



**Minutes of the Meeting of the
Agri-Food and Biosciences Institute (AFBI) Board
held at AFBI Newforge
on Thursday 5 February 2015 at 9.00am**

Present – Board Members

Mr Colm McKenna, Chair
Prof William McKelvey,
Deputy Chair
Mr David Lindsay
Dr Cecil McMurray
Mr Bob McCann
Mrs Hilary McCartan
Prof Patrick Murphy
Mr Ken Millar
Mrs Hilda Stewart

In Attendance - AFBI Executive

Prof Seamus Kennedy, Chief Executive Officer
Mrs Lesley Hogg, Director of Finance and Corporate Affairs Division
Dr Sinclair Mayne, Director of Sustainable Agri-Food Sciences Division
Dr Stanley McDowell, Director of Veterinary Sciences Division
Mr James Adams, AFBI Secretariat

Visitors

Dr Eileen Stewart, Head of Emergency Planning, Safety & Estate
Branch (Item 4)
Mrs Melanie Spahn-Holmes, President of Association of Veterinary
Surgeons Practising in Northern Ireland (Item 17)
Mr Ian Marshall, President of Ulster Farmers' Union (Item 18)
Mr Wesley Aston, Policy Director of Ulster Farmers' Union (Item 18)

1. Welcome and Introduction

ACTION

The Chair welcomed everyone to the meeting.

2. Apologies

An apology was received on behalf of AFBI Board member Mrs Sarah Havlin.

3. Conflict of Interests/Register of Interests Declaration

There were no conflicts of interest declared and no changes proposed to Board members' register of interests.

4. VSD-Stormont Outline Business Case – Progress Update

The Chair welcomed Dr Stewart to the meeting to provide an update on progress of the VSD-Stormont Outline Business Case (OBC).

Dr Stewart presented a paper entitled "*Update on DARD/AFBI VSD Stormont Main Building Outline Business Case*" and informed the Board that the OBC is almost complete. Dr Stewart explained she anticipates that the OBC will be signed off by DARD Financial Policy Branch next week and forwarded to the Department of Finance and Personnel (DFP) for final approval. Dr Stewart stated that the close working relationship with DARD Resource Economics Branch has proved invaluable in assisting in the development of a robust OBC.

If final approval is received from DFP, it is envisaged that work will commence on a full business case in July 2015 with an anticipated occupation of the new building in December 2020.

ACTION

In discussing the detail of the OBC and the timetable involved, the Board noted the following points:

- Initial procurement process will take approx 8 months to complete.
- Central Procurement Directorate (CPD) must complete the initial design but utilisation of space will require additional expertise.
- Capital money will be required from 2016/17 onwards but has yet to be allocated. CPD will not commence work until funding has been guaranteed.
- Efficiency savings have not been included as the facilities are not like for like.
- Climate change targets will be included within the full business case.

The Board also took the opportunity to seek an update on the progress of the OBC for potential new headquarters and plant testing facilities for AFBI. Dr Stewart advised the Board that, following consultation with DARD Resource Economics Branch, the non-monetary benefits section of the OBC requires further revision and the target for submission is the end of March 2015.

Whilst concerned with the delay, the Board accepted that this is a challenging OBC to write given the current financial climate and the strategic review of AFBI's scientific capacity. The Board noted the importance of ensuring that the OBC is accurate and robust and welcomed the prospect of additional resource from DARD Resource Economics Branch. The Chair reiterated that the AFBI Board is available to provide any assistance required to expedite the process. The Board would also wish to see any substantive changes to the non-monetary benefits section of the OBC.

Finally, the Board acknowledged Dr Stewart's pivotal role in contributing to the development of the OBCs discussed and thanked her for her continuing efforts to finalise and submit the OBCs to DFP.

Dr Stewart left the meeting.

5. Draft Minutes of the AFBI Board Meeting held on 8 January 2015

Mrs Hogg informed the Board that she had recently written to the Chair about making a number of additions to the minutes of the January Board meeting under *Item 4 – "Newforge Estate Rationalisation"*. The Chair indicated that he was content and after Mrs Hogg had provided a verbal update on the changes, the Board agreed in principle to the changes. The Secretary was asked to circulate a revised draft of the minutes to Board members to seek formal adoption.

Sec

5.1. Action Sheet from AFBI Board Meeting held on 4 December 2014

Progress against actions was noted as per the Action Sheet, subject to the following -

5.1.1 Item 7 – Peer Review of Sustainable Livestock Systems Programmes

The Deputy Chair congratulated the Executive on establishing a robust panel for the forthcoming peer review of sustainable livestock systems programmes. The Board concurred with the view of the Deputy Chair and noted that the Executive expects the review to be completed on time.

6. **Chairman's Remarks**

The Chair informed the Board that his meeting with the DARD Minister had been rearranged due to ministerial commitments and took place on Monday 19 January 2015. The Chair was accompanied by CEO, in his role as Accounting Officer and the meeting was also attended by a number of senior DARD officials. The Chair stated that he was disappointed with the assumption that AFBI will be able to deliver a balanced budget in 2015/16 given the scale and pace of the reduction in grant-in-aid and also with DARD officials' comments regarding lack of progress by AFBI in developing a business case for the Voluntary Exit Scheme (VES).

The Chair subsequently met with the DARD Permanent Secretary to discuss AFBI's strategy and the development of a VES business case in the context of the limited information currently available to AFBI on the public sector VES.

Given the current uncertainties within the public sector, the Chair highlighted that the Board must ensure that it delivers consistent internal communications to all levels within AFBI and that AFBI must continue to be proactive in shaping its own future.

7. **Executive Report**

The CEO presented the Executive report for January 2015 and asked the Board to note that during a teleconference, Civil Service Pensions (CSP) had advised AFBI that support and guidance in respect of AFBI's proposed VES should be provided by sponsor departments and that CSP expressed concern that it will not be in a position to data cleanse AFBI staff records or cope with the proposed number of staff in the first tranche.

The Executive also took the opportunity to inform the Board of issues that have arisen in relation to the business case to support statutory redundancy payments to a small number of fixed term contracts (FTC) and the fact that the business case had been rejected by DFP. In providing background, it was noted that the matter had not arisen previously in AFBI as all previous FTCs had been converted to permanent positions because of the availability of further work for the postholders. The Executive explained that the number of FTCs had been increased in AFBI, with DARD support, in recent years in order to allow the workforce to flex more easily to deal with the ebbs and flow of work in the most cost-effective manner. It was noted that there is no requirement to produce a business case for redundancy payment at the time of recruitment of permanent staff. As the Accounting Officer is legally obliged to make the redundancy payments, the Board fully supported payment of these and asked that the payments be made as soon as possible.

Exec

In respect of the status of the business case and its rejection by DFP on the grounds that it is seeking retrospective payment and does not provide value for money, the Executive informed the Board that it will be engaging with the Northern Ireland Audit Office to ascertain their views on the matter.

ACTION

Exec

8. Report from Finance Sub-Committee Meeting held on 26 January 2015

In presenting her report on the Finance Sub-Committee meeting held 26 January 2015, the Chair, Mrs McCartan highlighted the following:

- The findings of the Review of Pegasus have demonstrated that the system is a fit for purpose, robust, future-proofed accounting system, which provides value for money with the functionality to produce an auditable set of accounts which could be consolidated into the DARD set of accounts.
- A soft closedown exercise on the AFBI Accounts for the nine-month period ended 31 December 2014 has been conducted by the Executive and no issues have arisen.
- The affordability calculation for 2015/16 using the Strategic Cost Model (SCM) now identifies surplus staff capacity given the anticipated decline in certain areas of work.
- The Costing and Income Charging Policy is now an urgent priority given the challenges faced by the Institute.
- The first meeting of the benchmarking club which AFBI has established with other NDPBs recently took place. AFBI will continue to seek engagement from other NDPBs and comparator organisations as part of this initiative.

The Board was content to note.

9. Finance

9.1 AFBI Budget Monitor Report – Position at 31 December 2014

Mrs Hogg presented the Budget Monitor for the month ended 31 December 2014. The Board was content to note that the Executive is forecasting a balanced budget and is concentrating efforts on ensuring AFBI's capital allocation is fully utilised.

10. Report from Audit & Risk Assurance Sub-Committee Meeting held on 27 January 2015

In providing a verbal report on the Audit & Risk Assurance Sub-Committee meeting held 27 January 2015, the Chair, Mr McCann highlighted that the final Report To Those Charged With Governance 2013/14 was presented at the meeting and he was pleased to confirm that AFBI has received an "unqualified" opinion of its Financial Statements for 2013/14. The Board was also asked to note that all recommendations have been accepted by the Executive and are in the process of being implemented.

11. AFBI Key Performance Indicators 2014/15 – Quarter 3 Progress Update

Mrs Hogg presented the paper on AFBI's Key Performance Indicators (KPIs) as at 31 December 2014 and the following points were noted:

The current progress relating to KPI 2 – *“At least 80% of DARD Evidence & Innovation R&D projects due for completion in 2014/15 completed within the agreed time and budget”* is based on submission times and the budget element of the KPI will need to be incorporated into the year-end response.

ACTION

The Executive apologised for the delay in progressing AFBI’s element of the mid-year review of the AWP which has caused a delay in production of the report in respect of KPI 3 – *“At least 85% of DARD customers satisfied with delivery of the Assigned Work Programme and Evidence & Innovation R&D projects”*. However, the Executive stated that it expects to see a positive outcome and no surprises given that project leaders have close working relationships with the relevant DARD staff.

A substantial improvement on KPI 14 – *“Maintain AFBI’s international standing by publishing a minimum of 80 peer-reviewed scientific papers”* was welcomed by the Board and the increased probability of achieving the KPI is reflected by the Amber status.

In response to a query on KPI 16 – *“Participate in at least 100 events to transfer knowledge, innovation and best practice to the agri-food industry”* the Executive confirmed that many knowledge transfer events are held locally or at AFBI sites themselves and if a cost is involved, AFBI takes cognisance of the budgetary position.

Costing of the Assigned Work Programme and significant in-year budget pressures have contributed to delays in the areas of benchmarking and tracking of variances in respect of KPI 20 – *“Implement the accepted recommendations of the Northern Ireland Audit Office Value for Money Review of AFBI and the subsequent recommendations of the Public Accounts Committee in line with agreed timescales”*. The Executive expects all of the recommendations attributed to AFBI to be implemented by May 2015 and the Chair requested that the matter be placed on the agenda of the March meeting of the Board for further discussion.

Exec

Dr Mayne entered the meeting.

12. Draft AFBI Business Plan 2015/16 – Status Update

The Executive advised the Board that it is currently writing the AFBI Business Plan 2015/16 to take account of the outworkings from the DARD/AFBI Strategic Issues Working Group and the joint AFBI-DARD Board meeting to be held on 19 February.

12.1 AFBI Key Performance Indicators 2015/16

The Executive tabled draft KPIs for inclusion in the AFBI Business Plan 2015/16 and highlighted the key changes from the current year. During the discussions that followed a number of minor amendments were agreed and the Board indicated that it was content.

13. Governance Issues

ACTION

13.1 Risk Management

13.1.1 *Reports of New or Emerging Risks*

Mrs Hogg advised that the Executive was not aware of any new or emerging risks to the organisation.

13.1.2 *Whistleblowing and Fraud*

The Board was content to note that there were no new or emerging cases of Whistleblowing or Fraud.

14. Any Other Business

There were no additional items of business.

15. DARD/AFBI Strategic Issues Working Group (SIWG) – Update

In reporting on the recent SIWG meeting held on 30 January 2015, Professor McKelvey was pleased to inform the Board that productive discussions had been held on a number of AFBI's long term strategic issues. The Board was pleased to note the progression and that there had been a positive response to the need to carry out a review to explore greater links between AFBI and CAFRE as discussed at the joint DARD/AFBI Board meeting on 20 August 2014. The Board felt that such a venture would enhance the delivery of R&D, knowledge transfer and education, thus strengthening the NI Agri-Food industry. The Chair informed the Board that he will raise the matter at the forthcoming DARD/AFBI Joint Board meeting on 19 February and seek further detail on proposed timeline.

Chair

The Board proceeded to hold detailed discussions on the Executive's paper entitled "*AFBI's Strategic Responses to Reductions in Grant-in-Aid*" which was also discussed at the recent SIWG meeting. During the discussions the Board requested more detail, including options appraisals and appropriate caveats, in order to fully consider some of the proposals. The Executive stated that more detail of the options was contained in various working group papers that had been submitted to SIWG but agreed to include more detail in the final paper for the Joint DARD/AFBI Board meeting. The Executive agreed to draft and circulate an updated paper to Board members for consideration and comment prior to circulation to DARD for incorporation in the joint Board papers.

Exec

16. Presentation of Long Serving Certificates

Prior to a break for lunch the Board presented a certificate of long service to Mr Brian Waters, AFBI Crossnacreevy, SAFSD. The Chair provided the Board with a brief overview of Mr Waters's career and the Board congratulated him on his dedicated service and wished him a happy and healthy retirement.

Mrs Stewart left the meeting

17. Association of Veterinary Surgeons Practising in Northern Ireland (AVSPNI) - Mrs Melanie Spahn-Holmes ACTION

The Chair was delighted to welcome Mrs Melanie Spahn-Holmes, President of AVSPNI to the meeting to provide the Board with the views of the Association on the services AFBI can provide to the industry.

Mrs Spahn-Holmes informed the Board that she had recently been made aware of a potential cessation of services at AFBI's Veterinary Laboratory in Omagh by the Chief Veterinary Officer during the AVSPNI's annual meeting. In response, the Chair assured Mrs Spahn-Holmes that while there is a huge pressure on public sector finances and all options are being explored, no decisions have been taken.

In her capacity as the President of the AVSPNI as well as the owner of Glenshane Veterinary Clinics, Mrs Spahn-Holmes stated that fellow veterinary practitioners have expressed dismay at any prospect of the closure of the AFBI Omagh laboratory and put forward a number of points to support the facility, including:

- Northern Ireland's biggest industry is agriculture with a large population of farm animals, many of which are located in western regions.
- Approx 95% of veterinary practices and practitioners avail of AFBI's services with the remainder consisting of small animal practices.
- Research has demonstrated that a reduction in submissions for post mortems will occur if the distance to be travelled is greater than 50 miles.
- One laboratory at VSD-Stormont would be inadequate as there would be a reduction in the overall level of disease surveillance capacity and increased risk of delays in detecting disease outbreaks.
- Closure of AFBI Omagh would be disastrous.
- AFBI Omagh also avails of additional business from the border counties, in particular Donegal.

In response to a query on the possibility of establishing a collection service for carcasses, Mrs Spahn-Holmes suggested that before establishing such a scheme, AFBI would have to determine if the Stormont facility could cope with all testing quickly and efficiently bearing in mind that sample submissions have been on the increase since 2007 and that an increase in livestock is likely, in light of the recommendations in "*Going for Growth*". In addition, the cost of extra facilities such as suitable bio-secure transport would need to be considered.

On the subject of increased fees for services, Mrs Spahn-Holmes stated that while the farming industry would be reluctant to accept a significant increase in fees, the alternative would be to send samples to GB. Therefore farmers would be willing to pay more for services provided that any increases do not exceed those of other UK regions.

The Chair thanked Mrs Spahn-Holmes for providing a valuable contribution to the discussions which has helped highlight to the Board the importance of AFBI's Omagh facility to the industry.

Prof Murphy left the meeting.

18. Ulster Farmers Union (UFU) – Mr Ian Marshall & Mr Wesley Aston

ACTION

The Chair was pleased to welcome Mr Ian Marshall, President of UFU and Mr Wesley Aston, Policy Director of UFU, to the meeting to provide an industry viewpoint, the role of the UFU and how AFBI can best support the industry.

During the discussions Mr Marshall and Mr Weston emphasised that primary producers feel that R&D is critical to the industry and added that it must be focused in the right areas. They stated that the UFU would like to see a long-term strategic approach to R&D and no salami-slicing. They also highlighted that AgriSearch was set up a number of years ago because of the importance of R&D to the industry and that must be properly resourced to promote the entrepreneurial spirit within the industry. Mr Marshall and Mr Aston added that the UFU has some serious concerns with the draft DARD budget proposals and has made representation to the Minister to avoid adopting a *salami slice* approach or a short term mandate.

The UFU would welcome greater funding from industry into R&D but felt that a lack of engagement, between UFU and AFBI has been a barrier to investment. However, it is also felt that there is a high level of integrity and good governance within the Agri-Food sector to enable the establishment of a close working relationship.

In discussing the progress of “*Going for Growth*”, Mr Marshall, in his capacity as a member of the Agri-Food Strategy Board (AFSB), informed the Board that there is a lot of work being carried out behind the scenes through sub-sector meetings but accepted that this could be better communicated by the AFSB.

Mr Marshall and Mr Aston highlighted the UFU’s concerns with DARD’s current E&I Strategy and how R&D needs are identified and that there needed to be greater collaboration between the industry, DARD and AFBI.

In conclusion, the Chair thanked Mr Marshall and Mr Weston for giving their time to speak with the Board and informed them that he will relay the key messages of today’s discussion at the DARD/AFBI Joint Board meeting later this month, in particular the importance of R&D to primary producers and the need for DARD and AFBI to quickly establish the best way that they can deliver for industry. In response, the UFU thanked the Board for their time and emphasised that the industry is looking to see outputs and is less concerned with structure.

17. Closing Session

The Chair brought the strategic session to a close and briefly recapped on the key points of discussion.

18. Review of Board Effectiveness

The Board was satisfied that the meeting had been very effective.

19. Date of Next AFBI Board Meeting – 5 March 2015

The next AFBI Board meeting will be held on Thursday 5 March 2015.

Signed: _____
(Chairperson)

Date: _____