



**Minutes of the Meeting of the
Agri-Food and Biosciences Institute (AFBI) Board
held at AFBI Newforge
on Thursday 8 January 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
Mrs Sarah Havlin

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

Visitor

Dr Trevor Gilliland, Head of Agriculture Branch (Item 11)
Mr Colin McCrossan, Strategic Investment Board (SIB)
Mr Norman Fulton, Chief Agricultural Economist, DARD (Item 16.1)

1. Welcome and Introduction

ACTION

The Chair welcomed everyone to the meeting and stated that a very challenging time lay ahead for all involved in the Northern Ireland Public Sector; hence focus on strategic issues and non-Grant in Aid (GiA) revenue generation at both today's meeting and that of the February Board.

2. Apologies

Apologies were received on behalf of AFBI Board members Prof Patrick Murphy, Mr Ken Millar and Mrs Hilda Stewart. An apology was also submitted on behalf of Mr Graeme Wilkinson, DARD Director of Finance.

3. Conflict of Interests/Register of Interests Declaration

There were no changes to Board members' register of interests. However, Mr Lindsay informed the Board that a potential conflict of interest could arise during the strategic discussions given his membership of the Northern Ireland Food Advisory Committee. In noting the declaration the Board signified that it was content to proceed.

4. Newforge Estate Rationalisation – Update

The Chair welcomed Mr McCrossan to the meeting to provide an update on progress of the business case for the potential new headquarters and plant testing facilities for AFBI.

Mr McCrossan informed the Board that he had met with representatives from the Maze/Long Kesh (MLK) Development Corporation and that he had received

confirmation from them that suitable agricultural land, within or directly associated with the MLK site was not available and furthermore, that in the general Maze area, based on their knowledge, appropriate land was not readily available. Subsequently, it had been determined that, based on feedback from the MLK team and through the local knowledge of the estate manager on site, the acquisition of additional land in Hillsborough would involve discussions and negotiations with separate landowners in the area. This, in itself, would raise considerable challenges to the delivery of the full consolidation option at AFBI Hillsborough in the timescales relevant to this business case. This was taken in to account in the evaluation of the options.

Mr McCrossan advised that the shortlist of options had also been identified and the analysis of the monetary and non-monetary elements of the shortlisted options had been completed in December 2014. In discussing the scoring matrix, affordability analysis and current issues a number of points were noted:

- Option 9 – *“New builds at AFBI Hillsborough and AFBI Loughgall”* is currently ranked first following the monetary and non-monetary analysis although some of the scores were close.
- DARD’s Resource Economics Branch has queried whether a reduction in lease rental costs can be classified as a saving and as a result a number of scenarios have been applied to the affordability analysis of Option 9.
- Additional transport and replanting costs associated with moving the grass breeding programme from Loughgall to Hillsborough have recently been identified and need to be incorporated into Option 10b – *“Full consolidation at AFBI Hillsborough”* and Option 14b – *“Full consolidation on another Northern Ireland public sector site”*.
- While DARD’s economists have provided valuable feedback to date the OBC will still be subject to a full review by DARD prior to its submission to the Department of Finance & Personnel (DFP).
- Optimism Bias has been included at 15%.
- Construction costs have been based on a start date and inflationary costs have been considered.
- The OBC will be subject to the Gateway Review process and it is envisaged that this will be conducted at the pre-tender stage.

In conclusion, Mr McCrossan highlighted the substantial roles and efforts of Dr Eileen Stewart and Mr John Miskelly in producing a robust business case, in the time period, and stated that the target date for submission of the business case, through DARD to DFP, is now 31 January 2015. This however, is completely dependent on the DARD review being complete.

The Board noted its agreement with the proposals and options put forward in the presentation and in particular the ordering of the options, subject to the caveats outlined in a letter from the CEO to Mr McCrossan in November 2014. The Board offered its gratitude to all involved in the project for their outstanding efforts and construction of the OBC in such a short timeframe. The Chair also emphasised the critical importance of submitting a completed OBC to DFP as soon as possible and welcomed early engagement between SIB and DFP on key issues, potential funding opportunities and formalisation of the OBC process.

Mr McCrossan left the meeting

ACTION

Mrs Hogg informed the Board that the VSD-Stormont OBC is also at the finalisation stage and is expected to be completed by the end of January 2015. The Chair stated that it is vital that the OBC is presented to DFP promptly. The Executive was asked to provide a formal update on the VSD-Stormont OBC at the February meeting of the Board.

LH

5. Draft Minutes of the AFBI Board Meeting held on 4 December 2014

The draft minutes from the previous AFBI Board meeting held on 4 December 2014 were approved as a true and accurate reflection of the meeting.

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

Progress against actions was noted as per the Action Sheet.

6. Chairman's Remarks

The Chair updated the Board on a number of activities including his meeting in December with DARD's Permanent Secretary and Deputy Permanent Secretary to discuss the 2015/16 AFBI Budget. At the meeting the Chair took the opportunity to raise concern around the revenue targets proposed in the budget but also emphasised that the Board and the Executive were willing to face the challenges ahead.

The Chair also informed the Board that he, along with the DARD Deputy Permanent Secretary, is scheduled to meet with the DARD Minister on Wednesday 14 January 2015. The Chair stated that he will take the opportunity to discuss AFBI's ability to increase its non-GiA income, further explore AFBI's role in delivering the recommendations from "*Going for Growth*" and emphasise the need to ensure that the agri-food sector is a key economic driver for the local economy.

Looking ahead to the strategic session in the afternoon the Chair commented that the Board and Executive should concentrate their efforts on mapping out a clear strategy that is exciting and appealing to staff, whilst enhancing AFBI's position as a key player in the local, national and international agri-food arena.

7. Executive Report

In presenting the Executive report for October 2014, the CEO highlighted that the Agriculture and Rural Development Committee has asked for an oral briefing from DARD and AFBI on AFBI's Strategic Plan and AFBI's Estate which is scheduled to be held on 17 February 2015. In addition, the CEO also took the opportunity to inform the Board that the AFBI Annual Report 2013/14 is being printed, having already been laid before the NI Assembly.

In response to a number of follow up questions the Board also noted the following points:

- The success of one of AFBI's Horizon 2020 proposals.

- The status of the MOU between DARD and AFBI, governing AFBI's role in TVR and that it will be taken forward following the imminent appointment of a new Head of Bacteriology Branch.
- That the peer review of Sustainable Livestock Systems Programmes will take place on 9-11 March 2015. Dr Mayne agreed to circulate details of the panel to members of the Board.

ACTION

SM

8. Finance

8.1 AFBI Budget Monitor Report – Position at 30 November 2014

Mrs Hogg presented the Budget Monitor for the month ended 30 November 2014. The Board was content to note the paper and that the Executive expects to deliver a balanced budget at year-end.

9. Governance Issues

9.1 Risk Management

9.1.1 *Reports of New or Emerging Risks*

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

9.1.2 *Whistleblowing and Fraud*

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

9.2 Arm's Length Body Sponsorship Risk Assessment Action Plan

Mrs Hogg presented the updated Sponsorship Risk Assessment Action Plan and while discussing the recommendations that AFBI is fully or partially responsible for, the following points were noted:

- The Chair has reviewed the draft Board Operating Framework prepared by DARD and that it should be presented to the AFBI Board shortly.
- The review of Pegasus has been completed and was submitted to DARD in December 2014. The results have demonstrated that the system is fit for purpose, provides value for money and can meet DARD's potential consolidation requirements.
- The report on the review of the use of single tender actions within AFBI is being finalised.

10. Any Other Business

10.1 Proposed Dates of Board Meetings for 2015/16

The proposed dates for the May and June meetings were changed and a number of venues re-arranged. The timings of a number of the Sub-committee meetings were also changed to accommodate the Chair's desire to attend one meeting of each Sub-Committee of the Board.

The Secretary was asked to issue an updated schedule of the meetings to the Board and Executive.

11. **Presentation – Advanced Animal Science / Improving Livestock Farming**

The Chair welcomed Dr Trevor Gilliland to the meeting to provide an overview of the Agriculture Branch under the mantra “*Advanced Animal Science / Improving Livestock Farming*”.

During his presentation Dr Gilliland informed the Board that the Branch contained a number of highly motivated lead scientists who are seeking external funding opportunities, networking at major conferences, publishing quality scientific publications and therefore underpinning improvements in livestock farming.

Dr Gilliland stated that the Branch aims to be a key lead centre under such initiatives as Innovate UK and by way of example the Board was made aware of three recent funding applications where AFBI is the lead academic partner. In total, if successful, the funding applications would be worth around £1.1m over a three-year period.

During a brief question and answer session, Dr Gilliland agreed to give some further thought as to the extent of external funding that the Branch could generate over the next five years and the Board thanked him for a very useful presentation.

12. **KPMG Implementation Plan – Update**

The Executive presented the KPMG Action Plan and summarised the progress of the outstanding recommendations that arose from the Strategic Business Review of AFBI Report issued in March 2012.

In noting the progress the Chair sought further detail on the status of the recruitment of a Business Development Manager. During the discussion the Deputy Chair and CEO stated that the monitoring of business opportunities and selling of AFBI’s science experience and skills is primarily driven by the scientific staff in AFBI rather than the corporate centre. In light the comments, the Chair asked the Executive to review the specification of the Business Development Manager post to ensure that it is fit for purpose and that it be presented to the Board for consideration.

Dr McMurray left the meeting

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

Professor McKelvey updated the Board on the SIWG meeting held on 19 December 2014. It was noted that the veterinary surveillance paper had been presented by DARD’s Chief Veterinary Officer and that he has agreed to expand on the paper at the next meeting on 30 January 2015.

The Board also noted Professor McKelvey’s and the Executive’s concern that, to

date, there has been limited discussion on AFBI's long term strategic issues by the SIWG. **ACTION**

14. Response to DARD's Draft Budget 2015/16 Consultation – Consideration of Issues

The Board felt that the AFBI response to DARD's draft budget 2015/16 consultation was very positive. As well as raising AFBI's key concerns it also demonstrated that the Institute is up for the challenges ahead of growing income and reducing costs and that a greater financial investment will ultimately help to grow the Agri-Food sector.

Mrs Hogg informed the Board that a copy of the AFBI response has been issued to Trade Union Side and will be distributed to staff through the AFBI Newsletter. The Chair also agreed to establish if DARD has any objections to AFBI sharing its response with third party stakeholders. **Chair**

15. Presentation of Long Serving Certificates

Prior to a break for lunch the Board presented certificates of long service to Dr Louise Cooke and Prof Glenn Kennedy. In presenting the certificates, the Chair gave the Board a brief overview of their careers following which the Board congratulated them on their long, dedicated service and wished them a happy and healthy retirement.

16. Business Development Opportunities

16.1 DARD update on "Going for Growth" Implementation Plan & Income Generation Opportunities for AFBI

The Chair welcomed Mr Fulton, DARD Chief Agricultural Economist and AFBI Senior Sponsor, to the meeting to give a presentation on the "Going for Growth" Implementation Plan and to discuss income generation opportunities for AFBI.

Mr Fulton provided some background on "Going for Growth" and highlighted that the NI Executive's response to the report had been published in October 2014 and that a commitment has been given by the NI Executive to provide funding of up to £250m, the majority of which will be targeted towards a capital grant scheme.

Mr Fulton tabled a paper which contained nine recommendations from the "Going for Growth" report in which AFBI has been identified as a key partner as well as detailing three additional recommendations where AFBI could have a role to play. In summarising these recommendations Mr Fulton advised that it is largely a matter of reprioritisation given the reducing baseline and does not represent additional funding.

The Board also noted that the Agri-Food Strategy Board is to remain in place into, at least, the early part of the 2015 to advise government and drive forward the implementation of industry led recommendations. The Secretary was asked to circulate a copy of the NI Executive's response to "Going for Growth" to AFBI Board members. **Sec**

In response to a question on the commissioning of the Research Challenge Fund (RCF) for 2015/16, Mr Fulton stated that it was his understanding that the 2015/16 budget is fully committed but that RCF is annually baselined and therefore further calls are likely as and when current projects are concluded.

Dr Mayne informed Mr Fulton that he was disappointed to find out from industry that a committee had been established to look at innovation in the agri-food sector and that AFBI had not been informed of this nor invited to participate in it. It was agreed that this will be raised at the next Joint AFBI/DARD Board meeting.

CEO

On the subject of income generation, Mr Fulton advised that DARD had established a “task and finish” group to look at charging and services and that AFBI would also have to increase the charge of some services which are subsidised by DARD. In noting the point, it was clarified that DARD would reduce GiA as a result of any increased charging therefore no additional revenues would be generated for AFBI.

The Chair also stated his disappointment that a review of links between AFBI and CAFRE had not moved forward at a greater pace and suggested that AFBI and CAFRE seemed to be adopting different charging mechanisms. In taking on board the Chair’s comments Mr Fulton welcomed the provision of some examples to illustrate this point.

SM

During the discussions Mr Fulton also stated that AFBI needs to be given greater freedoms to increase revenue streams and that moving to a programme based research commissioning approach is essential to maximise the use and leverage of research funding. Mr Fulton advised that the Departmental Science Adviser in DARD has been tasked with taking forward the programme based approach but that it must take cognisance of budget pressures.

In conclusion, the Chair stated that the discussions had been very beneficial and thanked Mr Fulton for giving his time to come and speak to the Board.

16.2 Collaborations with other Institutes

The Executive presented a paper on the current MOUs, SLAs, contracts and potential collaborations which highlighted the level and range of activities across the Institute. The Board also stated that it was an impressive list which clearly demonstrates that AFBI is proactively seeking engagement with a range of organisations.

In commenting on the paper and reviewing the appendices, it was agreed that the list of contracts will be clustered under a series of headings to facilitate further analysis and that income stream information will be provided for VSD contracts.

**SM/
SMcD**

16.3 Income Sources

The Executive presented a breakdown of AFBI’s non-GIA income from 2012/13 to 2014/15 for information. In commenting on the decreasing levels of funding

from a variety of sectors, the Board stated that it highlights the level of challenge ahead. **ACTION**

17. Closing Session

17.1 Invitations to the February Board Strategy Session

In closing the session the Board discussed potential invitations to its strategic session in February 2015 and it was agreed that representation would be sought from a number of industry stakeholders. The Chair and CEO will take forward the formal invitations.

**Chair/
CEO**

The Chair advised the Board that he planned to meet with Mr Sean Hogan, Chairman of NI Water, to discuss topics of mutual interest such as renewable energies and the Agricultural Need for Sustainable Willow Effluent Recycling (ANSWER) Project.

18. Review of Board Effectiveness

The Board was content that the meeting had been effective.

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

The next AFBI Board meeting will be held in AFBI Newforge on Thursday 5 February 2015.

Signed: _____
(Chairperson)

Date: _____