



Minutes of the Meeting of the Agri-Food and Biosciences Institute (AFBI) Board
held at
AFBI Newforge (Headquarters), Belfast
on Wednesday 21 March 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 John McKinley
Professor Stewart McNulty
Professor Grace Mulcahy
Mr James Noble

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)

Apologies:

Mr Nicholas Mack
Mr John Rankin
Mr Jim Stewart
Mr Michael Walker

In welcoming Members to the meeting, Mr Hogan referred to previous discussions when it had been agreed that the March meeting would be an open meeting in accordance with the Board's Terms of Reference. On further reflection, however, he felt that the Board did not have time to adequately publicise the event, prepare a suitable agenda and present the Institute's achievements in this its first year of existence. The Chair felt that holding the open meeting in September would be more suitable as it would coincide with the launch of AFBI's annual report and accounts. The position had been discussed with the Deputy Chairperson, Chief Executive and Sponsor Branch who had no objections to the change. The Board agreed to postpone the open meeting to September.

1. Minutes of the meeting held on 21 February 2007

The minutes of the meeting held on 21 February 2007 were agreed.

2. Matters Arising

2.1 Minutes of the meeting with DARD on 21 December 2006

Dr McIlroy reported that an agreed note of the meeting held with the DARD Permanent Secretary on 21 December 2006 was now available. This would be helpful in future dealings with a new Permanent Secretary.

3. Report from the Chief Executive's Office

Dr Boyd presented slides on two aspects relating to his business area.

3.1 Publications and Events

This presentation gave a summary of News Releases (56) and News Articles (48) issued in AFBI's first year (to 14 March 2007), Publications, Television (BBC Newslines) and Radio (Radio Ulster – Farm Gate) items, events at Hillsborough and commissioning of the RV "Corystes". Activities in these areas will increase as AFBI develops its customer base and marketing strategy.

3.2 AFBI Business Potential in the Punjab

3.2.1 Dr Boyd made a presentation on his visit to the Punjab, India as a member of the British Agri-Food Consortium (BAC). This summarised meetings with farmers and processing factories and rice mills visited. The visit was the first stage in a process of advising the Punjab Agri-Food Corporation (PAFC) about the needs of agri-food organisations in the region, on improving production, enhancing quality and traceability and thus in expanding their local and international markets... Five main areas which needed to be addressed were identified – benchmarking against international best practice, an agricultural census, strategic modelling of the key issues affecting the Punjab agricultural sector, education and research, and electronic communication (e.g. portal).

3.2.2 A report had been submitted to PAFC and if accepted, resources were available for the next action stage. While this was a region with low standards, cheap labour and poor processing conditions it was one with good prospects for significant contracted work by AFBI via BAC. AFBI could have a lead role in future developments and had the skills to meet what could be a substantial body of work.

3.2.3 The Board welcomed this interesting and positive report and were encouraged by the opportunities for AFBI, not just in the five action areas, but in other aspects of agriculture and the potential for new

international links to be created. A number of points and comments were made in a wide ranging discussion.

- (i) While AFBI should be looking to create new business, it cannot be perceived to be supporting competitors to NI Industry. We must look for the benefits to AFBI, NI plc etc and have an output which is sustainable, aligns with AFBI's longer term plans and brings business to Northern Ireland.
- (ii) As well as establishing the PAFC as a new customer, there is the opportunity to build an interrelationship with India, thus opening up the market for selling NI plc. The BAC team went to the Punjab by invitation – if AFBI do not avail of the opportunities now opened up, someone else will.
- (iii) The management and availability of AFBI staff for this work could be an issue and needs to be addressed carefully. There were a number of approaches, for example contract staff for a fixed period, QUB-employed staff, use of PhD students. AFBI has staff with worldwide experience. However, the needs of other areas of AFBI's research business must be balanced against these new opportunities.
- (iv) It would be useful at an early stage to speak to other Northern Ireland people who have experience with business in such areas as the Punjab. NICO is one such body.
- (v) More generally, the Board would welcome engagement with Management on the long term business strategy for AFBI. There is a need for AFBI to secure and expand its position. This is best managed within focused strategic thinking.

3.2.4 In conclusion it was agreed that a Marketing Strategy will be brought to the Board. This does not have to be a finalised document but it would be timely for the Board to see this at an early stage.

4. Report from the Business Support Unit

4.1 Risk Management

4.1.1 Mr Dolan said that there were no new risks or significant movement in risks to report to the Board. A Risk Management Workshop, attended by Division and Branch Heads, had been held on 5 March 2007. Internal Audit had facilitated discussion and identification of items for a new AFBI Corporate Risk Register and this will be brought to the Audit Committee meeting on 23 April 2007 before presenting to the Board.

4.2 Pension Matters

4.2.1 Mr Dolan reported that the AFBI CEO and Head of the Business Support Unit had met with former ARINI staff at Hillsborough to update them on the position and to give the Board's assurance of its determination to resolve the matter. The meeting was conducted in a positive manner although it was not possible to give complete reassurance to staff. The Government Actuary Department (GAD) has been asked to clarify its position in supporting AFBI in this matter and to enter into negotiations with NILGOSC to determine a transfer value to the PCSPS(NI).

4.2.2 The Board agreed that every effort must continue to be made to resolve this issue as quickly as possible. They would want to see it resolved by July 2007. Subject to the response from GAD about their role, the Board agreed in principle to commission an independent actuary to work for AFBI.

4.3 Finance

4.3.1 Mr Dolan presented the finance table which showed a range of underspends and overspends, resulting in an overall projected overspend of some £126k. However, with additional income expected, final VAT figures and other revisions, an outturn closer to 100% spend of budget is expected. In discussion on the low percentage spend to date on some ring-fenced and capital equipment budgets, it was confirmed that with some staff costs adjustments and on the basis of invoices received and orders placed for equipment, the total budgets allocated would be spent by 31 March 2007.

5. Business Plan 2007-08

5.1 Mr Dolan presented a draft Business Plan for 2007-08 which had been circulated to members prior to the meeting. This was very much a first draft prepared after workshops with, initially, the Heads of Divisions and then the Heads of Branches and was presented to the Board for their contribution on high level objectives, and to provide comment in correspondence. The plan is drafted in the context that the budget for next year has not yet been set for AFBI, or indeed for DARD or NICS Departments, and the Comprehensive Spending Review (CSR) which makes significant budget reductions in future years. The Business Plan specifies the actions to be performed during the year in pursuit of the objectives in the Corporate Plan – the existing Corporate Plan will be revised to reflect the CSR reductions over the period 2008-2011.

5.2 Discussions centred on the environment in which the Business Plan was being prepared and its links with the Corporate Plan:

- In financial terms, the planning process and strategic objectives have to be considered in the context of CSR reductions and ring

fenced funds (EREF and Science & Skills) coming to an end this year. The target of £4.6m income in 2007-2008 to complement the grant-in-aid was realistic and necessary in maintaining the current staffing levels and in fulfilling our work programme with DARD.

- The Chair recognised a comment that the 2007-08 Business Plan was being prepared before the review of the Corporate Plan for 2008-2011, whereas normally the process is that the Business Plan would follow the Strategic/Corporate Plan. It was explained that the Business Plan for 2007-08 aligns with the existing Strategic Plan. The Corporate Plan 2008-2011 will be in place before the Business Plan for 2008-09 is written.

5.3 It was agreed that AFBI management would draft a Revised Corporate Plan and send this to members as soon as possible after the meeting. This would allow members to be in a better position to discuss the Corporate Plan and a linked Business Plan at the April meeting.

6. Remuneration Committee

6.1 Professor McDowell reported on a meeting of the Remuneration Committee held on 15 March 2007. He set out the role of the Committee as a sub-group of the Board in undertaking relevant tasks specifically defined and handed down by the Board. The meeting was the first step in reviewing and making recommendations on a Rewards to Staff Scheme which was the first task allocated by the Board.

6.2 There was a consensus in the Committee that the Rewards Scheme was a very complex matter which would have serious and expensive consequences for the Institute if incorrectly formulated. Also, that independent input from someone with appropriate expertise might be needed. The Rewards Scheme would have wider implications than just AFBI and would send out major signals of intent both internally and externally. The draft Scheme, while a good starting point, raised many unanswered questions. Care must be taken that a Rewards Scheme did not become the driver of AFBI business – its place should be to follow, not lead.

6.3 Any Rewards Scheme would have to be agreed by DARD and DFP which could take up to a year. A lot of work needed to be done before then, including benchmarking with BBSRC and MOD schemes and clarification of a range of financial and other data. Discussions have been held with an IPR and Patents expert in the AFBI Legal Advisers. TUS have been informed of the proposal to have a Scheme.

6.4 The Remuneration Committee proposed a staged approach to addressing all aspects of the Scheme. These needed to be carefully considered and clarified to avoid any ambiguity or uncertainty. The Scheme will need to be compatible with the AFBI Business Plan. The Committee will draw up a list of questions and discuss these with

AFBI's Internal Auditors (Deloitte and Touche LLB) and Legal Advisers (Arthur Cox and Co). Depending on the outcome of these discussions it may be necessary to commission and pay for independent experts (consultants) to draw up a Scheme. However, the audit trail must show clearly that all appropriate and necessary steps have been taken before consultants are commissioned.

6.5 The Board agreed that this was a very complex area and that it was not unreasonable for the Committee to seek expert assistance in preparing a Scheme. The approach to considering and addressing the aspects of the Scheme proposed by the Committee was agreed.

7. Any Other Business

7.1 April Meeting – Photographs

Mr Dolan advised that members' photographs for the website and annual report would be taken at the next meeting on 18 April 2007 and a full attendance was requested.

7.2 REAP Meeting

The Board discussed the recent visit by REAP to AFBI Newforge and the joint meeting that took place with the AFBI Board. This had provided useful insight into REAP's modus operandi and Dr McIlroy undertook to speak to ASB regarding the meeting. The Board and Executive team would consider the manner, content and timing of further meetings.

8. Date of the next meeting

The next meeting of the Board will be held at 10.00 am on Wednesday 18 April 2007 at AFBI Newforge.

Signed: _____
(Chairperson)

Date: _____