for other work.

Research Projects – “internal” research by AFBI, mostly funded by DARD. The relationship between the customer and the contractor (AFBI) is currently being discussed with the AFBI Sponsoring Branch. In discussion, Dr McIlroy noted that AFBI research must be seen in the context of REAP. Also, the whole process for research approval and how the Department commissions research will change. The Board will be kept informed of these changes and of developments in contracts and research at the appropriate times. The full listing of projects and contracts will be made available to the Board.

Media Services – the aim is to have a corporate approach to media services which will be managed by a dedicated section in the CE’s Office. These services cover the whole range of marketing, press releases, events, annual reports, protocols, newsletters etc. Developments and activities in these areas and in presentation of AFBI and its business need to be widely disseminated.

Central Admin – covering the areas of AFBI Board Secretariat, office support to the Chief Executive and links with DARD Sponsoring Branch.

4.2 Mr Hogan welcomed the presentation as a positive step in keeping the Board informed and in providing an informed basis for making decisions. A number of points were raised in discussion:

- The question of Board access to the Intranet was raised. It was not clear if there was a need for such access or if there were security implications. It was felt that documents which the Board needed to see could be moved to the site where members had protected access. The point was made that access should be read only.
- Presentations of AFBI already made in the media and elsewhere was praised, for example at Balmoral Show.
- Media and PR work is costly and it was important that AFBI has a budget for this. The whole issue of marketing, including budget and ideas, will be discussed at future Board meetings.
- Intellectual Property Rights (IPR) in external research contracts needs careful handling. The management of contracts and related budget provision is a core area of CE's Office work. AFBI have engaged legal advisors who will advise on IPR. Issues will be brought to the Board as appropriate.
- While reports to the Board on marketing, contracts etc were to be welcomed, the Board needs to be clear on its strategic role in managing AFBI business as distinct, generally, from operational matters of AFBI. .

5. Report from Business Support Unit (BSU)

5.1 DARD Payment System

5.1.1 Mr Dolan reported on an incident with the DARD DAISY payment system which could have had serious consequences for AFBI's relationship with key suppliers. Because of problems with migrating data to the new accounting system, AFBI was excluded from the DARD payment systems from 24 March until 11 April 2006. We were therefore put in a position of not being able to clear outstanding payments for the Science Service. This affected some major suppliers with whom we have arrangements to pay invoices within 7 days. As a result, the suppliers came to Newforge seeking payment. The matter was only resolved by writing manual cheques for the suppliers. Following the incident, regular meetings are being held with DARD Finance Branch to ensure no recurrence of the incident. Looking at the general accounting arrangements, AFBI will be moving to the new Accounting Services Programme in two years time. In the meantime,

we are continuing on the DARD DAISY system, although we also have access to the Pegasus costing system.

- 5.1.2 Mr Hogan said that he had written to the DARD Finance Director about the incident and had received a reply. He wanted this matter brought before the Board as it had the potential for serious damage to AFBI's credibility and reputation, especially if a company had to close because AFBI had broken the agreed payment arrangements. There was also the potential for scrutiny by the Auditors. As a consequence, he had placed this risk on AFBI's Risk Register, although the steps taken by the BSU to monitor the situation and engage with DARD had reduced the risk to a medium one. Mr Hogan confirmed that the AFBI Risk Register would be coming to the Board for consideration.
- 5.1.3 The Board agreed with a proposal by Dr McIlroy that Risk Management should be a standing item on the agenda for Board meetings. This would ensure ongoing review of the major risks to achievement of AFBI business objectives. Dr McIlroy expressed the view that AFBI, as a DARD customer, should be given priority in actioning essential payments.
- 5.1.4 In discussion, the Board agreed that the issue had been handled speedily and effectively by AFBI personnel. The question was raised whether AFBI was vulnerable in using suppliers that needed payment in 7 days. In response, the point was made that these were viable companies, large payments were involved and it was important to meet the priority payment arrangements that had been agreed.
- 5.1.5 In response to a question about audit queries and whether a statement accepting responsibility could be received from DARD, Mr Dolan explained that the written response from DARD to the Chairman's letter had stated that AFBI had access to a cheque book for making manual payments. In concluding the discussion, the Board agreed that AFBI had carried out the instruction of the Department to use the cheque book for the purpose of making manual payments to the suppliers.

5.2 **BSU Responsibilities**

- 5.2.1 Mr Dolan presented an overview of developments in the BSU.

Human Resources – A number of external recruitment competitions are underway – 3 Head of Branch posts, Heads of Finance, Human Resources and Procurement, 5 Senior Scientific Officers and 30-40 Assistant Scientific Officers. Promotion boards, which will give scientific staff the opportunity to progress through the grades, are also being arranged. It is essential to have a Head of Finance for preparation of AFBI's accounts in a professional manner and a Head of Human Resources is needed to ensure that a range of policies are put in place.

Estates Management – Whilst ownership of land and buildings remains with DARD, the day-to-day management of sites and capital works falls to AFBI. Regular meetings are being held with DARD Facilities Management Branch. Site security and personal security arrangements are being reviewed and staff are being issued with AFBI passes. Reports on security protocols and on major capital projects will be provided to the Board.

Information Communications Technology (ICT) – The BSU manages the systems in liaison with DARD Information Services Branch who continue to provide network services to AFBI. A number of developments on the ICT systems are in progress and a time recording (costing) system will be rolled out across AFBI over the next 2 months.

Finance – The overall position on the opening budget of £39m for 2006-07 generally shows a balance between the approved allocation and estimated spend. Within this, a surplus of £1.4m on salaries will be taken up by the recruitments in progress. A shortfall of £1.1m on VAT is being addressed by a bid to DFP. BSU are in frequent communication with DARD Resource Control Branch on the budget position. It is intended that financial reports, at an appropriate level of detail, will be made to the Board.

Targets – Although a business plan with targets was not produced in the shadow period, the 5-year Strategic Plan identified a target of increasing funding from non-DARD sources from 5% to 10% of AFBI income by 2010. In monetary terms this could equate to an increase from £2m to £4m per annum.

5.2.2 In welcoming this comprehensive presentation Mr Hogan asked if AFBI was using Recruitment Service for new appointments. Mr Dolan explained that AFBI was managing its own recruitment and would use Recruitment Service in an advisory capacity. He also explained that it was necessary to go “*external*” in recruitment in order to meet Section 75 and equal opportunities requirements. Promotions are, of course, an internal matter.

5.2.3 A number of points were made in discussion:

- Effective budget management is essential to the success of AFBI business. The objective must be to make maximum use of the AFBI budget, but not to exceed it. The financial pressures associated with restructuring, the developing nature of the new organisation and having the appropriate personnel in place must be recognised and the necessary resources must be provided to meet these pressures and the other needs of the body. Sufficient resources must be available to deliver AFBI’s work programme. The DARD Head of Finance must be made aware of AFBI’s needs and of the Department’s role in supporting the Institute.

- One aim of Human Resource Management should be to bring new blood into the organisation. The 2-stage approach to internal promotions was to be welcomed. It was felt that the information provided by BSU provided the Board with the reassurance on how human resources were being handled.
- The costing system, expected to be in place by the end of June, is a crucial aspect of resource management.
- A key to effective budget management was to find the right balance between the competing demands and pressures, the range of activities and staffing needs and the need to deliver the AFBI work programme. There were a number of controls and checks in place to help in the management of the resources allocated – for example monthly cash drawdowns linked to targets and staff in post, and limits on procurement which prevented an exceeding on budget provision.
- While the total volume of the resources available to AFBI should increase over time, it must be recognised that the Government's general approach to resource allocation was one of downsizing. We must always be alert to this. In this context it was noted that AFBI would be withdrawing from teaching and that it was planned to double the percentage of funding from external contracts.

6. Audit Sub-Committee

- 6.1 The membership of the Audit Committee was confirmed as Dr Hollywood, who will Chair the group, Mr Campbell and Mr Rankin.
- 6.2 It was agreed that Dr Hollywood would take forward the arrangements for establishing the Committee. Dr Hollywood said that he planned to have an early meeting with relevant AFBI personnel to get a knowledge of the financial systems and risks. A first meeting of the Committee would be held shortly to agree the working agenda. He was looking at the Terms of Reference and the working arrangements between the Committee and the AFBI Executive. These will be brought to the full Board for approval.

7. Agriculture (NI) Order 2004 – Power of Direction Notices

- 7.1 Members were asked to note the Power of Direction Notices under the Agriculture (NI) Order 2004 which would give work done by AFBI for the Department of Culture, Arts and Leisure, the Department of the Environment and the Food Standards Agency the same priority as work done for DARD. The Notices would be signed by the Board Chairman on behalf of AFBI. Dr McIlroy explained that this was a technicality - AFBI is required to carry out work for DARD as assigned by the Minister but work done for other Departments cannot be assigned in the same way. The effect of these notices would be to

move the work for other Departments up to the same priority level as DARD work. Dr McIlroy stressed the importance of maximising the work AFBI can do for other Government Departments and Agencies.

7.2 Discussion centred on the potential conflict arising for AFBI in meeting a contract for private or external work if other priority work arises. It was important that AFBI had the capability to meet all contracted work and to provide an effective emergency response. The points were made that contracts would have a force majeure clause written into them and that the necessary resources to handle emergency response work would be provided. The Science Service had a good track record which showed that all external contracts had been honoured when dealing with the foot and mouth outbreak. The bottom line is that, when AFBI signs a contract, it has to deliver, including an emergency response.

8. Any other business

Mr Hogan advised the Board that a Remuneration Committee would be established. He will Chair the Committee and Mr Stewart had agreed to serve. A third member was needed and anyone else interested in serving on the Committee should speak to Mr Hogan.

9. Date of next meeting

The next meeting will be held at 10.00 am on Wednesday 21 June 2006 at Veterinary Sciences, Stormont.

Following the meeting the Board visited the Applied Plant Science Division, Newforge, led by Dr Michael Camlin.

Signed: _____
(Chairperson)

Date: _____