



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

Present – Board Members

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

Visitors

Mr Colin McCrossan, Strategic Investment Board (Item 4)
Mr Simon Doherty, President of the North of Ireland Veterinary
Association (Item 20)
Mr Tony O'Neill, Chair of Agri-Food Strategy Board (Item 21)
Mr Declan Billington, Agri-Food Strategy Board (Item 21)
Mr Michael Clark, Chair of Northern Ireland Agricultural Producers'
Association (Item 22)
Mr John Gilbert, British Society of Plant Breeders (Item 23)

1. Welcome and Introduction

ACTION

The Chair welcomed everyone to the meeting.

2. Apologies

An apology was received on behalf of AFBI Board member Mr Bob McCann.

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. Newforge Estate Rationalisation – Update

The Chair welcomed Mr McCrossan to the meeting to provide an update on progress of the Outline Business Case (OBC) for potential new headquarters and plant testing facilities for AFBI.

Mr McCrossan recently held preliminary discussions with representatives from the Public Spending Directorate (PSD) of the Department of Finance and Personnel (DFP) regarding the viability of capital funding for the project. Mr McCrossan informed the Board that feedback received was positive, in that it was agreed that this project represented one of the first tangible outputs of the “*Spend to Save*” of the Asset Management Strategy, for which there would be specific capital budgets available. Mr McCrossan advised that DFP will be considering such projects for their 2016-20 budget, and that the business case should be submitted in the first half of this year so as DFP staff can comment and agree the way forward. In doing so, he highlighted that the process will be for SIB to submit the business case directly to DFP, once DARD have confirmed they are content.

Mr McCrossan also updated the Board on a recent meeting with representatives from the Planning Office including a road engineer from Transport NI. At this meeting, the Planning Office confirmed that, at this stage, there were no apparent risks to the development of AFBI Hillsborough from any of the key risk areas e.g. flood plains, national heritage, archaeology etc, based on the proposed position of a new building. It also confirmed that Transport NI had no issues with the increase in staff numbers proposed to be added to the site (approx 300 additional), but that the access off Park Street would need to be carefully considered and all appropriate steps taken to avoid further disruption to residents. It was therefore recognised that engagement with local residents would need to take place as soon as any approval is received for the development

In relation to the business case, Mr McCrossan highlighted that feedback has been received from DARD on the initial draft and at present these comments were being taken on board. In particular, the criteria used in the options appraisal is in the process of being strengthened. In this context, the future projections of business functions that AFBI will carry out will be of critical importance to the completion of the business case, and in fact have been specifically flagged by DFP already. The Chair advised Mr McCrossan that AFBI will have a robust strategy to 2020 in place by the end of March 2015 and that the EMT will confirm all relevant information at that time.

Mr McCrossan advised that he expected the business case to be submitted to DFP in April 2015 after it has been discussed at the DARD Asset Management Board. The Chair gave an assurance that the Executive could work to the timescales agreed and it was noted that the business case had already been approved by the Board and will not be revisited unless there are fundamental changes proposed.

The Board thanked Mr McCrossan for his update and welcomed the positive feedback and the current status of the business case.

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

The draft minutes from the previous AFBI Board meeting held on the 5 February 2015 were approved without amendment.

5.1. Action Sheet from AFBI Board Meeting held on 5 February 2015

ACTION

Progress against actions was noted as per the Action Sheet.

6. **Chairman's Remarks**

In providing his remarks and noting the remainder of the agenda, the Chair briefly referenced three key items –

1. AFBI Presentation to the Committee for Agriculture and Rural Development (ARD) on 17 February 2015

The Chair stated that he was content that the presentation and supporting papers presented to the ARD Committee on 17 February 2015 were a true reflection of the Board's view and the discussions held at Board level. The presentation and papers submitted were well received by the ARD Committee and it was felt that there had been an appreciation of the pressures that the Institute is facing.

2. Joint DARD/AFBI Board Meeting held 19 February 2015

The Chair described the discussions at the DARD/AFBI Joint Board meeting, held on the 19 February 2015 as interesting and challenging. The Chair also informed the Board that he had responded to a letter received from the DARD Permanent Secretary on the department's expectations of the Institute where he has highlighted the issue of pay progression and has asked for an explanation as to the proportion of cuts that AFBI is facing in 2015/16.

3. Board Appointments

The Chair informed the Board that offers of appointment have been made for three Board positions and the process remains ongoing. Letters to existing Board members to advise them that their appointments have been extended to the maximum term allowed have not yet been issued. However, the Chair has received confirmation that DARD Sponsor Branch are progressing the matter.

7. **Executive Report**

The CEO presented the Executive report for February 2015 and also took the opportunity to inform the Board that DARD Veterinary Service had written to Dr Douglas, Head of Immunodiagnostic Branch to acknowledge the role of VSD in assisting DARD to eradicate brucellosis. He also said that he himself had written to thank all staff involved in testing for Brucellosis for their efforts in handling a high volume of samples to a very high standard for a number of years.

In discussing the AFBI Voluntary Exit Scheme (VES) the Board was asked to note the Executive's understanding of VES as follows:

- DFP funding for a VES in public sector organisations is predicated on them having a voluntary exit scheme and an approved business case in place. Approved business cases must be with DFP by 31 May 2015 and

funding will be allocated in June monitoring.

- Funding will be allocated to all schemes based on the annual pay bill savings to compensation cost ratio. Full details of the cost/benefit calculation is yet to be received by AFBI.
- Public Sector organisations can have multi-year schemes but the NICS is a one-year scheme.
- Civil Service Pensions (CSP) has indicated that it will have limited capacity to process all AFBI leavers by 30 September 2015.
- Further guidance and clarification is being sought from DARD and CSP on a number of other matters.

Given the uncertainties that currently exist and the rapid period of change proposed, the Board highlighted the risks that the VES poses to the implementation of AFBI's future strategy and noted that an action, that VES should take account of AFBI's future scientific requirements, is reflected in AFBI's Corporate Risk Register.

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

The Board was content to note the draft minutes of the Finance Sub-Committee meeting held 26 January 2015.

9. Finance

9.1 AFBI Budget Monitor Report – Position at 31 January 2015

Mrs Hogg presented the Budget Monitor for the month ended 31 January 2015 which currently forecasts a small surplus for 2014/15 and informed the Board that AFBI is continuing to scrutinise income and expenditure and is on track to achieve a balanced budget. Mrs Hogg also advised the Board that capital expenditure is being monitored on a weekly basis and the Executive is planning to spend its full capital allocation.

In response to a query on Appendix A *“2014/15 Budget Monitor Reconciliation - AFBI Business Plan for 2014/15 v Outturn forecast”*, the Executive confirmed that this summarises the year to date movement in income and expenditure compared with the published AFBI Business Plan 2014/15 figures.

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

In presenting the minutes of the Audit & Risk Assurance Sub-Committee meeting held on 27 January 2015, Prof Murphy highlighted the discussion under Item 12 – *“Draft AFBI Corporate Risk Register”* and in particular the difficulties that the Executive face in trying to manage a number of risks while facing severe budget pressures. The Board was content to note Prof Murphy's comments and that the Board will discuss the matter in greater detail under item 15.1.2.

11. Report from Organisational Development & Human Resources Sub-Committee Meeting held on 23 February 2015

In providing a verbal report on the Organisational Development & Human Resources Committee meeting held on the 23 February 2015, Prof McKelvey

highlighted the following:

- Recognition and reward is being taken forward albeit more slowly than he would have liked and the recognition and reward working group has established a terms of reference for the establishment of a recognition and reward committee.
- He has requested that staff Establishment figures be extrapolated over the next few years to take account of the VES.
- Sickness absence is currently 6.7 days per whole time equivalent and while it may be difficult to meet the 7.5 day target for year-end, it does sit favourably when compared with the NICS.
- Branch reviews, as described in the organisational improvement plan, have been put on hold until the future composition of the Institute has become clear.
- Learning and Development (L&D) Strategy is being taken forward by the L&D Working Group which now has scientific representation from Prof Margaret Patterson.
- The recent Industrial Grading Review has been completed.

The Board was content to note the verbal update and that the minutes of the meeting will be presented to the AFBI Board in April 2015.

12. **Report from Science Strategy Committee Meeting held on 23 February 2015**

In providing a verbal update on the Science Strategy Committee meeting held on the 23 February 2015, Mr Lindsay summarised the following key points:

- The Committee was content that AFBI's Science Strategy was broadly reflective of AFBI's direction of travel but that it would need to be amended in light of current developments. Mr Lindsay also expressed frustration at the lack of clarity on DARD's future R&D requirements.
- A preliminary report on the peer review of "*Sustainable Livestock Systems Programme*" is expected at the end of the month. The report will be reviewed by the Committee in April 2015 prior to its submission to the Board.
- AFBI needed to undertake a foresight exercise regarding long-term planning and horizon scanning.
- Enhanced engagement with industry needs to be increased at all levels within AFBI.

The Board was content to note the verbal update and that the minutes will be presented at the next meeting of the Board.

13. **Draft AFBI Corporate and Business Plan 2015/16**

A draft AFBI Corporate and Business Plan 2015/16, dated 13 February 2015, was tabled by the Executive who apologised that it had been unable to provide a final version at this stage due to continued work on savings proposals required to deliver a budget for 2015/16 which aligned with the funding available.

The Executive advised the Board that a combined one-year corporate and

business plan has been developed to align with the one-year Comprehensive Spending Review (CSR). In response, the Board made a number of suggestions including the need for more input on the corporate planning side such as a section around the future vision for AFBI.

ACTION

The Executive advised that the AFBI Corporate and Business Plan 2015/16 will be revised to take account of the Board comments, the outworkings from the DARD/AFBI Strategic Issues Working Group and the recent joint DARD/AFBI Board meeting. An electronic copy of the updated plan will be circulated to the Board and the Board was content to note the current position.

Exec

14. NIAO/PAC Action Plan - Update

Mrs Hogg presented the NIAO/PAC Action Plan, dated 31 January 2015, and advised the Board that the Executive expects all recommendations to be completed before updates are provided to the PAC in May 2015. The Board also noted that Mrs Hogg and Dr McDowell recently provided an update on the action plan to the DARD Audit & Risk Assurance Committee where there was an acceptance of some delay given the challenges that AFBI has faced and an acknowledgement that some of the original timescales were optimistic.

In discussing the recommendations around benchmarking the Board acknowledged the difficulties in achieving comparator benchmarking on a like for like basis, primarily because similar information is unlikely to be available from the most suitable comparators.

The Chair emphasised that the Executive must continue to provide detailed responses to the action plan and where it has not been possible to fully achieve the recommendations to date, a robust explanation must be provided.

15. Governance Issues

15.1 Risk Management

15.1.1 *Reports of New or Emerging Risks*

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

15.1.2 *Draft AFBI Corporate Risk Register (CRR) – January 2015*

Mrs Hogg presented the draft AFBI CRR dated January 2015 and focused attention on the core changes to the risks including where appropriate, the alterations to the risk scorings.

In noting the key changes the Board raised concern that the inherent and residual scores for Risk 3 – “*If AFBI fails to achieve its targets for non-GiA income, this will put at risk its ability to deliver a balanced annual budget and maintain scientific capacity.*” and Risk 4 – “*If AFBI fails to identify and plan to mitigate financial risks and pressures this will pose a risk to its sustainability and impact negatively on its reputation.*” have been assessed as equal.

The Executive explained that Risk 3 related to the current in-year financial

position since. AFBI was near the end of the financial year and a balanced budget was forecast, the risk was low. The Executive also explained that Risk 4 referred to the longer term financial position. The residual risk score for Risk 4 was at the maximum of 25 given current risks over AFBI's ability to operate within its budget for 2015/16 given the magnitude of its budget cuts. Risk 3 will be revised upwards following commencement of the new financial year.

ACTION

Whilst taking into account the extremely challenging financial environment that the Institute finds itself in, the Board requested that the Executive reconsider those risks where the residual risks were at the same level as the inherent risk scores to ensure that all additional actions and controls had been identified and that the scoring accurately reflects the Executive's efforts to mitigate the risks.

Exec

15.2 Whistleblowing and Fraud

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

15.3 Draft Whistleblowing Policy

Mrs Hogg presented the draft AFBI Whistleblowing Policy and highlighted the key changes. The Board was content to approve.

Dr Mayne entered the meeting.

15.4 Draft AFBI Anti-Fraud Policy Statement & Fraud Response Plan

Mrs Hogg presented the draft Anti-Fraud Policy Statement & Fraud Response Plan and highlighted that the version attached has been updated to incorporate details of the Bribery Act 2010 and amended to exclude gifts and hospitality and whistleblowing which AFBI has developed as separate documents. Mrs Hogg was content that the document is robust and in line with best practice and the Board was content to approve.

16. The Committee for Agriculture and Rural Development (ARD) Meeting held on 17 February 2015 – AFBI Presentation

In noting the Executive's attendance at the ARD Committee meeting on 17 February 2015, the Chair referred to his earlier remarks and stated that it was important to indicate the scale of the budget pressures being faced by AFBI in an open and honest manner which reflected the ongoing discussions and concerns of the AFBI Board and Executive.

The ARD Committee had shown concern and was hugely supportive of the work that AFBI carries out on behalf of DARD, the wider public sector and the agri-food industry. The Board congratulated the Executive for the candour in the documents presented and for their performance on the day.

17. Joint AFBI DARD Board Meeting held 19 February 2015

17.1 AFBI's 2020 Strategy

The Chair informed the Board that he had been accompanied by the Deputy

Chair, the CEO and Dr Mayne to the joint DARD/AFBI Board meeting held on 19 February 2015. The meeting focused on strategic issues and it was agreed that the Executive would present the AFBI Corporate and Business Plan 2015/16 to DARD by mid-March with the AFBI Strategy to 2020 following by 31 March 2015.

ACTION

In the discussions that followed a number of points were noted, including:

- The strategy must clearly demonstrate what the agri-food industry can expect from AFBI, provide a vision of what AFBI will look like by 2020.
- The Executive will revisit “*Annex A – Summary of 2015/16 Financial Savings Proposals*” to further address the remaining shortfall in funding. This must include a number of caveats and realistic assumptions.
- A working group has been established to look at greater collaboration between AFBI and CAFRE. The Chair indicated that he would like to have non-executive input into the group and it was the Board’s view that the links should be strengthened rapidly so that AFBI can forge ahead with developing alliances with universities.

In order to facilitate Board input into the revised strategy the Executive agreed to provide Board members with a copy for consideration by 24 March 2015. The Board then agreed to meet on 30 March 2015 to discuss the Executive’s revised strategy before the finalised version is submitted to DARD. Board members who indicated that they will be unable to attend the session were requested to provide any comments via correspondence.

All

18. Any Other Business

There were no additional items of business.

19. Completion of Term of Office – Mrs Hilda Stewart

Prior to a break for lunch the Board and Executive took the opportunity to acknowledge the contribution made by Mrs Hilda Stewart who was attending her last monthly Board meeting having completed her term of office. In presenting Mrs Stewart with a memento to mark the occasion, the Chair stated that it will be very difficult to find a replacement with Mrs Stewart’s wealth of knowledge and experience. In response Mrs Stewart thanked the Board and Executive for their support and wished AFBI every success in the future.

20. North of Ireland Veterinary Association (NIVA)/British Veterinary Association (BVA) – Mr Simon Doherty

The Chair welcomed Mr Simon Doherty, President of NIVA and Northern Ireland region of the British Veterinary Association to the meeting to provide the Board with the views of the Association on the services AFBI can provide to the industry.

Mr Doherty highlighted the importance of high levels of disease surveillance, diagnostic testing of red and white meat for industry, food safety, emergency response, robust information on new scientific techniques and effective collaboration at a local level as key areas of importance to NIVA and BVA. He also noted the rapid response to Foot and Mouth and Bluetongue provided by

VSD to the veterinary profession and the resulting benefits that this had provided to the agri-food industry and wider economy. **ACTION**

Mr Doherty stated that an internationally robust research and development base was essential for the industry along with data on emerging disease threats. He also stated that increased collaboration was needed between government and veterinary practitioners.

Whilst understanding the current pressures on public finances, Mr Doherty presented a strong case for the retention of services at AFBI Omagh citing local staff skills and knowhow, a likely large decline in submissions in the west of the province since 50-60% of post mortems were carried out there, the loss of early diagnosis of critical epizootic diseases and the creation of a single point of failure as key reasons to retain a service at the AFBI Omagh site. Mr Doherty also noted that importantly Northern Ireland was the only UK region with a land border with another EU member state and that border counties have a history of complicated animal disease.

In response to a question on the possibility of increased charging for services, Mr Doherty stated that the NIVA would publically support such a move if it meant the retention of services at AFBI Omagh and provided that the costs can be justified. Mr Doherty also advocated a staged process of introducing fee increases as he felt that a large increase would result in a substantial loss in submissions from Less Favoured Area (LFA) and commercial farmers. Mr Doherty reiterated his support for AFBI and its Veterinary Sciences Division.

In concluding the discussions, the Chair informed Mr Doherty that no decisions have been finalised and that AFBI is looking at all the options available in light of the sustained budget pressures being faced. The Chair acknowledged the importance of disease surveillance and the benefits it can bring to the food supply chain. He stated that if services were to be retained AFBI must explore alternative ways of doing things and alternative avenues of funding. Mr Doherty agreed that, as many would benefit by the retention of services at AFBI Omagh, there is a role for all elements of the supply chain to play in supporting the maintenance of the facilities.

21. Agri-Food Strategy Board (AFSB) – Mr Tony O’Neill and Mr Declan Billington

The Chair welcomed Mr Tony O’Neill and Mr Declan Billington from the AFSB to the meeting to discuss their views on how AFBI can tailor its strategy to ensure it provides the best support to industry.

During the discussions Mr O’Neill and Mr Billington made a number of key points, including:

- Over the last two decades there has been a decline in the number of research institutes throughout the UK so AFBI is a valuable resource.
- AFBI and the agri-food sector as a whole, must improve how we access and drawdown available EU funding.
- There are issues around funding pure research as industry does not seem to get Intellectual Property (IP) rights so how do you get value if you invest in R&D.

- Greater alignment and engagement with industry is required to enable AFBI to avail of more commercial funding.
- Concerns were expressed about the process used by DARD to engage stakeholders and prioritise research.
- The AFSB needs to have a greater understanding of AFBI's priorities so that industry can support the Institute.
- Industry is seeking near market development but as this becomes more sophisticated AFBI must help industry to understand the importance of having a pipeline of research and a portfolio of both near market and pure research.
- AFBI must substantially enhance its efforts in conducting meaningful stakeholder engagement. Mr O'Neill stated that it was essential to engage with senior members of the industry as such engagement will help to ensure that AFBI has a clear view on industry priorities and can retain capacity and build skills and experience in the right areas.

In conclusion, the Chair thanked Mr O'Neill and Mr Billington for their contribution to the very useful discussions and that it was important for the Board to hear the views expressed. The Chair felt that AFBI and the AFSB could do valuable work together and Mr O'Neill said that the AFSB will look to assist AFBI where it can and both looked forward to better engagement between AFBI and AFSB going forward.

Mrs McCartan left the meeting

22. Northern Ireland Agricultural Producers' Association (NIAPA) – Mr Michael Clarke

The Chair welcomed Mr Michael Clarke, Chair of NIAPA, to the meeting to provide his viewpoint on how AFBI can best support the primary producers.

Mr Clarke stated that having read some of the background material in relation to AFBI, he was fully supportive of the work of the Institute and very impressed with the services and benefits that it provides to the industry. However, he noted that the work of AFBI was not always evident. Mr Clarke felt that activities in a number of areas such as diagnostic testing, disease surveillance and improved genetics have helped primary producers. He also stated that genetics, reductions in growth periods grassland productivity and disease control were key areas in which producers could improve efficiency and that the resolution of Johne's disease was also a priority issue for the industry. Mr Clarke highlighted that he would like to see more investment in beef research as that area has suffered from under investment for some time. The Board and Executive concurred with this view.

In response to a query on the possibility of increasing the research levy, Mr Clarke felt that the industry would be supportive for this particular levy provided AFBI could provide sound justification for such an increase and there was better identification of research priorities. It was also agreed that if AFBI had the opportunity to describe all of the advantages that it can bring to the agricultural community then this would be very beneficial.

Mr Clarke also took the opportunity to offer his support for the retention of

facilities at AFBI Omagh which he sees as crucial to the local producers and advised the Board that the speed of potential change is particularly difficult and worrying for the industry. In reply, the Chair assured Mr Clarke that no decisions have yet been finalised and that AFBI is continuing to explore all options in light of future budget pressures.

In recognising that there needs to be more regular engagement with representatives of NIAPA, the CEO and Executive agreed to take this forward and Mr Clarke welcomed the opportunity to engage on a more regular basis.

The Chair thanked Mr Clarke for giving his time to speak with the Board and stated that such discussions will help AFBI shape its future to meet the needs of the industry.

Prof McKelvey left the meeting

23. British Society of Plant Breeders Representative – Mr John Gilbert

The Chair welcomed Mr John Gilbert, representative of the British Society of Plant Breeders to the meeting to discuss the importance of AFBI's plant and seed testing programme at AFBI Crossnacreevy.

Mr Gilbert tabled a booklet which highlighted that figures extrapolated from the *Northern Ireland Agricultural Census 2013* showing that grass production in Northern Ireland is worth five times that of all other harvested crops combined. AFBI Crossnacreevy is regarded as a centre of excellence throughout Western Europe and is a flagship for Northern Ireland.

AFBI carries out Recommended list trials on Forage Maize, Cereals, Potatoes and grasses and clover. These trials are for the benefit of local farmers and pick out the most suitable varieties for local conditions. By their very nature these trials cannot be carried out elsewhere. AFBI also carry out NL trials and DUS trials under arrangements with UK government. Mr Gilbert highlighted that there were a number of live trials at Crossnacreevy and that breeches of contract would result in serious financial consequences if varieties were held up. He also pointed out that Crossnacreevy and Germany were currently the only DUS trial centres for perennial rye grass in Europe.

In summarising what he saw as the options available, Mr Gilbert outlined why he felt that moving the grass trialling programme to AFBI Hillsborough over a period of time may prove a viable option and why a similar move to AFBI Loughgall would not work although he emphasised that 3-year trials had to be finished at the same site and couldn't be moved. Mr Gilbert pointed out that approximately 200 varieties were under trial at Crossnacreevy. Mr Gilbert also stated that a cessation of the grass trialling programme would remove local farmer access to the best unbiased view on the most suitable grass varieties for sowing on local farms.

He said that it was easily demonstrable that the single easiest way of increasing Agricultural productivity in Northern Ireland was to increase grassland productivity. The average level was currently approximately 50% of what could be achieved in practice. He went on to say that The Republic of Ireland was alive to the possibilities of increasing grassland production and were investing in

research both in trialling grass varieties and in grassland management. Northern Ireland should be doing the same. **ACTION**

In response, the Chair thanked Mr Gilbert for providing his views to the Board and stated that he understood his concerns but emphasised that no decisions have yet been taken. He stated that the discussions today will help the deliberations of the Board and the Executive in developing AFBI's future strategy.

24. Review of Board Effectiveness

The Board was satisfied that it had held a very productive and effective all-day meeting which will assist in the development of an unambiguous strategy. The meeting had also highlighted the need to engage with stakeholders in a suitable forum and today's discussions had contributed hugely to the development of AFBI's relationships with its customers.

25. Date of Next AFBI Board Meeting – 2 April 2015

The next AFBI Board meeting will be held on Thursday 2 April 2015.

Signed: _____
(Chairperson)

Date: _____