



Minutes of the meeting of the Agri-Food and Biosciences Institute (AFBI) Board
held at
AFBI Newforge (Headquarters), Belfast
on Wednesday 19 December 2007 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
Professor Grace Mulcahy
Mr John McKinley
Professor Stewart McNulty
Mr James Noble
Mr John Rankin
Mr Michael Walker

In Attendance:

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

1. Minutes of the meeting held on 21 November 2007

On a proposal by Dr Hollywood, seconded by Professor Mulcahy the minutes of the meeting held on 21 November 2007 were agreed.

2. REAP Comments on Research Strategies

2.1 Mr Hogan referred to the discussions at the previous Board meeting about REAP comments on AFBI research which had been published on the DARD website and DARD's offer to facilitate a meeting between the Chairs of AFBI and REAP. Having considered the pros and cons of such a meeting, including members comments and discussion with the Minister, he had decided to attend the meeting which was held on 27 November 2007. Other attendees were Alan Lennon, REAP Chair, Gerry Lavery and Ronnie Jordan, DARD. Mr Hogan had presented the AFBI case as outlined at the November Board meeting and he had received support from DARD. Initially the REAP response was that as

an independent body they were entitled to comment and to publish their comments. Mr Hogan, whilst agreeing with this position argued that this entitlement did not allow for libel and that AFBI had every right to be concerned at the publication of such comments. It was also the case that, contrary to REAP claims about AFBI's Renewable Energy Research, there was no occasion where AFBI did not provide available information requested by DARD and this was accepted at the meeting. The outcome of the meeting was that REAP agreed to redact the documents from the website and that future REAP documents would not make reference to AFBI research.

2.2 In discussion the points were made that the time and effort of the Board Chair and AFBI Executive in handling this issue could have been avoided if others were more aware of their roles and responsibilities. On a more positive note, however, the issue demonstrated that AFBI was ready and able to defend its reputation in any forum and this had been a useful learning exercise in this respect. The Board was pleased that the matter had been concluded to AFBI's satisfaction and commended the Chair and the Executive for their prompt and highly effective actions in addressing the issue. This was especially important in protecting AFBI's commercial reputation. Mr Hogan, supported by Dr McIlroy, acknowledged DARD's support (Dr McKibbin, Mr Lavery and Mr Jordan in particular) in facilitating the meeting and a satisfactory resolution of the issue.

2.3 Other main points made in discussion were:

- It was not clear if REAP had learned any lessons from this episode. AFBI's legal advice had been unambiguous – the REAP comments were libellous. It was also the case that potential conflicts of interest for some REAP members remained.
- The REAP comments had come to light because they had been published. There was still a concern that AFBI's reputation was being tarnished by "*hidden*" comments which did not come into the public domain.
- AFBI would wish to have a good working relationship with REAP. However, the message should now be clear that AFBI will defend its position robustly in the face of misrepresentation by other bodies or individuals.
- It is important for AFBI to know and understand its competitors and to be proactive in promoting its responsibilities and expertise, for example in renewable energy.
- The REAP material had been published on the DARD website and this raised, once again, the question of AFBI's relationship with DARD. It is not clear what action DARD will be taking with REAP. As noted at the previous Board meeting, DARD does not allow

publication of material which is inaccurate or which levels unjustified criticism at the work of another corporate body on its website. It has been agreed that further meetings will be held between the AFBI and DARD Boards to further develop and enhance this relationship and this can be addressed in that forum. It is hoped that the next meeting will be in the first quarter of 2008.

3. Report from the Chief Executive's Office

- 3.1 Dr Boyd updated members on a number of activities relating to the development of AFBI's business.

Business Development Manager – interviews for the post had been held and it is hoped to report the outcome of the recruitment to the January Board meeting.

Scoping Exercise – the draft consultancy report on the exercise to assess the perception of AFBI among its key audiences indicated that the AFBI brand was still not recognised by potential customers. While the skills and qualities of individual scientists were recognised, awareness of the full range of AFBI's expertise was not reaching all potential customers and stakeholders. The report recommended the need for enhancement of AFBI communication and development of targeted communication. Dr Boyd suggested that a further presentation will be made to the Board when the report is finalised.

Publicity – the Chair and Head of BSU had attended the Institute of Directors Senior Executive Development Programme in Montreal. AFBI had a successful stand at the Winter Fair the previous week with presentations featuring grass production and cattle health and feeding. Preparations have started for the Balmoral Show in May 2008. Two DVDs had been produced, on Fisheries and Renewable Energy.

- 3.2 In general discussion the Board welcomed the continuing activities on business development. Dr McIlroy referred to the international profile for the future of renewable energy. AFBI is seeking a place at the Innovation Conference in May which was announced in Washington and this occasion can be used to promote the AFBI conference on renewable energy later in the year. The point was made that the Innovation Conference provides an opportunity to show the broader range of AFBI expertise and the AFBI Renewable Conference the opportunity to commercialise our ideas through an interactive business session. Opportunities should also be taken to show how AFBI can support business in managing difficult issues such as salmonella. In response to a question, Dr McIlroy explained that the decision to locate the AFBI stand in the DARD area at the Winter Fair was for strategic reasons and also to maintain the important links with CAFRE colleagues.

4. Corporate Plan 2008-09 to 2010-11

4.1 Dr Boyd presented a draft Corporate Plan which had been re-drafted to take account of the comments at the Board Away Day in June. In discussion the Corporate Plan was described as the most important document for the direction of the AFBI organisation and business. It set the strategy and the organisation's aspirations for the future. Although this was only now being formalised in a document, it has in effect been an evolving process which AFBI has been implementing since its formation in April 2006, and which will be amended as AFBI moves forward. The draft presented was accepted as well written, a good start but not yet the complete document. It needed more work and attention by the Board. There is scope within the strategic context for setting specific high level objectives, strategic indicators and targets and the achievements and goals to be attained within the timeframe of the Plan.

4.2 The Board agreed that further work, taking account of members comments, should be undertaken, with a revised document to be brought to the next meeting. Members were asked to liaise with Dr Boyd and to pass their comments to him as soon as possible. Consideration will also be given to holding a special Board session to consider and agree the Plan.

4.3 Open Meeting

The Board agreed that the Corporate Plan should be presented to the Open Meeting along with the Annual Report and Accounts for 2006-07, and that the Open Meeting will be held in March 2008. The next draft of the Corporate Plan will therefore need to be available for the January Board meeting. It was noted that the Corporate Plan had to be approved by DARD and DFP and this increased the pressure on the process to have the Plan signed off for the March meeting.

5. Report from the Business Support Unit

Mr Dolan presented the BSU Report which had been circulated to members prior to the meeting.

5.1 Pension Matters

5.1.1 There have been a number of positive developments recently. Legal advice from Departmental Solicitors Office has confirmed that AFBI/DARD/DFP have a liability for paying the deficit in the NILGOSC pension scheme and for cessation penalties. The NILGOSC actuary is preparing a definitive estimate of the deficit in the LGPS fund and AFBI will use this as the basis of the provision in its accounts. NILGOSC have prepared individual valuations and GAD have agreed to visit Hillsborough in January to present all the available information to staff and provide appropriate assistance. The outcome of all this work is

that by the end of January the final accounts position should be clarified and staff should have the information to enable them to make decisions on their pensions. They will then have 3 months to make up their minds. The Minister has been informed of these developments – a letter of 17 December from Mr Hogan to the Minister was tabled.

5.1.2 NILGOSC have agreed to provide the deficit figure by 3 January 2008 following which the way should be cleared to complete the accounts. This should allow management to come to the January Audit Committee meeting with the accounts signed off by NIAO. Such an outcome justified the AFBI approach of not producing the accounts until the pension deficit position had been clarified.

5.1.3 The Board welcomed the progress now made on this protracted issue and that staff affected would soon be in a position to make decisions on their pensions. In the process, steps had been taken to protect individual staff from disadvantage, for example AFBI would make up the difference between the Health Retirement package in the NILGOSC and the PCSPS schemes. Hillsborough line management had been kept informed of developments throughout the process and the ministerial correspondence will be copied to Hillsborough staff. It is intended that the Board Chair, Chief Executive, Head of Business Support Unit and DARD Sponsor Branch will accompany the Government Actuary on their visit to Hillsborough staff later in January. In this context and for future reference it would be useful to have a record of the action taken by AFBI since April 2006 to resolve this issue. A letter will be sent to staff before the visit.

5.2 Risk Management

There are no new risks or significant changes to risks to report. Workshops on 6 November and 5 December had provided the opportunity for Divisions to reflect on their own and corporate risks and actions. The outcome of the workshops in the form of a revised Corporate Risk Register will be reported to the Audit Committee on 22 January 2008. The Chair of the Audit Committee will then report to the following Board meeting.

5.3 Health and Safety

5.3.1 The first meeting of the H&S Advisory Group had adopted the Terms of Reference and had agreed a reporting mechanism on accidents and near misses to SMT and the AFBI Board. Other issues discussed were staff training, sub-contractors on site, fumigation with formaldehyde, risk assessments and pathogen training. The Group will be reviewing the H&S Policy for reissue in January 2008.

5.3.2 A number of incidents were reported – a member of staff injured in the pig facility at Hillsborough and at the main gate in Crossnacreevy and 3 staff stationed at Loughall injured in a road traffic accident. There was

a short discussion about the relative roles of AFBI and DARD in maintaining and developing the AFBI estate. Whilst DARD are the major source of funds for maintenance, repair and development of the AFBI sites, the AFBI Board carries the duty of care for employee and contractor Health and Safety while they are on the site. It was noted that AFBI inherited a backlog of minor works, including some with health and safety implications, from its existence as part of the Science Service. A review of the AFBI Estates Management structure is underway to increase the resources available to manage the estate in compliance with Health and Safety and other demands.

5.4 FRAUD

There were no incidents of fraud to report. A Counter Fraud Policy for AFBI, based on the DARD policy, has been written and will be published shortly on the intranet following review by AFBI Internal Audit. The policy has been agreed with TUS. AFBI is investigating ways in which it can provide Fraud Awareness Training for staff.

5.5 Finance

5.5.1 The latest forecast of expenditure indicated a potential £0.6m overspend against a budget of £42m in the current financial year. Bids to DARD for the cost of increased testing at VSD, irrecoverable VAT and clinical waste disposal, if successful, will cover the overspend. In discussion on budget management, Mr Dolan explained that, when account was taken of the absorption of irrecoverable VAT, clinical waste costs, efficiency savings (arising from the 2007 pay rise) and surrender of £1.2m due to the closure of SAFS, AFBI was in effect making savings of some £2.5m in the current year. This pointed to effective and robust management of resources in the short term. The review of AFBI's major infrastructure at Hillsborough, VSD and Crossnacreevy point to our longer term strategies to manage the AFBI resources. Other financial issues facing AFBI are the absence of any pay and prices increases over the period of the CSR which will present a challenge, the need for baseline in year bids for VAT and clinical waste and the development of the client-contractor relationship. Financial issues would be discussed with DARD Sponsor Branch at a meeting that afternoon.

5.5.2 The new AFBI costing system will be an important development in future resource management. This is scheduled to go live in April 2008 following a rigorous process of acceptance testing. A presentation of the new system will be made to the Board in March. A consultants report on VAT has been received and an implementation plan for managing the recommendations will be brought to the January meeting.

6. Any Other Business

6.1 Rewards and Recognition Scheme

6.1.1 Professor McDowell updated members on developments on a Rewards and Recognition Scheme for AFBI. A Remuneration Committee was established in March 2007 to review and make recommendations on a Rewards to Staff Scheme and, subsequently, a Special Bonus Scheme. The Committee examined a draft Rewards to Staff Scheme prepared by the Business Support Unit. It proposed revisions to the scheme and raised a number of questions and issues which needed to be addressed in finalising the scheme. During the Summer, DARD had asked to see the draft scheme because of an impending litigation case against the Department. A response from DARD is awaited. The next stage will be to discuss the scheme with AFBI legal advisers. Mr Dolan said that he would urgently raise the matter with DARD and seek a timeline for their response.

6.1.2 Management explained that the litigation case related to a research contract with Queen's University to produce a vaccine. This is now generating royalties and the AFBI scientist involved in the research is seeking a share of the royalties. The problem is that there is no scheme in place which provides the basis or the authority to reward the scientist. This case must be viewed in the historical context. AFBI now has a legal team and agreements with universities which deal with Intellectual Property Rights (IPR). Mr Dolan agreed to meet with the Head of Finance of Queens to clarify and reinforce the provisions of the agreement in relation to royalties.

6.2 Rolling Database of Major Issues Raised at Board Meetings

Members noted the Rolling Database which had been updated to take account of developments in November. It was agreed that an update on the Crossnacreevy relocation would be made to the January meeting.

7. Date of the Next Meeting

The next meeting of the Board will be held on Wednesday 16 January 2008.

Signed: _____
(Chairperson)

Date: _____