

**2010 -2011
Business
Plan**

Agri-
Food &
Biosciences
Institute



CONTENTS

Foreword

Introduction

Vision

Aims

Business priorities for 2010/11

Business Plan for 2010/11

Corporate objectives and targets for 2010/11

AFBI budgets

Monitoring and Reporting

Appendix 1

Organisational structure

Appendix 2

AFBI offices

Appendix 3

Efficiency Delivery Plan

Appendix 4

Analytical and Diagnostic Work for 2010/11

Appendix 5

Achievement against 2009/10 targets

FOREWORD

The Agri-Food and Biosciences Institute (AFBI) had a number of significant achievements in 2009/10 and looks forward to the opportunities and challenges of the coming year. This business plan sets out our commitments to customers in the Department of Agriculture and Rural Development for Northern Ireland (DARD) and the wider public and private sectors for 2010/11, and summarises our strategy for sustainability and growth.

Aims

Our overall aim continues to be the efficient delivery of high quality scientific services and advice to our wide range of local, national and international customers. In the year ahead we intend to further develop the institute's position as a world-leading centre of scientific knowledge, expertise and capability in the sphere of agri-food and biosciences and fully capitalise on our strengths for the benefit of the institute, our customers and the wider economy.

In an era of considerable pressure on public sector finances, AFBI must continue to grow its customer base in the global market in which it operates. We must continue to deliver the high quality research that drives innovation and economic growth for the benefit of all our customers and which underpins government policy. We will also continue to carry out statutory surveillance and diagnostic work and provide the rapid emergency response capability that AFBI can uniquely deliver within Northern Ireland.

Significant Achievements

In the past year AFBI continued to provide the highest level of scientific support to DARD, our sponsoring Department and main customer. This work programme comprised statutory testing, surveillance and scientific advice in relation to animal and plant disease and food safety threats, thus helping the DARD Minister to ensure that the integrity of Northern Ireland's agri-food industry was robustly protected.

AFBI's unique competence in providing emergency response support was again demonstrated during the dioxin feed contamination incident. Our scientific teams delivered both extensive analytical testing and sustained scientific advice, and played a critical support role to the Minister and Executive in restoring industry and consumer confidence, and minimising the economic impact on Northern Ireland's agri-food sector and the wider community that depends on it for jobs and prosperity.

During the past year our scientific staff initiated 24 new projects with companies and clients worth approximately £950,000. Our scientists were also engaged in some 106 DARD-funded R&D projects, a significant proportion of which were co-funded by industry and other funding bodies.

Our formal recognition in 2008/09 by the EU Commission as an independent legal entity, eligible for drawing down European R&D funding, was hugely important for AFBI and its future development. It means that AFBI can now bid for European funding as lead contractor rather



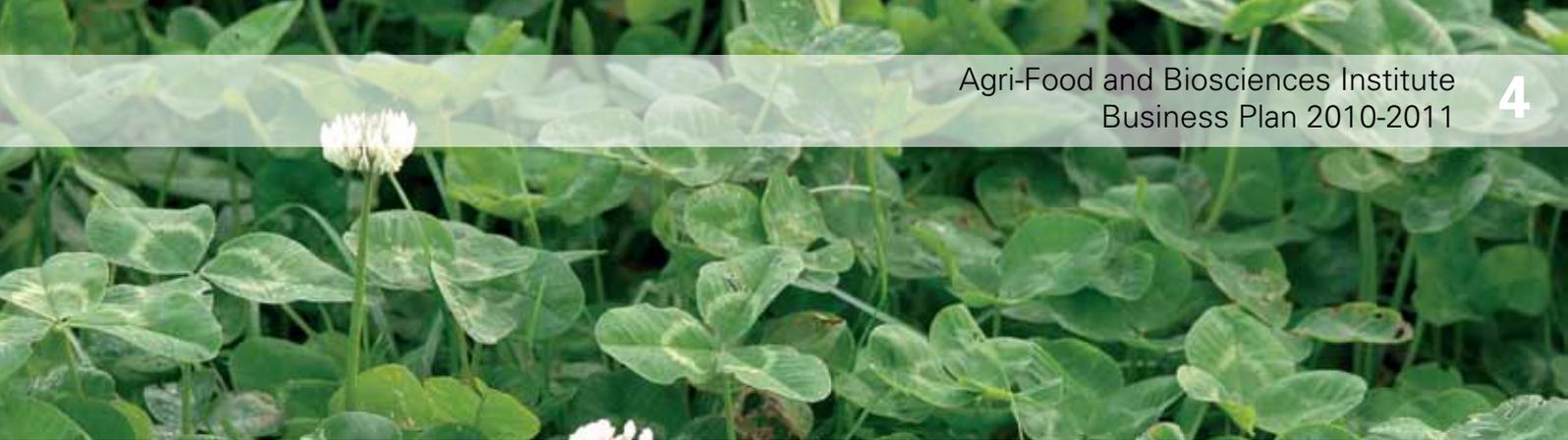
than having to use an eligible lead partner as was formerly the case. It has paved the way for the 9 EU R&D applications that are currently under consideration in Brussels with the potential for generating additional income of around £2.35m in 2010/11 and beyond.

During the year, AFBI staff participated in many international R&D networks and carried out commercial work for customers in North and South America, Europe and Asia. As part of our strategy of developing collaborative links, the institute signed Memoranda of Understanding (MoUs) with several important strategic partners, including Teagasc and University College Dublin in the Republic of Ireland and the New Zealand Institute for Plant & Food Research. In August 2009, a delegation from AFBI signed a MoU with the Shanghai Academy of Agricultural Sciences (SAAS). This followed the signing of a MoU with the Chinese Academy of Agricultural Sciences (CAAS) in December 2008. The relationship with both SAAS and CAAS has further developed with both Chinese institutes having agreed to fund student and staff exchanges with AFBI.

In the year ahead we will work to develop opportunities for further international cooperation to the mutual benefit of AFBI and its international partners, and to access scientific capability through these formal agreements for the benefit of AFBI and its customers. These agreements significantly increase the knowledge base available to the local industry through its contact with AFBI, as well as creating the potential to generate significant income from collaborative R&D and other opportunities.

AFBI has continued to work with consortia of local companies to develop proposals for Invest Northern Ireland-sponsored Centres of Competence. This initiative would see the establishment of major, long-term, collaborative R&D partnerships between local industry and research providers in Northern Ireland. One of these proposals involves AFBI working in partnership with the QUESTOR Centre to support more than 40 local companies in a proposed "Northern Ireland Centre for Renewable Energy Research". The institute is also working with 24 local agri-food companies and Queen's University to develop a "Northern Ireland Centre for Agri-Food Innovation". If these Centres are successful in their bids for Invest Northern Ireland funding, significant long-term support will be provided to local industry that will underpin strategic research of an international standard. The majority of funding provided would be directed to research that will be delivered on behalf of the companies by AFBI, QUESTOR and Queen's University Belfast.

The Centres of Competence would lead to increased business expenditure on R&D with the potential for intellectual property (IP) that would ultimately provide a rich platform for innovative added value products, processes and new enterprises in the local agriculture and rural development sector. As Northern Ireland's leading agri-food research organisation, AFBI will aim to be a leading provider of research support to these consortia. AFBI's international partners would provide additional expertise where this is not available within Northern Ireland. During 2010/11 AFBI will support the consortia in developing business plans for both Centres. If funding is provided, it is anticipated that it would be in place by the beginning of the 2011/12 year.



The implementation of AFBI's commercialisation plan continued during 2009/10 with the second year of AFBI's 3-year 'commercialisation capacity' building programme. Funding of £990k from the Department of Business, Innovation and Skills (DBIS), under the PSRE4 programme, supported this work. The aim of this project is to expand commercialisation capability within AFBI. During 2009/10 staff across all AFBI Divisions continued to embrace the commercialisation of their know-how and expertise, helping to develop new technologies and services that contribute to AFBI's revenue generation targets. This focus on innovation and the exploitation of IP will be increased in 2010/11.

One measure of the entrepreneurial activity of staff was the number of new technology and service proposals disclosed to our business development unit, AFBI Innovations, by AFBI scientific staff. By 31 March 2010, 26 proposals for new technologies and services had been formally disclosed, five business plans had been prepared and four revenue-generating ventures established within the institute. One of these ventures generated revenue in excess of £100k.

Another indicator of the commercialisation potential within AFBI came in the form of success in the Northern Ireland Science Parks "Search for the next big thing..." competition. During 2009/10, 3 teams from AFBI (2 jointly with the College of Agriculture, Food and Rural Enterprise), submitted business plans to the competition. From an initial field of almost 70 entries, all 3 AFBI teams were shortlisted to the final 10, with one eventually winning the ICT and Digital Media category. The winner of this category was the "PiGIS" software system for analysing pig carcase and benchmarking data. AFBI will be seeking commercial exploitation agreements for the technology during 2010/11.

The success of these teams raised the profile of AFBI's innovative science and demonstrated the potential for high-tech business start-ups based on AFBI technologies. In view of the importance of innovation and commercialisation to the future sustainability of the institute, AFBI will bring forward proposals to DARD during 2010/11 to enable the institute to support entrepreneurial staff in commercialising IP through spin-out ventures. Approval for such ventures would greatly assist in capitalising on the scientific knowledge within the institute, deliver wealth and job creation in the local economy and generate a return to AFBI that would help sustain and grow the organisation.

AFBI's first internal challenge "Fund for Innovation" was successfully launched in 2009/10. This competition, funded as part of the PSRE4 initiative, was designed to encourage and support entrepreneurial staff in developing ideas for new technologies and services that have the potential for generating income for AFBI. Thirteen projects were supported with a total investment of £145k. During 2010/11, the scientific staff driving these projects will be supported in taking them further towards commercial exploitation, and AFBI Innovations, will deploy funding from the PSRE4 fund into a second AFBI Fund for Innovation.



During the year, the DARD Minister officially opened refurbished facilities at AFBI Hillsborough. The £4.8m project included the refurbishment of conferencing facilities at the site, the latter being funded by the endowment fund held by the former Agricultural Research Institute for Northern Ireland (ARINI). These new facilities have already been used for several high profile events within the local agri-food and rural development sector. This investment follows on from a £2.9m investment in the Environment and Renewable Energy Centre at Hillsborough which was officially opened in January 2009. During 2009/10, DARD also supported the refurbishment of laboratories at AFBI's Stormont site.

The Year Ahead

We will refresh our long-term strategy for AFBI in the coming year. We must adapt to our changing environment and have a level of flexibility in our cost base that enables us to remain financially strong while maintaining our critical mass of knowledge, experience and capability. The development of this revised strategy comes at an important time for AFBI and will be critical in ensuring that the institute continues to grow stronger despite the current constraints on public sector spending. While this strategy will form the basis of AFBI's 2011-2014 Corporate Plan, it must look further in defining the vision for the institute in the following years.

We have continued intensive work on implementing the AFBI Business/Science, People and Estates strategies. Teams from across AFBI are taking this work forward and their outputs will inform the strategic planning process during 2010/11. This work is critical to embedding a strong business culture in AFBI as a multi-disciplinary public sector science organisation with an imperative to maximise the commercial opportunities from its innovative science in the global marketplace. This change process assumes added importance in the context of the current financial pressures on the institute and will make an essential contribution to AFBI's future direction.

The effects of the recent economic downturn have affected public sector spending. AFBI, in common with DARD and other government departments, must prepare for budget reductions in 2010/11. DARD has indicated that it will reduce AFBI's current grant-in-aid by £1m. This reduction is in addition to existing commitments to deliver £690k in efficiency savings during 2010/11 as part of the efficiency delivery plan agreed by AFBI as part of the 2008-2011 Comprehensive Spending Review (CSR). The latter will bring the cumulative efficiency savings delivered between 2008 and 2011 to £2.1m per annum, excluding the additional one-off £1m referred to above. AFBI's recurrent capital budget is to be reduced by £900k in 2010/11. This budget is used primarily to fund the purchase of scientific equipment for the institute. The pressure in recurrent capital for 2010/11 was offset to some degree by an additional £1,097k provided by DARD in 2009/10. It will be important for this recurrent capital budget to be restored in 2011/12.



As a result of these financial pressures, AFBI will put a range of measures in place to ensure that staffing levels are managed efficiently within the budget available. We will also maximise any efficiencies to be gained in the procurement of goods and services and agree with DARD the work to be carried out for the department in 2010/11 and the associated costs.

It is prudent to assume that there will be no increases in government funding from 2011/12 onwards and indeed AFBI will plan for reductions. Therefore, we must redouble our efforts to pursue alternative business opportunities while ensuring our ongoing drive for cost efficiency is maintained.

During 2010/11 we will continue to maintain an effective local emergency response capability across a range of disciplines and expertise for DARD, the agri-food sector and other local and national public bodies. Agreement on the future DARD work programme will be reached in the context of maintaining "critical mass" for an effective emergency response capability across a number of fronts, including access to a range of emerging technologies.

While 2010/11 will be challenging in terms of budgetary constraints, it provides AFBI with an opportunity to develop the strategic plan that will define the direction of the organisation for the next 5 to 10 years. We will plan to grow and diversify our revenue base by extending the reach of AFBI internationally and improving operational efficiency and effectiveness. I am confident that AFBI's leadership and staff across all Divisions will capitalise on the opportunities that lie ahead for the benefit of the institute, our sponsor Department DARD, the agri-food sector and the wider Northern Ireland economy.

Dr Seamus Kennedy
Chief Executive Officer (Acting)



Vision

To be an internationally recognised and successful centre of excellence for scientific research and services in biosciences.

Our mission

AFBI's mission is to deliver effective, high quality scientific services in the biosciences to local, national and international public and private sector customers.

The growth in the scale of diversity and complexity of scientific knowledge means that no single organisation can deliver all aspects of science within our sphere of interests. We therefore continue to develop strategic partnerships with appropriate funding bodies, universities and other organisations, and actively participate in appropriate national and international research bodies.

We place particular emphasis on selling our expertise and skills to wider markets, seeking to develop new opportunities with existing and new partners. We conduct horizon scanning to identify opportunities for the provision of our science services, to identify opportunities to participate in R&D networks and to identify potential mechanisms to maintain our position within the global scientific community. We keep fully up to date with global research developments and strive to take full advantage of opportunities that might benefit the local agri-food sector.

BUSINESS PRIORITIES FOR 2010/11

Our key business priorities for the 2010/11 business year contribute to the achievement of our strategic aims. As we widen our customer base we will seek to achieve £11.6m of non-Grant in Aid income. Allied to this, we will further refine our commercialisation strategy for the exploitation of AFBI's intellectual property (IP). With support from the Strategic Investment Board for Northern Ireland, we will develop and implement a 3-year 'Marketing and Business Development Strategy' and deliver benefits under our existing MoUs.

We will develop an AFBI strategic development plan that will define the 5-10 year vision for AFBI and set out the strategy for ensuring its delivery. This strategy will form the basis of AFBI's 2011-2014 Corporate Plan.

The strategy for the exploitation of our intellectual property (IP) has clearly defined targets for commercialisation. The intellectual capacity of our staff is AFBI's most valuable asset and we will continue to agree, implement and embed a process which will foster and promote innovation and the capture of financial benefits for AFBI and its staff.

We will continue to enhance the service we provide to all our customers by maintaining and further developing effective customer relationship management systems.

Our Business Continuity Plan will be finalised in 2010/11 and will provide assurance to our customers of our capability to respond to potential business disruptions during emergencies. We will also further test our Continuity Plan (in autumn 2011) in order to evaluate our capability to respond to potential emergencies.

We will finalise an Assets Strategy which will provide the basis for the investment needs of AFBI over the next 5-7 years and ensure that the estate is matched to the future business of the organisation.

We will work to maintain expenditure within agreed budgets and in 2010/11 plan to deliver a cumulative increase in annual savings to £2.1m as part of pre-agreed efficiency delivery plans. We will continue to actively pursue new business to ensure that our resources are fully and effectively employed.

DARD has indicated that it will reduce AFBI's grant-in-aid in 2010/11 by a further £1m (current) and £0.9m (recurrent capital). Whilst a contingency for meeting budget limitations in 2010/11 has been provided, it is important that AFBI works with DARD to identify lower priority areas of work that can be ceased or reduced should AFBI budgets come under renewed pressure in 2010/11 and beyond.

HR Connect and Account NI represent a significant cost overhead for AFBI. Whilst DARD has been able to provide AFBI with assistance in meeting these costs in 2010/11, AFBI will investigate options for obtaining better value for money for these HR and accounting functions.

BUSINESS PLAN for 2010/11

Corporate Objectives and Targets for 2010/11

Five corporate objectives are set out in the published AFBI Corporate Plan 2008-2011. In this Business Plan, each objective has associated targets for 2010/11 and these targets mean that AFBI is on schedule to attain all of its corporate objectives by the end of 2011. (A summary of the achievement of 2009/10 targets is provided in Appendix 5.)

Each corporate objective has an associated background and context and is discussed below.

1. To sustain and grow our business spectrum

The anticipated grant-in-aid and projected revenue targets are outlined below in the context of figures for each year since the establishment of AFBI.

Income from Resource Grant-in-Aid:

2006/07:	£41.03m
2007/08:	£40.92m
2008/09:	£42.95m
2009/10:	£39.1m
2010/11:	£37.4m

Income from non-DARD sources:

2006/07:	£6.19m
2007/08:	£8.24m
2008/09:	£9.50m
2009/10:	£10.50m
2010/11:	£11.6m

In 2010/11 we will work to meet reductions in grant-in-aid through a combination of further efficiency gains and a reduced and re-prioritised DARD work programme, while increasing levels of business undertaken for non-DARD customers.

While we will endeavour to grow non-DARD income we are aware that the current economic climate creates an uncertain environment in which to grow revenue. For this reason, it has been conservatively estimated that revenue from non-DARD sources will be £11.6m during 2010/11. We will develop and implement a 3-Year Business Development and Marketing Strategy during the year that will seek to maximise revenue from existing commercial relationships, whilst targeting priority sectors for new business.

We will work to improve support for scientific staff in developing commercial opportunities and continue to promote AFBI in new geographical markets with the potential to develop new business. We will continue to work with Invest NI and UK

Trade and Investment to promote AFBI capabilities in global markets. It is planned to undertake an Invest NI-supported animal health mission to the USA in early 2010/11 to build on AFBI's success in this sector which is already generating substantial royalty income.

A key element in sustaining and growing our business is our specialist staff resource. We intend to meet government policy objectives for staff in PSREs to be incentivised to maximise the commercialisation of publicly funded research by implementing a "Rewards to Staff" Scheme during 2010/11.

AFBI will cease to fill posts that become vacant unless business-critical. If they must be filled, our first priority will be to use internal trawl. Where posts must be filled by external recruitment e.g. where the required skills do not exist within AFBI, fixed-term contracts will be used where possible. We will develop clear and transparent criteria for determining which posts are business-critical and will develop procedures that will ensure uniform compliance across the whole organisation.

2. **To deliver high quality, cost-effective scientific, economic and emergency response services to our customers**

Our scientific services will be delivered to the exacting quality standards demanded by our customers. The wide range of tests and services that are accredited to international standards eg ISO17025, ISO9001 and Good Laboratory Practice, represent a considerable investment by AFBI. Staff engaged in accredited scientific work and in the management of quality standards must be trained and evidence of such training provided as an integral part of attaining and maintaining accreditation. AFBI will ensure that it continues to make the necessary investments to guarantee the high quality of its science. Appendix 4 provides an indication of the quantum of tests that AFBI anticipates providing for customers in 2010/11.

The role of agriculture in combating climate change is an important emerging area in which AFBI has valuable capabilities. The UK has legally binding targets to reduce greenhouse gas (GHG) emissions by 80% by 2050. DEFRA, together with the devolved administrations, is funding a UK-wide research programme to refine and monitor the inventory of GHG emissions of methane and N₂O from land and farm animals. AFBI is a significant partner in a consortium which has bid for part of this work. With AFBI's experience in this area and the strength of the consortium, it is hoped that this bid will be successful and deliver significant funding during 2010/11.

The forthcoming Northern Ireland Marine Bill will result in the establishment of a network of marine protected areas. Evidence-based science will be required to establish the need for the extent and the conservation objectives of the newly established Marine Conservation Zones (MCZs) for which novel approaches to



integrating and analysing diverse series of marine resource features, uses and impacts must be developed. AFBI is leading the development of internationally accepted methods of integrating ground truth data with wider acoustic sensing databases and is developing these tools to provide integrated advice on marine resource status. During 2010/11, AFBI will begin to apply these techniques to existing and new datasets to provide area-specific advice to Northern Ireland government departments on the management of marine resources, particularly in the coastal zone.

AFBI will continue to carry out statutory work in the areas of animal and plant health and will conduct relevant commissioned applied research to ensure that up-to-date protocols and methodologies are applied.

AFBI will take forward new initiatives on the use of willow biomass for farm and municipal waste remediation and on grass bio-refining which are important for the development of renewable energies in the rural environment. This work will develop a strong platform that will ensure that our agri-food sector is at the forefront of developments in this emerging area.

AFBI will also provide strategic socio-economic research, policy analysis, knowledge transfer and advice on the economics of agri-food and rural resource usage to DARD and other stakeholders. The research programme comprises four integrated themes, namely, (1) sustainability of agri-food systems, (2) environment and climate change, (3) rural development, and (4) policy impact analysis. Our analytical methods and inter-related state-of-the-art models combine qualitative and quantitative approaches which enrich our understanding of the ever-changing system, and facilitate policy scenario analyses. These models will be further developed to embrace emerging policy issues such as projection of GHG emissions from agriculture. The programme will also provide baseline data and analysis to DARD in the development of its Rural White Paper.

3. To be the preferred partner or contractor in the delivery of local, national and international scientific services

With support from the Strategic Investment Board of Northern Ireland, AFBI's 3-year Business Development and Marketing Strategy will be developed and implemented during 2010/11. This strategy will help AFBI to target its promotional activity to maximise business opportunities and ensure that, in the areas with significant existing business and high growth potential, AFBI is recognised as the preferred partner.

There is mutual advantage in developing and maintaining formal collaborative agreements with appropriate scientific institutions locally, nationally and internationally. Such agreements offer the prospect of sharing expertise and facilities and exchanging staff. In this way increased value for money can be achieved and opportunities for

funding maximised. Most importantly they facilitate joint collaborative bids for third party funding and thus greatly facilitate AFBI's sustainability. These agreements also give AFBI a foothold in new geographical markets. During 2010/11 we will strive to put in place specific cooperation agreements and projects under our existing collaborative MoUs.

During 2010/11, AFBI will support the development of Invest NI-supported Centres of Competence in Renewable Energies and Agri-Food Innovation. These long-term collaborative research partnerships will provide opportunities for AFBI to support local companies by delivering R&D. They will also provide a platform for the development of additional services including product and process development and analytical services. AFBI will use these networks, where appropriate, to promote commercialisation opportunities, wherein companies may be suitable licensees for IP developed by AFBI.

AFBI will maintain at a high level its scientific and economics R&D programmes and publications outputs in internationally recognised scientific/economic journals, thus maintaining the institute's reputation as a foremost international research establishment.

4. **To maintain the necessary skills and resources to be able to provide services, including an emergency response, that meets the agreed requirements of customers**

AFBI's ongoing work programme ensures that our staff will have the necessary skills, experience and facilities to respond rapidly and effectively to emergencies in the agri-food, animal health and environmental spheres. Examples of such responses in recent years include foot-and-mouth disease, bluetongue, and dioxins in animal feed. AFBI has consistently provided a high level of advice and support to the DARD Minister during such emergencies and will continue to maintain this emergency response capability at the highest level.

AFBI has responsibility for molecular confirmatory testing of the major epizootic disease threats to farmed livestock in Northern Ireland in support of DARD's emergency response capability. It is critically important that AFBI maintains the capability to rapidly and accurately identify such disease outbreaks, allowing appropriate control measures to be deployed effectively. In late 2009 this capability was applied to identify the pandemic influenza H1N1 virus in pig herds for the first time in Europe. The capacity to respond to these disease outbreaks involves the maintenance of highly skilled teams who undertake continuous training in the variety of molecular techniques required. The work is performed to the required standards using the appropriate national and international protocols in consultation with national and OIE reference laboratories. AFBI will continue to participate in supporting R&D, which ensures that diagnostic procedures are state-of-the-art and that the capacity to deal with new and emerging threats is maintained.



Agri-Food and Biosciences Institute
Environment and Renewable Energy Centre

5. To seek to continually improve the management of our business and deliver services that are value for money

Value for money continues to be a major consideration in our business decisions and the targets listed under this objective illustrate this central tenet.

We will focus considerable effort on developing a 5-10 year strategy for AFBI. The work of the Business, People and Assets Strategy teams will inform this strategy, coming together in a single strategic plan that will ensure that all areas of AFBI's business are focused on the common goal of achieving a strong, efficient and flexible organisation capable of adapting to the changing needs of its customers and stakeholders. We must ensure that AFBI has the strength and flexibility to cope with future budgetary pressures. This strategy will form the basis of the 2011-14 Corporate Plan.

We will seek to make further efficiency savings through improved procurement of goods and services during 2010/11. We will examine procurement of outsourced HR and account management services to ensure that appropriate steps are taken to obtain best value for money.

We will introduce a new AFBI "Costing and Charging Policy". This policy will ensure that HM Treasury Guidance in relation to charging for commercial services is clearly communicated to all staff. Importantly we will seek to maximise the market returns from our services and expertise.

We will also, during 2010/11, develop and deliver AFBI's 3-year Business Development and Marketing Strategy. This will ensure that AFBI is proactive in anticipating market changes and effective in maximising revenue from its customer base.

Specific business targets for 2010/11 are summarised in the tables. These targets are assigned to members of the AFBI Senior Management Team, and are included in Divisional and Branch Business Plans as appropriate.

Table 1: Summary of Targets for 2010/11

KEY STRATEGIC OBJECTIVES	2010/11 TARGETS
<p>1. To sustain and grow our business spectrum.</p>	<p>To grow non-Grant in Aid income to £11.6m in the year ending 31 March 2011;</p> <p>To roll out commercialisation training to AFBI staff during 2010/11.</p> <p>To deliver a second AFBI Fund for Innovation by 31 October 2010.</p> <p>To identify 10 new technology opportunities and 3 new service opportunities by 31 March 2011.</p> <p>To begin work on at least 2 Invest NI “Proof of Concept” projects, worth approximately £200k, (to support early stage commercialisation of AFBI IP) by 31 December 2010.</p>

2. To deliver high quality, cost-effective scientific and economic services to our customers.

To develop and agree a MoU and appropriate SLAs with DARD by 31 July 2010.

To conduct a programme of scientific testing in accordance with accredited standards as indicated in Appendix D during 2010/11. (Note test numbers are indicative only.)

To maintain ISO 9001 accreditation during 2010/11.

To maintain ISO 17025 accreditation in appropriate areas during 2010/11.

To develop an integrated GIS-based marine resource database, to provide recommendations to DARD on candidate Marine Conservation Zones (MCZs) for Northern Ireland, by 31 March 2011.

To develop and evaluate the first generation of diagnostic tools for the detection of avian astroviruses by 31 December 2010;

To evaluate novel molecular diagnostics technologies for rapid, sensitive and specific detection of avian influenza, NDV and ILTV by 30 September 2010.

To have developed a new timber production forecasting model and prediction system for the DARD Forest Service by 31 March 2011;

To have produced protocols at a pilot level for the fractionation of key high-value components from grass and forage for use as industrial and manufacturing feedstocks, by 31 March 2011.

3. To be the preferred partner or contractor in our delivery of local, national and international scientific services.

To work with Invest NI and UKT&I to promote AFBI in international markets during 2010/11.

To support local businesses in the preparation of Business Plans for the establishment of a Northern Ireland Centre for Renewable Energy Research and a Centre for Agri-food Innovation, to be submitted to Invest NI by 31 October 2010.

To establish at least 3 specific cooperation projects with international partners that will benefit AFBI in terms of future revenue generation by 31 March 2011.

To develop and begin implementation of a 3-Year AFBI Business Development and Marketing Strategy by 31 August 2010.

To become an active partner in DEFRA research programme on the UK GHG inventory for agriculture by 31 March 2011;

To have 100 scientific papers accepted for publication in the refereed scientific literature by 31 March 2011.

4. To maintain the necessary skills and resources to be able to provide services, including an emergency response, that meets the agreed requirements of customers.

To progress development of Business Unit Resumption Plans for targeted AFBI business units; and to initiate a programme of exercising of these plans, by 31 March 2011.

To review and develop a plan to test our Contingency Plan in order to test our capability to respond to potential emergencies, by 31 October 2011;

To develop procedures to support decision making in regard to filling vacant posts within AFBI by 30 June 2010.



5. To seek to continually improve the management of our business and deliver services that are value for money.

To achieve in year efficiency savings of £690k by 31 March 2011. These savings are part of cumulative savings of £2.1m delivered by AFBI between 2008 and 2011.

To identify lower priority areas of the DARD work programme for potential cessation (in partnership with DARD), by 31 July 2010.

To develop a Corporate Plan 2011-2014 by 31 January 2011 that will define AFBI's medium- to long-term HR, business and asset needs.

To introduce a new Costing and Charging Policy by 31 August 2010.

To develop a contingency scheme for staff redundancies by 31 March 2011.

To manage absenteeism to ensure we achieve less than 8.5 days per annum per whole time equivalent, by 31 March 2011;

To maintain expenditure within resource limits and to agreed budgets;

To produce unqualified accounts for 2009/10.

To review outsourced HR and accounting services and look for opportunities to reduce costs and improve value for money by 31 December 2010.

AFBI BUDGETS

AFBI have been working to a 3-year baseline budget that maintains the budget for the DARD work programme during 2008/09 to 2010/11. Core grant-in-aid did not increase during this period and AFBI absorbed inflationary pressure in salaries and wages. The pre-agreed baseline for 2010/11 in Table 2 takes into account the static grant-in-aid plus additional CSR efficiency savings during this period which amounted to a total of £2.1m for the 2010/11 year.

DARD will reduce AFBI's current budget by £1m and its recurrent capital budget £922k for 2010/11; AFBI is currently working with DARD on a strategy for delivery of the proposed reduction in current budget. An important element of this strategy is agreeing with DARD a reduced work programme for the department and associated costs for 2010/11. (Only non-staff savings can be achieved from a reduced DARD work programme in 2010/11.)

Table 2: AFBI Budget 2010/11

Description	£'000s
EXPENDITURE	
Resource Expenditure	
Salaries & wages	27,186
Administration costs	10,665
Programme	5,602
DARD Lease	6,652
Capital Expenditure	
Capital equipment	400
Ring-fenced Capital Grant	50
Gross Expenditure	50,555
INCOME	
Resource Income	
Grant-in Aid	30,069
DARD Lease	6,652
Ring-fenced Resource Grant-in-Aid	1,040
Non-Grant in Aid income	11,590
Capital Income	
Capital Equipment	400
Ring-fenced Capital Grant	50
Gross Income	49,801
Deficit: Resource	754
Deficit: non cash	685
Total resource and non cash deficit	1,439

Note: The budget represents the opening position; in-year adjustments can be made in monitoring rounds.



Contingency plans have been put in place to deal with both the cash and non-cash deficits. The cash deficit of £754k arises as a result of AFBI's obligation in respect of pay equalisation. The amount involved is made up of 3 parts:

- The first relates to the amount accrued to staff who were employed in DARD between 2003 and 1 April 2006 and has been estimated at £364k.
- The second relates to backpay accrued from 1 April 2006 to date by staff who transferred to AFBI from DARD on 1 April 2006 and has been estimated at £326k.
- The third relates to the amount potentially accrued by staff who joined AFBI after 1 April 2006 and who would be potentially eligible for backpay dating back to their date of joining AFBI. This has been estimated at £64k.

DARD has agreed to bid to DFP for the required funds in relation to "equal pay" backpay for the above three categories of staff.

AFBI has a non cash deficit of £685k in respect of depreciation. AFBI will make a bid to DARD for additional funds to support this liability.

In 2010/11 AFBI anticipates receipts of £11.6m from a variety of public and private sector customers. The DARD work programme represents the balance of expenditure funded through grant-in-aid.

Monitoring and Reporting.

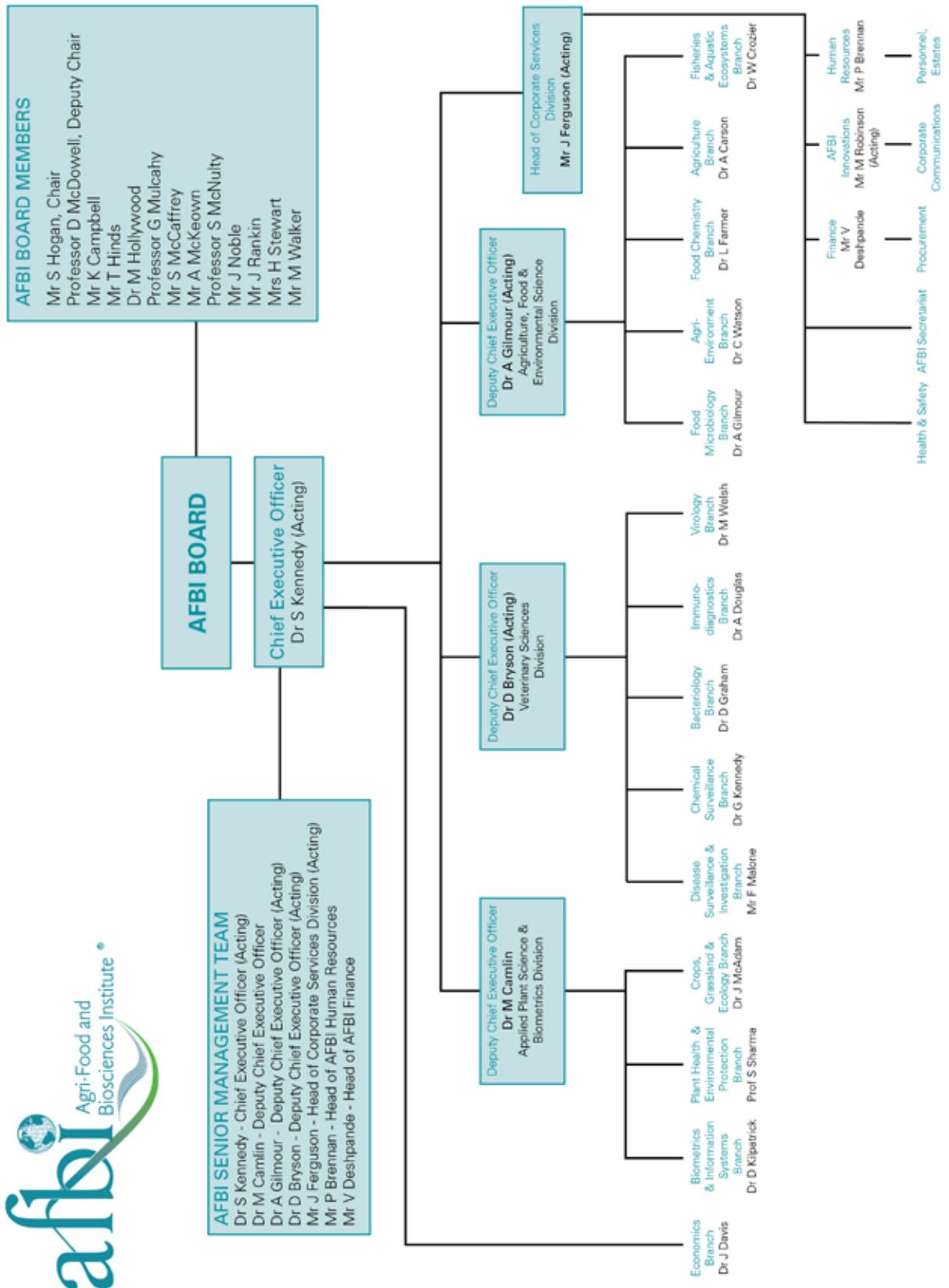
The AFBI Senior Management Team (SMT) and AFBI Board will monitor performance against the key strategic objectives and targets set for 2010/11. Division Heads will closely monitor income and spend against projected income and budget allocation. If it appears that the achievement of key targets may be at risk, due to factors outside the institute's control, the Chief Executive will consult with the Head of the DARD Sponsoring Branch about options for remedial action. In these or other circumstances, it may be necessary to review the Business Plan during the year and make changes in policies, resources or priorities. The Business Plan is subject to formal in-year and year-end reviews by DARD, the DARD Minister and Permanent Secretary, in discussion with the AFBI Chair and Board.

Regular monthly monitoring and reporting to DARD Sponsor Branch will include the reporting of financial expenditure against budget profile on a monthly basis. This is also reported monthly to the AFBI Board. Income, cash flow and debtor status are also reported monthly to Sponsor Branch.

Risk Management is addressed via monthly reporting on an exceptional basis to our sponsor Department and by the provision of a reviewed corporate risk register on a quarterly basis. The Corporate Risk Register is reviewed by AFBI's Audit Committee on a quarterly basis.

Following the end of the financial year, the Chief Executive will publish an Annual Report and Accounts for laying before the Northern Ireland Assembly. The report will review the institute's activities during the year and contain specific comment on its performance against the key targets set by the Minister.

APPENDIX 1: ORGANISATION CHART



APPENDIX 2: AFBI OFFICES

AFBI Headquarters

18a Newforge Lane
Malone Upper
Belfast
BT9 5PX
Tel 02890255
Fax 02890255

AFBI Stormont

12 Stoney Road
Ballymiscaw
Stormont
Belfast
BT4 3SD

Tel: 02890 520011/525791
Fax: 02890 525773

AFBI Omagh

43 Beltany Road
Conneywarren
Omagh
Co. Tyrone
BT78 5NF

Tel: 02882 243337
Fax: 02882 244228

AFBI Crossnacreevy

50 Houston Road
Crossnacreevy
Castlereagh
Belfast
BT6 9SH

Tel: 02890 548000
Fax: 02890 540001

AFBI Loughgall

4 Manor House
Levallaglish
Loughgall
Co. Armagh
BT61 8JA

Tel: 02838 892300
Fax: 02838 892333

AFBI Hillsborough

Large Park
Hillsborough
Co. Down
BT26 6DR

Tel: 02892 682484
Fax: 02892 689594

AFBI Bushmills

River Bush Salmon Station
Church Street
Bushmills
Co. Antrim
BT57 8QJ

Tel: 02820 731435
Fax: 02820 732130

APPENDIX 3: EFFICIENCY DELIVERY PLAN

As part of the Budget 2007 process, DARD has a target to deliver cash releasing efficiencies of at least £36.5m over the 3-year period from 2008/09 to 2010/11. An element of the overall DARD plan is reductions in the grant-in-aid to AFBI.

In 2010/11 the cumulative reduction in AFBI grant-in-aid will amount to £2.11m. £1.42m of this was delivered through efficiency gains embedded within AFBI during 2008/9 and 2009/10. In 2010/11 a further £690k must be delivered.

The combined reductions in grant in aid will be met through a combination of reductions in programme costs and reducing the overall numbers of staff in post.

• Reduction of staff in post	£293k
• Programme cost reductions	£398k
Total	£691k

Programme costs will be reduced as a result of increased procurement efficiencies; this is reflected in Divisional budget allocations. Staff in post will be reduced as a result of natural wastage in a number of lower priority areas which have been identified.

In addition, AFBI's grant in aid has been reduced by a further £1m in 2010/11. Whilst in 2010/11 extra income will enable AFBI to balance its budget, it is important to again note that AFBI can no longer deliver the same work programme to DARD whilst absorbing inflationary pressures and budgetary cuts.

It is therefore critical that DARD identify areas of the work programme that are of lower priority so that programme spend can be reduced and staff numbers brought down through natural wastage. This will be critical in delivering efficiencies in 2010/11 and in enabling AFBI to remain within budget in 2011/12 and beyond.

APPENDIX 4: ANALYTICAL AND DIAGNOSTIC WORK FOR 2010/11

Agriculture Food and Environmental Science Division

Ensure that 95% of testing programme is completed and technical reports produced within the agreed timescales.

Agriculture Branch

Sample type	Sample Range
Animal feedstuffs	500 – 550
Forage analysis	10,000-10,500

Agri-Environment Branch

Sample type	Sample Range
Fertiliser/ Limes	100 – 150
Plant / Soil	25-50

Fisheries and Aquatic Ecosystems Branch

Sample type	Sample Range
Water from aquaculture sites	750 - 800

Food Chemistry Branch

Sample type	Sample Range
Various food sources/products /feedstuffs	1,750 – 2,000

Food Microbiology Branch

Sample type	Sample Range
Carcass swabs/Plant hygiene swabs	250 - 300
Live cultures	150 - 200
Processed animal protein.	200 - 250
Egg/poultry	250 - 200
Dairy	1,250 – 1,500

Applied Plant Science and Biometrics Division

Ensure that 95% of testing programme is completed and technical reports produced within the agreed timescales.

Sample type	Sample Range
Statutory testing of plant varieties and seeds	4,000 - 4,250



Veterinary Sciences Division

Chemical Surveillance Branch

To complete analytical testing for veterinary drug residues and report within 5 working days of submission, 95% of samples submitted under the Meat Inspection Scheme that have correct submission information. (Indicative range: 1600-2000 samples per year)

Disease Surveillance Investigation Branch

To complete post-mortem examinations on carcasses submitted for diagnostic surveillance and issue initial report on 90% within 5 working days of submission. (Indicative range: 3400-3800 PM examinations per year)

Immunodiagnostic Branch

To complete brucellosis serology and report to APHIS within 3 (negatives) or 5 working days (non-negatives) of submission, 95% of all samples that have correct submission information. (Indicative range: 1,100,000 – 1,300,000 sample per year)

Bacteriology

To complete bacteriological investigations for *Brucella abortus* and issue reports on 90% of samples within 3 weeks of submission. (Indicative range 600-900 samples per year)

Virology

To complete testing of cattle and sheep TSE surveillance samples and report 95% within 24 hours of submission. (Indicative range 120,000 – 140,000 sample per year).

Note these figures are indicative and may vary in-year, by agreement with customers to reflect their changing priorities.

APPENDIX 5: OUTTURN AGAINST 2009/10 TARGETS.

Target	Outcome
<p>Target 1: To sustain and grow our business spectrum.</p>	
<p>to achieve £10.5m of non-DARD income by 31 March 2010;</p>	<p>Target met</p>
<p>to develop and obtain AFBI Board approval by 31 August 2009 for a 3-year marketing plan (2009/10 – 2011/12);</p>	<p>Currently working with SIB to develop a comprehensive plan</p>
<p>to develop and communicate a customer management framework by 31 August 2009</p>	<p>Incorporated into point above.</p>
<p>to have an agreed Memorandum of Understanding (MoU) and Work Programme with DARD, by 30 September 2009;</p>	<p>Work ongoing. Priority shifted to costing work programme as basis of MoU</p>
<p>to increase income from non-UK customers by £0.5m (around 7%), by 31 March 2010.</p>	<p>Target met</p>
<p>to have a business case for a Rewards to Staff Scheme agreed by DARD and ready for issue to DFP by 30 April 2009.</p>	<p>Submitted to DARD in year, awaiting DFP approval</p>
<p>Target 2: To deliver high quality, cost-effective scientific and economic services to our customers.</p>	
<p>to finalise an AFBI Estates Strategy by 31 December 2009;</p>	<p>Target met</p>
<p>the newly-appointed Training Development Officer will draw up a staff training plan for consideration by AFBI SMT, by 30 June 2009;</p>	<p>Learning needs analysis work is ongoing</p>
<p>to review and assess the specialist scientific equipment across AFBI to determine its fitness for purpose and to identify future needs, by 31 August 2009.</p>	<p>Achieved by 22 December 2009</p>



Target	Outcome
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Target 3: To be the preferred partner or contractor in our delivery of local, national and International scientific services.

to have 3 new agreements for collaborative partnerships, by 31 March 2010;

Target met

to conduct a market analysis of the public sector and the agri-food private sector in NI to identify their requirements for the next three years and establish potential for additional provision by AFBI, by 30 November 2009;

Target met

to have 100 scientific papers accepted for publication in the refereed scientific literature, by 31 March 2010.

Target met (80 published. 27 currently in press)



Target	Outcome
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Target 4: To maintain the necessary skills and resources to be able to provide services, including an emergency response, that meets the agreed requirements of customers.

to identify 4 specialist information and/or training events in emergency response and to ensure these are attended by appropriate AFBI staff, by 31 March 2010;

Target met

to begin work (which may extend into 20010/11) on developing a computer-based model to assist the identification of skills and resources required for AFBI's response to a range of possible emergencies, by 31 March 2010;

Postponed

to develop an over-arching Business Continuity Plan and Business Continuity Policy in order to maximise our capability to respond to potential business disruptions during emergencies, by 31 August 2009;

Ongoing. Policy approved by AFBI Board. Corporate BCM plan drafted by 31 March 2010.

to analyse, review and report our response to the dioxin emergency in 2008/09 to identify the potential for increased efficiency and effectiveness in a future emergency, by 31 October 2009;

Target met

to review and develop a plan to test our Contingency Plan in order to test our capability to respond to potential emergencies, by 31 October 2009.

Foot and mouth contingency exercise completed March 2010

to further progress an expenditure appraisal for a new animal pathogen laboratory to SAPO4 standard by 31 March 2010;

Target met. A strategic outline business case regarding SAP04 facility submitted to DARD in January 2010



Target	Outcome
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Target 5: To seek to continually improve the management of our business and deliver services that are value for money.

to achieve efficiency savings within the Comprehensive Spending Review of £1.42m whilst accommodating changes to the BSE testing regime and new work on a badger survey, by 31 March 2010;	Target met
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to manage absenteeism to ensure we achieve less than 8.5 days per annum per whole time equivalent, by 31 March 2010;	Figure being produced by NISRA
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to implement the new accounting system Account NI by 30 April 2009;	Target met
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to ensure that costing system is aligned to operate effectively with Account NI, by 31 Dec 2009;	Target met
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to introduce and manage an enhanced management system for the timely invoicing, receipt, monitoring and reporting of cash income from commercial customers, by 31 May 2009;	Not achieved
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to implement IFRS in line with the DFP implementation plan, by 31 March 2010;	Target met
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to maintain expenditure within resource limits and to agreed budgets;	Target met
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to produce unqualified accounts for 2008/09.	Target met
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