



**Minutes of the Meeting of the  
Agri-Food and Biosciences Institute (AFBI) Board  
held at AFBI Newforge  
on Wednesday 1 July 2015 at 12.00 noon**

**Present – Board Members**

Mr Colm McKenna, Chair  
Prof William McKelvey,  
Deputy Chair  
Mr Colin Coffey  
Mr Bob McCann  
Mrs Hilary McCartan  
Mrs Maureen McKeague  
Dr Cecil McMurray  
Mr Ken Millar  
Prof Patrick Murphy

**In Attendance - AFBI Executive**

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

**1. Welcome and Introduction**

**ACTION**

The Chair opened the meeting and welcomed all in attendance.

**2. Apologies**

Apologies were received on behalf of AFBI Board Members Mrs Sarah Havlin, Mr David Lindsay and Mr Ian Buchanan.

**3. Conflict of Interests/Register of Interests Declaration**

There were no new conflicts of interest declared, nor any changes to be made to Board members' Register of Interests.

**4. Draft Minutes of the AFBI Board Meeting held on 2 June 2015**

The draft minutes from the previous AFBI Board meeting held on 2 June 2015 were approved without amendment.

**4.1. Action Sheet from AFBI Board Meeting held on 2 June 2015**

Progress against actions was noted as per the Action Sheet.

**5. Proposed Membership of Sub-Committees from 1 July 2015**

The Chair presented the proposed membership of the various AFBI Board Sub-Committees and the Board was content to ratify the changes.

## 6. Chairman's Remarks

In providing his remarks the Chair referred to the agenda items on Centre for Innovation and Excellence in Livestock and Ineligible Funding Streams as vitally important to the Institute and they will form the basis of a strategic discussion during the latter part of the meeting.

The Chair also informed the Board that he is conscious that the following key issues need to be progressed:

- Improvements in the change control process;
- Crystallisation of the AFBI Directed Research Fund and
- Revision of the charging model.

## 7. AFBI Strategy to 2020 - Update

Having discussed a number of strategic issues with the DARD Minister and DARD Permanent Secretary (PS), the Chair was disappointed to note that a formal response is awaited on both the AFBI Strategy and his letter to the PS dated 27 May 2015. The Chair agreed to follow up a number of matters with the PS which had been highlighted in his letter.

Chair

## 8. Executive Report

The CEO presented the Executive report for June 2015 and highlighted a number of items, including -

### Voluntary Exit Scheme (VES)

77 applicants have accepted a conditional offer to exit the Institute through Tranche 1, leaving on 30 September 2015 subject to suitable funding being made available. This is approximately two thirds of the offers made but is less than the target of 100. The assessment of applicants in respect of Tranche 2 will commence shortly.

### Estate Management

Sign off of the AFBI HQ / Grassland and Plant Sciences Centre Outline Business Case by DARD Policy & Economics Branch is expected imminently.

The work of the CAFRE – AFBI Task & Finish Group is now expected to be completed by the end of August 2015. The remit of the group is to investigate areas where closer collaboration between CAFRE and AFBI will provide efficiency savings or benefits to the industry.

In response to a query on the ongoing maintenance issues associated with the Lamont Building at VSD, Dr McDowell advised the Board that the situation had improved with a structured programme of maintenance now in place.

A porcine epidemic diarrhea (PEDV) serology test has been successfully trialled at the request of DARD. AFBI hopes to be in a position very soon to offer this testing service to the NI pig industry.

AFBI Innovations is facilitating workshops to help commercialise a new service for mass spectrometry of chemicals and vet drug residues as well as assisting with preparations to market a catalogue of commercially marketable material and reagents held at VSD.

In addition to the Executive Report, the CEO also took the opportunity to inform the Board of the following engagements -

- Members of the Assembly Committee for Agricultural and Rural Development (ARD) recently visited AFBI Loughgall to view the research and development work undertaken in support of the local agriculture and horticultural industries. During the visit the ARD Committee was very supportive of AFBI's proposal to develop a Grassland and Plant Sciences Centre at Loughgall.
- The CEO and Dr Trevor Gilliland, Head of Agriculture Branch, met with a representative from the Lisburn & Castlereagh City Council to hold discussions around the Council's strategy to increase tourism within the Hillsborough area.
- Jim Nicholson (MEP), Danny Kennedy (Minister for Department of Regional Development) and representatives from Armagh, Banbridge and Craigavon (ABC) District Council have requested a visit to AFBI Loughgall.

## **9. Report from Finance Sub-Committee Meeting held on 23 June 2015**

Mrs McCartan presented a written report on the recent meeting of the Finance Sub-Committee held on the 23 June 2015 which covered a range of topics including reviews of the current Budget Monitor and the Financial Improvement Plan Phase 2 as well as discussion on the Strategic Cost Model (SCM) and efforts to fulfil Public Accounts Committee recommendations in relation to benchmarking of both unit and corporate costs.

In particular, Mrs McCartan highlighted that in assessing AFBI's draft financial performance for 2014/15 the Committee found the executive summary of which highlighted the key variances in movements between the 2013/14 and 2014/15 year to be very beneficial. Overall the Committee was pleased to note the provisional surplus of £57k as a highly satisfactory end-of-year performance and thanked the Executive for their efforts during the year to achieve a positive position in light of in-year financial pressures.

## 10. Finance

ACTION

### 10.1 AFBI Budget Monitor Report – Position at 31 May 2015

Mrs Hogg presented the Budget Monitor for the month ending 31 May 2015 which projects a deficit outturn for 2015/16 of £3.7m. Primarily this deficit outturn is as a result of paybill savings from VES not being assumed to be realisable at this time due to uncertainty around VES funding and because of a projected shortfall in non-GiA income. Mrs Hogg highlighted that while the Budget Monitor indicated that if AFBI's VES bid is met in full and the target of 200 staff can be exited in the relevant tranches, the associated paybill savings would eliminate £3.1m of the current forecast deficit. However, it was pointed out that as only 77 of the 100 leavers targeted for September had been achieved, this would reduce the budgeted savings by approximately £400k. Mrs Hogg also highlighted that, depending on the number of staff who accepted offers in Tranche 2, overall savings could be approximately £1m less than budgeted which would further increase AFBI's financial pressures.

In response to a query on addressing the projected shortfall in non-GiA income, it was highlighted that the Executive Report detailed a lot of ongoing activity aimed at maximising non-GiA income. However, the Executive also pointed out a number of challenges in delivering £1.6m of additional income, in comparison with the previous year, particularly given the potential loss of up to 200 staff through the VES.

### 11. **Report from Science Strategy Committee Meeting held on 23 June 2015**

Dr McMurray provided a verbal report on the recent meeting of the Science Strategy Committee meeting held on the 23 June 2015.

The primary focus of the meeting had been to conduct a thorough review at the Executive's responses to the Peer Review Panel's recommendations on AFBI's Sustainable Livestock Systems Programme. Dr McMurray was pleased to report that all recommendations had been accepted by the Executive and that overall, the peer review had been seen by the Committee to be very positive and beneficial.

Dr McMurray also tabled a draft diagram entitled "*AFBI Organisation of Science*" which outlined the Science Strategy's lines of communication with relevant stakeholder groups. The Board provided some comments on this and proposed some amendments.

### 12. **Report from Audit & Risk Assurance Committee Meeting held on 30 June 2015**

In reporting on the recent meeting of the Audit & Risk Assurance Committee meeting held on the 30 June 2015, Mr McCann highlighted the following -

One final report on the "*Review of Payroll, Pensions and Travel Expenses*" was presented by AFBI Internal Audit and the Committee was very pleased to note that a "*Substantial*" level of assurance had been provided. It commended the Executive on the improvements which have been made in this area.

The one remaining report for the 2014/15 Audit Plan relating to the “*Review of Costing and Charging*” is in the final stages of completion. On the basis that the draft report provided a “*Satisfactory*” assurance rating, a draft “*Annual Internal Audit Assurance Report 2014/15*” was also presented by AFBI Internal Audit and the Committee was content to note that a “*Satisfactory*” level of assurance had been provided.

The Committee had also conducted a thorough review of the draft AFBI Annual Accounts, including the draft remuneration and governance reports and provided the Executive with a number of comments and suggestions which will be incorporated into a further revision.

The Board was content to note the report from Mr McCann and the assurance that the Committee and the Executive are confident that the status of the assurances provided in the draft “*Review of Costing and Charging*” and the draft “*Annual Internal Audit Assurance Report 2014/15*” will remain “*Satisfactory*”.

### 13. Report from Organisational Development & Human Resources Sub-Committee Meeting held on 1 July 2015

Prof McKelvey provided a verbal report on the Organisational Development and Human Resources Sub-Committee meeting held earlier today and highlighted the following –

- The workings and implications of the VES were discussed at length.
- Absenteeism rates have increased and work-related stress now accounts for 41% of absences.
- AFBI’s “*Research Misconduct Policy*” was reviewed and agreed in principle subject to some minor alterations.
- The “*Rewards to Staff Scheme – Rewards to Inventors Policy*” was reviewed and agreed with a further review scheduled for 2018.
- Rewards to staff in relation to one area of commercialised research were signed off by the Committee.
- The Committee’s Terms of Reference was discussed in detail and a revised version will be presented to the Board in September 2015.

Exec

The Board and the Executive then discussed the duration of AFBI’s income generating patents and the issue of potential secondary patents. The Board noted that the Executive planned to look into this further.

## 14. Governance Issues

### 14.1 Risk Management

#### 14.1.1 *Reports of New or Emerging Risks*

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

Mrs Hogg presented the draft AFBI Corporate Risk Register (CRR) – June 2015 which had been updated by AFBI’s Risk Management & Business Planning Group on 9 June 2015 and had also been presented to the Audit & Risk Assurance Committee at its meeting on 30 June 2015. In summarising the key changes to the CRR the following points were noted:

- Given the scale of budgetary pressures within AFBI the residual risk score in relation to CR1 - *“If AFBI fails to deliver key priority areas of DARD’s Assigned Work Programme (AWP) it may negatively impact its reputational standing with DARD”* was increased.
- The risk definitions for the two existing financial risks have been revised to further clarify the differences between in-year financial risks versus the medium to longer term financial sustainability risks to AFBI. The revised definitions are as follows:

CR3 – *“If AFBI fails to deliver a balanced budget for 2015/16 this could lead to an inability to deliver on customer requirements and reputational damage.”*

CR4 – *“If AFBI fails to identify and plan to mitigate future financial risks and pressures this will pose a risk to its medium to long term sustainability and impact negatively on its reputation.”*

The Board was content to note that the residual risk score in relation to CR1 had been raised to 15 given that the risk definition is around the delivery of *“key priority areas”* and not necessarily the entire Assigned Work Programme. The Board was also assured that the revised risk definition in relation to CR3 would not reduce the focus on non-GiA income and it was noted that achievement of non-GiA income remains a key performance indicator for AFBI.

Considering the Board and Executive view of the need to address the weaknesses in the current annual project-based commissioning process for R&D which has also been highlighted by the independent Peer Review Panel that assessed the quality of AFBI’s Sustainable Livestock Systems, the Board requested that a specific mitigating action on the commissioning process should be included under CR5 – *“If AFBI fails to maintain and grow its scientific excellence this will adversely impact AFBI’s ability to deliver to its customers and impact negatively on its reputation.”*

Exec

In light of the previous discussions it was also proposed that the departmental Scientific Advisor should be invited to present the DARD strategy to the AFBI Board.

CEO

## 14.2 Whistleblowing and Fraud

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

## 15. Public Accounts Committee (PAC) Action Plan - Update

Mrs Hogg presented the DARD Permanent Secretary’s twelve-month update to

the PAC on the progress in implementing the six formal PAC recommendations arising from their report on AFBI.

**ACTION**

The Board noted the ongoing efforts of the Executive to comply with the recommendations and acknowledged the continuing difficulties in obtaining comparator information in relation to benchmarking of corporate and unit costs.

In discussing the response to the PAC Recommendation 4, particularly around the need to ensure that projects are reappraised or subject to change control where costs exceed estimates, the Executive informed the Board that movements in the budget in 2014/15 and the pausing of some projects had resulted in a large number of change control requests and that some of these would have knock on implications for future years. In addition, DARD has also requested that full format proposals for 2015/16 Evidence and Innovation projects be re-appraised. The Executive stated that it is confident that once the SCM is agreed for 2015/16 and any associated change control forms agreed there should be a substantial reduction in the number of change control requests.

#### **16. AFBI Board Performance Self-Assessment 2014/15**

The Chair presented the AFBI Board Self-Assessment 2014/15 which is conducted as part of AFBI's Board Governance arrangements and in line with the Board Operating Framework.

The Board noted that the results of the self assessment exercise were largely positive and that it expressed a desire to increase its understanding of the agri-food industry priorities and requirements. The Chair suggested that further engagement with stakeholders may be taken forward through a series of Board workshops.

#### **17. Ineligible Funding Streams**

Following on from the discussion at the previous Board meeting, Dr Mayne presented a paper entitled "*Funding Streams for Agri-Food Research and Development – AFBI Eligibility*" which provided explanations as to why AFBI is currently ineligible to apply for a number of UK, RoI and international funding streams.

Dr Mayne advised the Board of staff frustration due to AFBI's ineligibility (because of its status) to submit funding proposals for work that it is particularly well placed to conduct, such as the recently announced Research Council UK, Department for Environment, Food & Rural Affairs and Food Standards Agency 5-year programme of research on "*Resilience of the UK food system in a global context*".

The CEO advised the Board that, Dr Alistair Carson, DARD's Departmental Scientific Adviser, had advised him that DARD plans to bid for additional funding in the next Comprehensive Spending Review for development of strategic collaborations with other funders to allow AFBI to become eligible to apply to a number of additional funding streams.

During a discussion on the urgency of this matter and the funding mechanisms

required to allow AFBI to avail of such funding, the Executive was tasked with outlining the likely return on these types of investment in terms of monetary and non-monetary benefits.

**ACTION**

**Exec**

**18. Centre for Innovation and Excellence in Livestock (CIEL)**

The Executive presented a paper which outlines AFBI's involvement as a core academic partner in a consortium that has bid for capital funding from government to establish a Centre for Innovation and Excellence in Livestock (CIEL).

The consortium is at an advanced stage of bidding for capital funding that would be invested in facilities at AFBI Hillsborough. An interview with the Department of Business, Innovation and Skills (BIS) and Innovate UK will take place on 8 July 2015 and if the CIEL bid is chosen as the preferred bidder, a negotiation period will commence with funding likely to be drawn down from mid-2016.

The Executive highlighted a number of issues that will need to be addressed if the bid is successful. These include AFBI's scope to participate in a limited company to be formed by any successful consortium.

Following a discussion on the governance issues, the Board fully supported the Executive's recommendation to commence official communications with DARD on how the venture can be taken forward. The Executive also agreed to circulate an update to the Board following the assessment interview on 8 July 2015.

**Exec**

**19. Any Other Business**

**19.1 Joint AFBI/DARD Board Meeting – 13 August 2015**

The Board was asked to consider any items that they felt should be proposed as agenda items at the forthcoming meeting of the Joint AFBI/DARD Boards.

**Board**

**20. Review of Board Effectiveness**

The Board was satisfied that it had held an effective meeting.

**21. Date of Next AFBI Board Meeting – 3 September 2015**

The next AFBI Board meeting will be held on Thursday 3 September 2015 at AFBI Hillsborough to coincide with the AFBI Open Day.

Signed: \_\_\_\_\_  
(Chairperson)

Date: \_\_\_\_\_