



**Minutes of the Meeting of the
Agri-Food and Biosciences Institute (AFBI) Board
held at AFBI Loughgall
on Tuesday 12 May 2015 at 9.30am**

Present – Board Members

Mr Colm McKenna, Chair
Prof William McKelvey,
Deputy Chair
Mr Ian Buchanan
Mr Colin Coffey
Mrs Sarah Havlin
Mr David Lindsay
Mr Bob McCann
Mrs Hilary McCartan
Mrs Maureen McKeague
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

Mr James Adams, AFBI Secretariat

Visitor

Mr David Johnston, Crops, Grassland & Ecology Branch (Item 24)

1. Welcome and Introduction

ACTION

The Chair opened the meeting with a word of welcome.

2. Apologies

An apology was received on behalf of AFBI Board member Dr McMurray and the Executive also tabled an apology on behalf of Dr Mayne, Director of Sustainable Agri-Food Sciences Division.

3. Conflict of Interests/Register of Interests Declaration

There were no changes to Board members' register of interests.

As Mr Coffey's potential conflict of interest given his Non-Executive Director position in relation to the Northern Ireland Science Park had previously been declared and established, the Chair was content that future declarations would no longer be required at the commencement of Board meetings.

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

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

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

ACTION

Progress against actions was noted as per the Action Sheet.

4.1.1 AFBI New Bids and Contracts signed January to March 2015

The Executive informed the Board that the paper on funding opportunities applied for during January to March 2015 is still under development and will be presented at the June meeting of the AFBI Board.

**SM/
SMcD**

5. **Chairman's Remarks**

In providing his remarks and noting the remainder of the agenda, the Chair referenced the following –

- AFBI Strategy to 2020

The Chair and members of EMT met with the DARD Permanent Secretary and other officials on 16 April 2015 to discuss AFBI's updated 2020 Strategy paper and AFBI's Corporate & Business Plan 2015/16. The Chair stated that while DARD had made a number of comments on the documents these were in the main presentational and would be addressed by the Executive.

The status and implications of AFBI's Voluntary Exit Scheme (VES) was also discussed. The Chair highlighted that until the quantum of funding received for VES was known it would be impossible to assess the impact of the VES.

- Annual Review of the Chair

The Chair informed the Board that he will meet with the DARD Permanent Secretary this afternoon for his annual performance appraisal. The Chair stated that he will take the opportunity to discuss a number of wider strategic issues including the scope for greater collaboration across the DARD family and for reduction in duplication of effort between several DARD-AFBI work areas.

- Balmoral Show

In recognising the busy week ahead, the Chair informed the Board that he and the CEO will be representing AFBI at both the DARD and Irish Farmers Journal Breakfast events at this year's Balmoral Show.

6. **Membership of Sub-Committees**

The Chair informed the Board that he will be reviewing the remit of the various AFBI Sub-Committees and would like a greater focus on commercialisation.

The Chair will take the matter forward in discussion with the Deputy Chair followed by meetings with the Chairs of the Sub-Committees over the next month and then discussions with new Board members.

Chair

Mrs McKeague entered the meeting

7. **AFBI Strategy to 2020 - Update**

The CEO informed the Board that AFBI had received written feedback from the DARD Permanent Secretary on AFBI's Strategy to 2020 following discussions on the 16 April 2015 and the Executive is in the process of incorporating the comments into a revised version. The updated version will be developed for the Chair's consideration later this week.

Exec

Following a number of discussions and hearing the views of key stakeholders, the Chair highlighted that AFBI has commenced on a direction of travel and once the strategy has received formal approval from DARD, the Board must play an important role in communicating the strategy to AFBI's stakeholders.

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

The AFBI Corporate and Business Plan 2015/16 was also discussed at the aforementioned meeting between senior AFBI and DARD Officials. Mrs Hogg summarised the feedback received from the Department and although some concern was raised in the discussions that followed, the Board indicated that it was content that the Executive incorporate the feedback from the Department in a letter that will be sent to the DARD Permanent Secretary with the updated version of the plan.

Exec

Mr Coffey, Mrs McKeague and Mr Buchanan updated the meeting on their recent introductory meeting with the DARD Permanent Secretary which they had found to be very positive and highlighted the importance of AFBI to DARD and the agri-food industry. The Chair added that he felt that there is support for AFBI to increase commercialisation activities with appropriate governance arrangements.

9. **Executive Report**

The CEO presented the Executive report for April 2015 and the following key points were noted:

Enterprise Shared Services (ESS)

A DAO (DFP) 06/15 'Extension of Shared Services' was published on 15 March 2015 which mandates all central government public services to work with ESS with an assumed default of joining the existing shared services wherever possible. The decision not to use shared services will have to be justified and agreed with ESS, DFP Permanent Secretary and the DARD Permanent Secretary. The Board noted that the key ESS service not currently used by AFBI was Account NI but that on a number of occasions, most recently during a review of the Pegasus accounting system, it has been clearly articulated why Account NI was not deemed to be appropriate for AFBI.

Estate Management

The VSD-Stormont Main Building outline business case (OBC) is currently on

hold with DARD Financial Policy Branch pending the outcomes of the space utilisation exercise and consideration of elements of AFBI's 2020 Strategy. The Executive informed the Board that work to consider the potential implications of AFBI's 2020 Strategy is likely to be undertaken by Dr Eileen Stewart and DARD Resource Economic Branch (REB) through a short-term task and finish group.

Work on the AFBI HQ/Plant Sciences Centre OBC is progressing well with further comments having recently been received from DARD REB.

A small working group of key people from AFBI, DARD and CAFRE had met to discuss capital investment in animal accommodation across the DARD family. The Board was pleased to note the strategic consideration of animal accommodation across the DARD family.

Innovations

A patent application has been filed with the European Patent Office, three AFBI inventors have been identified and approved by line management and a commercialisation plan is being prepared for submission to Invest NI.

Agri-Food Strategy Board (AFSB) Sub-Groups

Dr Mayne has been appointed as a member of the AFSB Sub Group on Livestock Genetics. AFBI is not represented on the sub-group looking at innovation in the agri-food sector but AFBI has queried this with the Chair of the group and is awaiting a response.

Stakeholder Visit

The CEO hosted a visit by Dr Alan Winter, CEO of Genome British Columbia and stated that Genome Canada is very enthusiastic about working with AFBI and potential options for jointly funded projects are being followed up.

Nurse Review of Research Councils

The CEO has submitted a response to the Nurse Review of the UK Research Councils making the case that AFBI, along with similar public sector research organisations, should become eligible for research council funding. The Board congratulated the CEO on his response and felt that it would be beneficial if the CEO's letter was supported by the Department. The CEO agreed to follow up the matter with the DARD Departmental Scientific Adviser.

CEO

10. Finance

10.1 Report from Finance Sub-Committee Meeting held 11 May 2015

In providing a verbal update on the Finance Committee meeting held on the 11 May 2015, Mrs McCartan highlighted the following points:

- The Committee was content that the Executive is projecting a balanced budget for 2014/15 especially in the context of significant in-year financial pressures faced by the Institute.

- Work involving the Strategic Cost Model (SCM) is as follows:
 1. Costing of Assigned Work Programme (AWP) 2015/16 – Responses to DARD’s queries on the cost and content of individual AWP activities have now been substantially provided and a second version of the SCM is being prepared.
 2. Final Outturn Reports for 2014/15 – The reports are nearing completion and will show budget, actual and variance figures for individual AWP activities.
 3. SCM platform – Work is ongoing with Biometrics and Information Systems Branch to move the SCM to a database platform and this move is endorsed by the Committee.
- The Committee discussed the difficulties the Executive is experiencing in its attempts to obtain benchmarking information to fulfil PAC recommendations, in particular in relation to unit costing. In general organisations approached do not have or have been unwilling to share unit cost information.

The Board was content to note.

10.2 AFBI Budget Monitor Report – Position at 31 March 2015

Mrs Hogg presented the Budget Monitor for the month ended 31 March 2015 which projects a balanced budget within agreed limits. In response to a query on the Executive’s confidence around royalty income figures, Mrs Hogg confirmed that there is always an element of risk around the last quarter projection due to the lag in receipt of royalty payments but that the forecast is based on historical receipts and trends.

In noting the level of Grant-in-Aid that is not recurrent in the baseline, the Chair informed the Board that discussion with the Department around the acknowledgement of the pay progression issue remains ongoing.

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

Prof McKelvey presented the minutes of the Organisational Development & Human Resources Committee meeting held on the 23 February 2015 and the Board was content to note.

In noting the delay in implementing AFBI’s Recognition and Reward (R&R) Strategy, the Executive advised the Board that it has provided clear instruction to the R&R Working Group regarding the establishment of the R&R Committee.

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

Mr Lindsay provided the Board with a verbal update on the Science Strategy Committee Meeting held on 23 April 2015 which had focused on a review of the final report from AFBI’s Peer Review of Sustainable Livestock Systems.

The Committee recognised the efforts of the Executive in delivering an expert panel with a balanced mix from both academia and industry. The Committee felt that on balance the report was positive and highlighted the importance of AFBI for the NI Agri-food industry, although it did make recommendations on the current DARD research commissioning model and identified areas for improvement in AFBI's research.

ACTION

While the Board was pleased to see the peer review exercise being undertaken and congratulated the Executive on this initiative, the report does highlight a number of areas of concern. In noting that this was AFBI's first peer review, the Board recognised the difficulty of focusing on policy driven research and the criticality of working towards higher overall ratings in areas of scientific strength.

In noting that the Executive, in conjunction with the Science Strategy Committee, will consider the AFBI response to the recommendations, the Board asked the Executive to bring forward a paper setting out how to circulate the findings of the report to appropriate stakeholders and also how to improve the impact factor/citation indices of AFBI's scientists.

Exec

13. Report from Audit & Risk Assurance Committee Meeting held on 28 April 2015

Mr McCann provided a verbal update on the recent meeting of the Audit & Risk Assurance Committee meeting held on the 28 April 2015.

The Committee was content to approve the AFBI Internal Audit Plan for 2015/16 and the Northern Ireland Audit Office's Audit Strategy in relation to the 2014/15 accounts.

Two final reports were presented to the Committee in relation to the "*Review of Veterinary Sciences Division*" and the "*Review of Sustainable Agri-Food Sciences Division*". Mr McCann was pleased to report that both reports had been provided with a "*satisfactory*" level of assurance and there were no Priority One recommendations made. The Board was content to note.

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.

14.2 Draft AFBI Corporate Risk Register – April 2015

In presenting the Draft AFBI Corporate Risk Register – April 2015, Mrs Hogg highlighted the following key points:

- The wording had been revised in relation to CR8 - "*Failure to maintain the required staff complement with the right skills, experience and competencies following implementation of the AFBI Voluntary Exit*"

Scheme and associated organisational change will adversely impact on AFBI's ability to fulfil its work requirements for customers to better capture the risk in the current context of the implementation of AFBI's Voluntary Exit Scheme.

- The Inherent Risk Score in relation to CR3 - *"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"* was increased given the existing budgetary pressures and the potential impact of a voluntary exit scheme.
- The Residual Score in relation to CR4 - *"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"* had been reduced due to AFBI having developed a strategy to 2020 which identifies proposals to mitigate AFBI's financial risks.

In response to a query on the ability to reach the target risk scores, the Executive confirmed that plans are in place to attempt to achieve them but the risks are impacted by a number of external factors which are outside of AFBI's control.

In noting that the revised wording of CR8, the Board sought assurances on AFBI's ability to continue to deliver to its customers. In response, the Executive confirmed a VES selection criterion includes business continuity implications. The Executive also highlighted the regular meetings and communications with staff and the consistent message of business as usual to ensure that focus is retained on current duties and tasks.

The Board indicated that it was content with the updated AFBI Corporate Risk Register.

14.3 Whistleblowing and Fraud

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

15. AFBI Collaborations & Partnerships

Dr McDowell presented a paper entitled *"AFBI Collaborations"* which details the nature and extent of collaborations between AFBI and external organisations through research contracts, Memoranda of Understanding, participation in advisory groups and service level agreements.

While some types of collaboration will not translate into funding opportunities, the Executive advised the Board that they help to raise the profile of AFBI which is essential to ensure that AFBI builds strong international relationships with key strategic partners and have minimal cost.

16. AFBI Equality Scheme Progress Report for year end 31 March 2015

Mrs Hogg presented the *"AFBI Equality Scheme Report (October 2014 – March 2015)"* and highlighted that AFBI had completed an *"Audit of Inequalities"* (Aoi) in December 2014. Overall excellent progress has been made and the key

objectives over the next period will be the production of a formal report from the Aol and the role out of Equality & Diversity Awareness training for all staff.

ACTION

In response to a query on why the Equality Commission for NI (ECNI) had refrained from providing a formal written response to the Aol, the Executive explained that this was not a formal requirement of the ECNI's role and that they had been provided with a copy of the report in an advisory capacity.

17. Arms Length Body Risk Assessment Action Plan - Update

Mrs Hogg presented the Arms Length Body Risk Assessment Action Plan and was pleased to report that seventeen of the eighteen actions have been completed with the light touch review of AFBI postponed at the request of DARD. The Board also noted that another assessment is scheduled to be conducted by AFBI Sponsor Branch in 2015.

18. KPMG Implementation Plan - Update

Mrs Hogg presented the update on the outstanding actions from the KPMG Implementation Plan. Fourteen of the nineteen recommendations have been closed or consolidated with three in progress and a further two on hold.

In discussing the area of business development, the Executive advised the Board that it is considering the best position for business development within the Institute. Mr Coffey informed the Board that he was aware of an institute that has embedded innovation within its divisional structures to allow pure science and commercial opportunities to be progressed at a rapid pace. The Board was content with Mr Coffey's offer to set up a meeting with between AFBI Senior Management and the CEO from the Northern Ireland Science Park to discuss matters of mutual interest.

CC

During further discussions around the areas of commercialisation, the Board expressed frustration at the barriers in place that restrict AFBI's ability to utilise opportunities to bring intellectual property through to the market place.

19. NIAO/PAC Action Plan - Update

Mrs Hogg presented a paper entitled "*NIAO Annual Impact Exercise – NIAO/PAC Update – 31 March 2015*" and explained that this paper was the response provided to the NIAO following a request for updates on a selection of recommendations that are of priority interest to the NIAO.

The Executive highlighted that although all recommendations are at an advanced stage, benchmarking of both corporate costs and unit costs remain the key outstanding area to be completed. In terms of benchmarking, the Executive informed the Committee that although a number of key comparator organisations have been identified for benchmarking the cost of scientific tests, it is proving problematic to obtain directly compatible information to allow for meaningful comparison to take place. In some cases refusal has been on the basis of commercial sensitivity however, it has also become apparent that many comparators do not have the same level of costing information as AFBI.

In light of these developments the Executive assured the Board that it is

maintaining a record of the efforts that have been undertaken in the areas of benchmarking and that this will be reflected in the twelve month formal response which is due to be submitted to the PAC by 5 June 2015. The Board was content to note.

ACTION

20. Provisional Key Performance Indicator (KPI) Outturns for 2014/15

In presenting the provisional KPI Outturns for 2014/15, Mrs Hogg reported that nineteen of the twenty five KPIs have been achieved; five were not achieved and one was placed on hold with the consent of the AFBI Board.

In accepting the reasons for non-achievement of the five KPIs, the Board asked the Executive how it proposes to improve the outturn in relation to delivering DARD Evidence & Innovation R&D projects within agreed time and budget. While difficulties continue to be experienced in adapting to the new change control process and aligning it with changes in the SCM, the Executive stated that it continues to work with DARD to iron out initial problems and has centralised the insertion of financial information going forward in order to alleviate the administrative burden on the scientific staff.

Overall the Board was pleased to note AFBI's performance against the KPIs, especially in light of the additional pressures faced during 2014/15 and asked the Executive to pass on the Boards sentiments to all staff.

CEO

21. Any Other Business

21.1 Balmoral Show

The Executive informed the Board that there will be no AFBI stakeholder event at this year's Balmoral Show due to the lack availability of a suitable venue but that consideration is already being given to a potential event for next year. The AFBI stand will be at the show as per usual and the main themes for this year will be on the Nitrates Directive and Bovine Viral Diarrhoea (BVD) testing.

22. Review of Board Effectiveness

The Board was satisfied that it had held an effective meeting with productive and meaningful discussion.

23. Date of Next AFBI Board Meeting – 2 June 2015

The next AFBI Board meeting will be held on Tuesday 2 June 2015 at AFBI Stormont-VSD.

24. Presentation

At the conclusion of the meeting and prior to a tour of the facilities, Mr David Johnston gave a presentation in which he described the range of activities being undertaken at AFBI Loughgall and explained how the site integrates with the local farming community and supports a wide range of agricultural industries.

Signed: _____
(Chairperson)

Date: _____