



**Minutes of the Meeting of the
Agri-Food and Biosciences Institute (AFBI) Board
held at AFBI Newforge
on Monday 09 June 2014 at 10.00am**

Present – Board Members

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

In Attendance - AFBI Executive

Prof Seamus Kennedy, Chief Executive Officer
Mrs Lesley Hogg, Director of Finance and Corporate Affairs

Mr James Adams, AFBI Secretariat

1. Welcome and Introduction

ACTION

Mr Colm McKenna, Chair of the AFBI Board welcomed all to the meeting.

2. Apologies

Apologies were received on behalf of Mrs Hilda Stewart, AFBI Board Member and Mr Colin Berry, Head of Finance (Agenda Item 8).

3. Conflict of Interests / Register of Interests Declaration

There were no changes to Board members' register of interests. However, Mr Lindsay informed the Board of a potential conflict of interest between his membership of the Board of the Northern Ireland Food Advisory Committee and AFBI's reference to Service Level Agreements involving the Food Standards Agency (Item 6). The Board signified that it was content to proceed.

4. Draft Minutes of the Previous AFBI Board Meeting held on 6 May 2014

The draft minutes from the previous AFBI Board meeting held on 6 May 2014 were accepted without amendment.

5. Action Sheet from the Previous AFBI Board Meeting held on 6 May 2014

Progress against actions was noted as per the action sheet.

5.1	<u>Staff Newsletter</u>	ACTION
	<p>The Board enquired if future issues of the newsletter could be distributed via e-mail with the associated links issued in PDF format. The Executive agreed to investigate the matter further.</p>	Exec
6.	Chair's Remarks	
	<p>The Chair updated the Board on his recent meeting with the Department of Agriculture and Rural Development (DARD) Permanent Secretary, describing the meeting as informative and wide ranging.</p>	
	<p>Mr Millar asked whether DARD had taken a decision to fill posts vacated by outgoing Board members or whether the size of the Board was to reduce. He also noted that a number of members were due to retire in March 2015. The Chair stated that he would review the terms of office of the Board members and discuss the matter with the DARD Minister, Michelle O'Neill.</p>	Chair
	<p>The Chair also updated the Board on his schedule of activities aimed at building good working relationships with AFBI's stakeholders including conducting a number of AFBI site visits and meeting with other agri-food organisations. Finally, the Chair also commented on the extremely positive feedback about AFBI that he had received from various industry stakeholders during his attendance at the Balmoral Show.</p>	
7.	Executive Report	
	<p>The Executive Report was taken as read. The CEO also informed the Board that following the recent success of the AFBI's Dairy Conference, the Executive intends to host a Beef Conference in November 2014. It is hoped that the conference will be scheduled in conjunction with the second meeting of the Fall Forum.</p>	
	<p>The Board noted that a business case for procurement of professional indemnity (PI) insurance is being prepared and is expected to be submitted to DARD in due course. The Board noted the difficulty in negotiating and finalising third party commercial contracts in the absence of PI insurance or DARD/DFP approval for professional indemnities. The Board asked the Executive to relay a message to DARD on the necessity for a quick turnaround of the business case and also ensure that the issue is appropriately reflected in the AFBI Corporate Risk Register.</p>	Exec
	<p>On reviewing the staff absence figures supplied by Northern Ireland Statistics and Research Agency (NISRA) a discussion ensued regarding appropriate comparators for AFBI. While AFBI, as a public sector organisation, must compare itself with DARD and the NICS, it was also felt that it would be beneficial to compare with a wider range of stakeholders. The Organisational Development and Human Resources (OD&HR) Committee will continue to look at best practice in similar organisations but it was felt by the Executive that it was important to highlight the improvements made since the implementation of robust attendance management procedures.</p>	
	<p>Under "CEO Items" it was noted that EMT and Heads of Branch had attended a refresher training event on governance and accountability on 23 May in Dundonald House. At the Board's request, the Executive agreed to circulate</p>	Exec

8. Finance

8.1 AFBI Budget Monitor Report – Position at 31 May 2014

In presenting the AFBI Budget Monitor, Mrs Hogg confirmed that AFBI's Business Plan 2014/15 has recently been approved by the DARD Minister. In addition, Mrs Hogg took the opportunity to highlight a number of in-year financial risks and pressures that sit largely outside AFBI's control, such as pay progression, income targets and royalty income.

A discussion followed around the issue of royalty income and the Executive summarised the risks in this area as follows:

- New vaccines arriving on the market could affect global sales of the existing vaccines and consequently reduce royalty income
- AFBI pig-related vaccine royalties will cease with the expiry of the patents

Overall the Board was content to note the current position that, assuming the additional bids for pay progression and depreciation are provided, the savings plan and income targets for 2014/15 can be achieved in full and that a balanced budget can be delivered.

8.2 Finance Improvement Plan

The Finance Improvement Plan was taken as read and in particular, the Board noted that the *“development of a proposal and implementation plan to move to a centralised procurement function”* has yet to be fully explored due to other competing priorities. This element of the plan is now expected to be completed by December 2014.

It was acknowledged by the Executive that there is a significant gap between future capital funding availability and the requirements within the Asset Replacement Plan (ARP). Further quality assurance will be conducted to reduce the gap; however, the Board recognised the importance of understanding the requirements of the Assigned Work Programmes over the longer term as this would determine fixed asset requirements.

9. Strategic Direction of AFBI – Continuation of Discussion from Board Strategy Workshop held 3 April 2014

The Chair commenced a strategic session of the AFBI Board around the future direction and vision for AFBI. During the discussion a number of key points were noted such as:

- AFBI's vision should aim to help support the growth of the agri-food industry and the Northern Ireland economy.
- Research is part of AFBI's core business and it is important to view the DARD and AFBI research programmes as complementary with the latter leveraging in additional income to maximise the value of DARD's R&D expenditure. It is also important to focus on opportunities that meet DARD's strategic priorities and provide the greatest opportunity to seek external funding.

- The need to ensure AFBI's strengths and limitations are analysed in conjunction with exploring the changing external environment both nationally and internationally.
 - Recognised that a commercialisation opportunity does not solely represent selling products to customers.
- ACTION**

In summarising the proceedings the Chair confirmed that the Board should be mindful that decisions taken should be in the best interests of the agri-food sector, given its major contribution to the Northern Ireland economy and that it was vital that thinking is aligned with the current Northern Ireland Executive Programme for Government. The Chair also suggested that the strategic session had shown that, with expansion in some areas, the basis of the AFBI vision is in place.

10. Governance Issues

10.1 Risk Management

10.1.1 *Reports of New or Emerging Risks*

As a result of the earlier discussion the Board reiterated its view that the issue of indemnities should be highlighted within the AFBI Risk Register.

10.1.2 *AFBI Corporate Risk Register – May 2014*

In response to a query on DARD's Evidence and Innovation Strategy, the Executive confirmed that it was content that discussion with DARD, on areas of science that AFBI should be focussed on, is adequately reflected in Corporate Risk 1 under the additional action "*Continuing to pursue medium term work plan from DARD*". Subject to the inclusion of a reference to the indemnity risk, the Board indicated that it was content with the updated AFBI Corporate Risk Register.

The Chair also requested that future presentations of the risk register should include a summary of the key mitigating actions. In addition, the Board indicated that it was keen to continue a regular cycle of looking at corporate risks on an individual basis.

Exec

10.2 Whistleblowing and Fraud

A paper providing a brief update and current status of ongoing whistleblowing cases was presented. The Board was content to note.

11. Review of Board Effectiveness – AFBI Board Performance Self Assessment Checklist

The Chair confirmed that he has received and reviewed all AFBI Board Performance Self Assessment Checklists. After summarising the outcomes from the self assessment exercise, the Chair confirmed that he will write to members outlining the findings and key issues.

Chair

12. AFBI Board Workshop Action Plan – Update on Progress

Mrs Hogg provided a background to the AFBI Board Workshop Action Plan and highlighted that of the 21 actions, 20 have been completed with only one

ongoing action *“Consider need for a commercialisation sub-committee”*. **ACTION**
Although the Strategic Investment Board (SIB) is developing a paper on processes and general principles to deal with various types of commercial opportunity, Prof McKelvey reiterated the Board’s view, conveyed at the June 2013 meeting, that unless AFBI is in a position to avail of certain end-of-year freedoms there was no need for the establishment of a commercialisation sub-committee at this time.

The Board was content to note the status of the AFBI Board Workshop Action Plan and the significant progress made.

13. Draft Minutes and Report from Audit Committee Meeting held on 15 May 2014

On reviewing the minutes from the Audit Committee, the Board sought clarification on the following entry:

Item 6.1 Internal Audit Progress Update Report 2013/14

“Due to the number of deferrals AFBI IA reported that they are limited in the number of substantive reviews that have been carried out and a caveat will be entered in the Annual Assurance Statement to reflect this.”

In response the Executive confirmed that although three reviews were deferred, of those, two related to the assessment of implementing NIAO Value for Money / Public Accounts Committee recommendations, which had been deferred due to the timing of the reports, and one related to a review of performance management processes which was deferred due to a change in the NICS performance management system. The reviews on HR Management and Corporate Governance were however brought forward from the 2014/15 year. Mr McCann, in his role as Chair of the AFBI Audit Committee, also stated that as the issue of a caveat was not raised during the in-year discussions in respect of changes to the Internal Audit Plan 2013/14, the matter will be discussed with AFBI Internal Audit (AFBI IA) at the next meeting of the Audit Committee. Mr McCann expressed that AFBI IA, in his view, continue to provide an excellent level of service. The CEO, in his capacity as AFBI Accounting Officer, assured the Board that he was content that adequate coverage has been provided by AFBI IA for the 2013/14 year.

Given the Board’s role in ensuring good governance, the Executive was requested to circulate a copy of the final report in respect of the Review of Corporate Governance to the Board after it has been presented to the AFBI Audit Committee.

Exec

14. Draft Minutes and Report from Organisational Development and Human Resources Sub-committee Meeting held 6 May 2014

In presenting the draft minutes from the Organisational Development & Human Resources Sub-committee, Prof McKelvey asked the Board to note that in preparing the draft *“AFBI Rewards and Recognition Strategy”*, approaches taken by a number of departments and agencies had been considered. It is currently expected that the strategy will be reviewed by EMT and presented to the Board for approval in September 2014.

The Board noted the valuable contribution that a number of staff and students make to AFBI and DARD’s wider aims of establishing links with emerging

In response to a query regarding a reference to the “*Rewards to Inventors Scheme – Rewards to Inventors Policy*” by the PAC in its report on AFBI, the Board confirmed that it was content for the scheme to continue and noted that it has been approved by DARD and DFP. It was also accepted that should an invention benefit the local economy then the inventor should be suitably rewarded.

15. Any Other Business

15.1 AFBI Estate Strategy

Mrs Hogg updated the Board on the latest position in respect of the AFBI Estate Strategy and the ongoing projects for several of the AFBI sites.

In addition, the Chair advised that a sub-group of the Board will meet with DARD and SIB on Tuesday 1 July 2014. All available Board members were asked to attend to hear a presentation on the work currently being undertaken to specify accommodation requirements for a replacement building for AFBI Headquarters at Newforge Lane.

16. Review of Board Meeting Effectiveness

Board members were content with the way in which business had been conducted.

17. Date of Next Meeting – 3 July 2014

The Chair confirmed the next meeting of the AFBI Board will proceed as originally planned on Thursday 3 July 2014.

Signed: _____
(Chairperson)

Date: _____