



# afbi

AGRI-FOOD  
& BIOSCIENCES  
INSTITUTE

Annual Report  
& Accounts  
2019-2020

Agri-Food and Biosciences Institute Annual Report and Accounts  
for the year ended 31 March 2020

Laid before the Northern Ireland Assembly under the  
Agriculture (Northern Ireland) Order 2004  
by the Department of Agriculture, Environment and Rural Affairs  
on 9 December 2020

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Agri-Food and Biosciences Institute AFBI Headquarters  
18a Newforge Lane  
Malone Upper  
Belfast BT9 5PX  
Northern Ireland

or email: [info@afbini.gov.uk](mailto:info@afbini.gov.uk)

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**On behalf of the Board, I am delighted to present the Annual Report and Accounts for the Agri-Food and Biosciences Institute (AFBI) for 2019-20.**

AFBI science plays a crucial role in supporting the work of the Department of Agriculture Environment and Rural Affairs (DAERA) and the agri-food industry.

This includes providing the statutory and analytical testing, research and development work, emergency response and expert scientific advice required.

During 2019-20, AFBI have continued to deliver excellent scientific services, research and advice to DAERA and our wide range of external funders and customers. It is a recognition of the excellence of the science undertaken that we continue to attract new customers and partners in our scientific programmes. The greatest asset in AFBI is the people who work for AFBI and it is a privilege to witness their commitment and skill.

This Annual Report reflects on some of our many achievements, as well as acknowledging some of the challenges we face. During the year we progressed delivery of AFBI's Corporate Plan which sets the strategic direction of AFBI over the period 2018 to 2022 and focuses on the delivery of 3 strategic outcomes in relation to:

- How our science will deliver for society, economy and the environment;
- How we will enhance our status as a trusted partner and provider of choice; and
- How we plan to invest in our people and infrastructure.

A key part of our corporate strategy is the development of collaborative links with other research organisations and universities, and I am very pleased that we have progressed the strategic alliance with Queen's University Belfast (QUB) and have also made good progress on developing a closer working relationship with DAERA's College of Agriculture, Food and Rural Enterprise (CAFRE).

I was delighted to take up the position of Chair in April 2019 and I look forward to leading the Board and supporting AFBI's Executive Management Team (EMT) in a period of sustained and significant change within the organisation. I am incredibly proud to be part of AFBI and I acknowledge and recognise the magnificent work that all staff do. Along with my fellow Board Members, we take the public responsibilities entrusted to us seriously and will continue to oversee AFBI and to uphold the core values of the organisation.

As Chair I must take this opportunity to acknowledge the expertise and dedication shown by AFBI management and staff in relation to how they have reacted to the current COVID-19 pandemic which unfolded in March 2020. AFBI have continued to deliver key animal and plant health programmes throughout the crisis. Additionally, I would take this opportunity to highlight the dedication and expertise of staff from across AFBI who came together to repurpose AFBI scientific capacity to assist the NHS response to the pandemic by providing much needed testing capacity.

I would also welcome the appointment of Roberta Brownlee as Deputy Chair and would take this opportunity to thank my non-executive colleagues on the Board as well as EMT for their hard work and support.

A handwritten signature in black ink, appearing to read 'Colin Coffey', with a long horizontal flourish underneath.

Mr Colin Coffey,

CDir FloD Chair



STANLEY MCDOWELL  
AFBI CHIEF EXECUTIVE

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## Chief Executive's Review

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### **As Chief Executive, I am pleased to present the Annual Report and Accounts for AFBI for the 2019-20 Financial Year.**

Overall, the Institute has had another successful year as we seek to deliver AFBI's key vision of 'Advancing the local and global agri-food sectors through scientific excellence'. We continue to build on our excellent working relationships as a trusted partner with our sponsoring Department, DAERA, and with our many stakeholders and partners. The science that AFBI delivers plays a crucial role as part of the evidence base for DAERA policy development and in meeting the Department's broad range of statutory-driven analytical requirements and emergency response needs. Furthermore AFBI's science plays a key role in improving agricultural production, helping protect the natural and marine environments, and ensuring high standards of animal health, plant health and food safety.

#### **Delivering Outcomes**

During 2019-20 AFBI continued in the delivery of its Corporate Plan for 2018 to 2022 which outlines AFBI's ambitions for the period. This Plan sets out the 3 strategic outcomes AFBI aims to deliver for society, the economy and the environment, industry and our customers in an ever more efficient and effective manner. The Plan demonstrates the unique multi-disciplinary strength of AFBI and how AFBI works with partners from science, government, industry and farming to deliver a positive impact. These achievements will be underpinned by attracting and developing excellent staff, coupled with significant investment by DAERA in physical infrastructure. Implementation of the strategy will ensure that AFBI continues to lead in the delivery of scientific innovation and evidence to improve the economic and environmental performance and sustainability of the agri-food and marine sectors.

## Progress towards Outcomes in 2019-20

### Science with Impact

AFBI recognises that the science it delivers must be impactful. AFBI's science is mainly applied at a high level of 'Technology Readiness' and as such has high potential to be transformative at the industry level. AFBI is currently working towards a strategy of embedding an assessment of research impact within its processes. AFBI has produced an informative publication highlighting the impact of a number of key work areas across our leading, enhancing and protecting themes. The 2020 publications can be accessed through the AFBI website. The figure on the next page demonstrates AFBI's impact at a high level.

### George Scott Robertson Memorial Lecture

A key highlight of the year was Lord Price delivering the 61st George Scott Robertson Memorial Lecture – an annual event hosted by the AFBI; the Institute for Global Food Security (IGFS) at Queen's University; DAERA and the Ulster Farmers' Union (UFU).

### Strategic Alliances – CAFRE and QUB

To enhance its impact and deliver excellence in science delivery AFBI is committed to building strong partnerships with strategic partners. During 2019-20 AFBI continued to work very closely with QUB and CAFRE to established strong foundations for the future development of key work programmes.

At a science level, evidence of these foundations was seen through the delivery of joint knowledge transfer events with CAFRE such as the many dairy, beef and sheep farm walks undertaken during spring, summer and autumn of 2019 and the continued development of relationships between AFBI and QUB staff resulted in joint research proposals being submitted.



# PROTECTING THE NI ECONOMY

AFBI have delivered on

# 4 MILLION

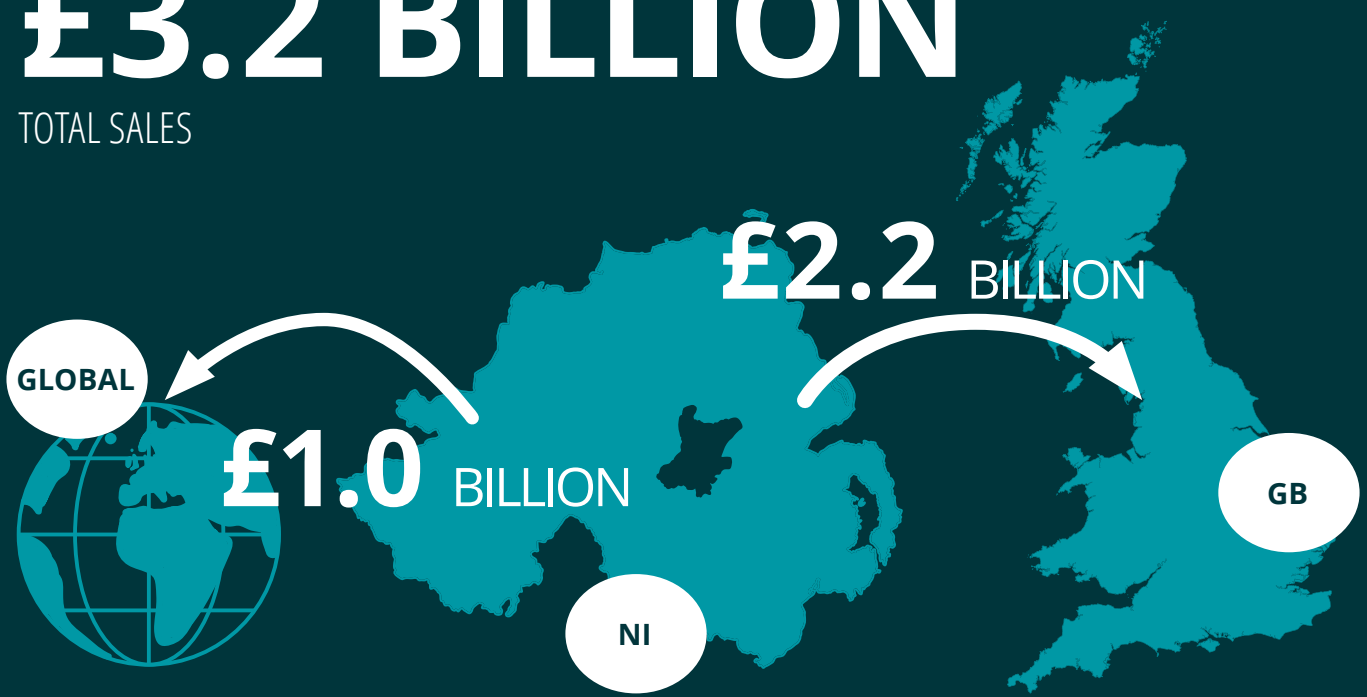
ANIMAL, PLANT AND FOOD SAFETY TESTS



In support of sales from the agri-food industry to the value of

# £3.2 BILLION

TOTAL SALES



This was particularly evident with work aligned to the rumen microbiome and participation of AFBI as a case partner with QUB in a successful Doctoral Training programme initiative with the Natural Environment Research Council (NERC) .

At a governance level, terms of references across both steering groups and working groups were advanced and used as frameworks for the development of the alliance. The appointment of an AFBI/QUB alliance project manager has also accelerated much interaction between the science and corporate teams within AFBI with a key success being the initiative on COVID-19 testing for public health. In 2019-20 significant work was invested in launching important working groups within both alliances and during 2020-21 these working groups will establish key goals for the future in terms of impact for key stakeholders and work to achieve them.

In the longer term AFBI envisage its efforts through both the QUB and CAFRE developments to be complementary and enhance our already significant impact on the NI agri-food industry, environment and wider society.

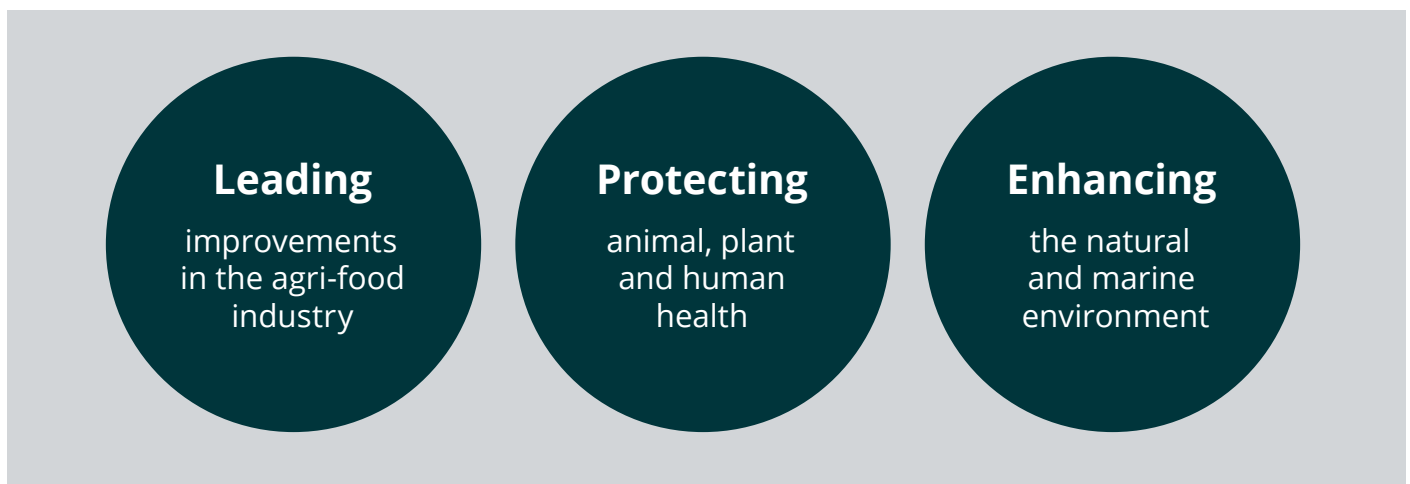
### AFBI Brand Refresh – Communicating Impact

During 2019-20 AFBI refreshed its brand image. The existing AFBI brand was in need of modernisation and in support of the brand refresh process a set of corporate identity guidelines was also developed.

Refreshing this brand image and raising the AFBI profile was identified as an action from the most recent DAERA Review of AFBI and regarded as a priority by AFBI.

The organization also needed to be able to clearly communicate the impact of AFBI science on society particularly in areas where AFBI is in receipt of public funding.

To this end the brand refresh process was accompanied by the development of three corporate communications messages which are contained within the corporate identity guidelines. These are as follows:



A successful launch of the new brand took place at the Balmoral Show in May 2019. Media training and social media training were also put in place to educate staff on the brand refresh and the new corporate messaging.

### Analytical & Diagnostic Work

Delivering to DAERA and all of our customers is a key priority for AFBI. During 2019-20 AFBI delivered almost 850,000 analytical and diagnostic tests including animal health, plant health, environmental protection and aquatics to DAERA and other customers with 99% of these being delivered within agreed timescales and quality standards.

The analytical work undertaken by AFBI also supports NI agri-food trade by ensuring that our animals are free from specified diseases and food products from these are wholesome to eat. The work underpins a significant amount of trade outside the NI boundaries, amounting to several billion pounds per annum. Much of the analytical work undertaken by AFBI is accredited to the ISO17025 laboratory quality management standard, as is required by the EU food and feed controls legislation as well as customer and/or contractual requirements. During 2019-20, AFBI successfully transitioned to the latest accreditation standard, ISO17025:2017.

Units within AFBI are designated as National Reference Laboratories, including analytical work on banned veterinary medicines, marine bio toxins, salmonella, and brucellosis. Notable impacts this year in terms of animal disease analytical work include detection and prevention of incursion of important diseases including Maedi visna and bluetongue virus. Our Bovine Spongiform Encephalopathy (BSE) testing was audited as part of a UK wide trade visit by representatives from China. As a region, Northern Ireland currently benefits from BSE negligible risk status which is underpinned by the robust testing programme delivered by AFBI. The visit by Chinese officials directly contributed to the decision to open markets for NI beef which are valuable to NI industry.

Ongoing passive disease surveillance by Veterinary Science Division (VSD) Stormont and Omagh provides a monitoring system for common endemic disease threats as well as frontline detection of important epizootic diseases and emerging diseases. The work undertaken includes post-mortem examinations of food producing species and an extensive range of clinical pathology tests. VSD produce a number of reports throughout the year, aimed at informing the farming community of common disease threats. This includes quarterly summary reports of surveillance in the veterinary press and a yearly All-Island Animal Disease Surveillance Report, in conjunction with colleagues from Department of Agriculture, Food & the Marine (DAFM) laboratories.

In terms of food safety, AFBI's chemical residue screening programmes continue to protect our food and the integrity of the food chain. One example of importance of the work in this area was the detection of lipophilic marine bio toxins in oyster and mussel samples during summer 2018. These toxins are produced by phytoplankton, typically during the summer months when sea temperatures are elevated. The elevated levels were reported quickly to the Food Standards Agency (FSA), who in turn required the temporary closure of the shellfish beds affected, thereby ensuring product did not enter the food chain. Following ongoing monitoring by AFBI the closures were lifted later in the summer once levels of the bio toxins had fallen below action levels.



## Research & Development

AFBI's key measure of research & development delivery is reflected in the number of peer reviewed papers produced, especially in high impact journals, the number of technical reports, press releases, events and the volume of industries it engages with and the number of new collaborative contracts secured.

It was an extremely successful year in 2019-20. AFBI produced 144 peer reviewed papers with 85 of them being published in high impact journals which represents an increase from previous years. AFBI also had 116 live contracts representing a broad range of funders from INTERREG, Horizon 2020, local and national government funders and industry stakeholders. AFBI also had 55 live "Evidence and Innovation" projects being delivered for DAERA. During the year AFBI participated on over 50 national and international committees across the breadth of work that AFBI carries out. A small selection of these are highlighted below.

## Research Support

During 2019-20, AFBI made important changes to its research support and business development functions. The new structure gave greater focus to research support and business development activity, strengthened project governance and introduced new improved business processes. Project leaders are supported at all stages of the project cycle, from the identification of opportunities, application and budget preparation, negotiation of contracts, through to the submission of claims. There were 45 new external contacts secured with a range of customers in the public and private sector. Of particular note, AFBI was successful in securing funding for the Innovar Project, funded by Horizon 2020, where AFBI will act as the coordinator for partners across Europe in a project that will develop next generation plant variety testing by capitalising on advances in genomics, phenomics, imaging technologies and machine learning.

The Research Support office managed the DAERA funded Directed Research Fund, which facilitates AFBI's involvement in publically funded research collaborations with national and international partners.

The following examples of this significant level of research show the alignment of AFBI's science with its goals.

## Leading improvements in the Agri-Food Industry

The Innovar Project started during 2019. Innovar is a €9m project funded by the EU and led by Dr Lisa Black based at AFBI Crossnacreevy. A key goal of the project is to develop new genomic and data based tools for variety testing into the future.





A further 2 new varieties were added to the long list of recommended grass varieties bred by AFBI. They were Dundrod and Killylea and their addition brings the total number of AFBI bred grass varieties on recommended lists to 42.

The GrassCheck project was rolled out during 2019-20 across 50 farms across the UK and the first year of data was collected. The aim is to evolve the current model to support the UK ruminant industry in the area of grassland management. Through expansion across the UK, an extremely valuable dataset is being built which will enable predictive modelling to be undertaken under a number of climate change scenarios to build future resilience into the ruminant meat and milk sectors.



The Centre for Innovation Excellence in Livestock (CIEL) funded precision grazing platform at AFBI Hillsborough was also launched. This unique platform within the EU integrates environmental, soil, grass, weather, cow performance and behaviour data together to investigate strategies to optimise milk production sustainably on the grazing platform whilst incorporating robotic systems.

Over 2,000 farmers and industry representatives attended over 10 farm walks undertaken for the Northern Ireland dairy, beef and sheep industries during the spring, summer and autumn of 2019. These events were delivered in partnership with CAFRE and AgriSearch and many research findings were disseminated in an informative interactive manner to support the sustainable productivity of the local industry.

Furthermore, AFBI Hillsborough hosted more than 150 secondary school pupils from 6 different schools, to present and discuss some of the research work carried out on the Hillsborough site and enthuse this next generation of agri-food leaders and scientists.

AFBI's economists made a significant contribution to DAERA policy development in 2019-20 with Dr Claire Jack completing work on drivers and barriers to farm diversification and keynoting at a DAERA rural development stakeholder forum. Erin Sherry represented AFBI on the Working Group reviewing The Rural Needs Act, and Ziping Wu and Simone Angioloni provided analysis to DAERA on post- Brexit trade and immigration policy options which was later published in Applied Economics.



## Enhancing the natural and marine environments

Within our environmental team, two peer review papers were amongst the top 10 downloaded within their respective areas of science. Dr Dario Fornana contributed to the paper (Smith et al., 2019) on 'How to measure report and verify soil carbon change', published in *Global Change Biology*. Dr Phoebe Morton led the authorship of a paper published in *Water* entitled 'A review of the pesticide MCPA in the land-water environment and emerging research needs'.

Within the fisheries team the 'WKIrish' project was successfully completed. WKIrish focussed on improving single-species stock assessments in the Irish Sea (principally cod, haddock, whiting, plaice, and herring), developing a mixed fisheries model and providing a framework to incorporate ecosystem information into catch advice, giving the opportunity to operationalise ecosystem models within fishery advice.

The Fisheries and Aquatic Ecosystems team (FAEB) also worked with the Defra Pelagic Ecosystem Group to publish research which for the first time combines the findings of UK offshore surveys such as the Continuous Plankton Recorder (CPR) and UK inshore long-term time-series. It then maps those observations against recorded changes in sea surface temperature, to demonstrate the effect of our changing climate on highly sensitive marine communities. Findings provide further evidence that increasing direct human pressures on the marine environment – coupled with climate-driven changes – are perturbing marine ecosystems globally.



The impact and relevance of work completed by FAEB was demonstrated through Mr Pieter-Jan Schön being invited to provide evidence to the EU Energy and Environment Sub-Committee in the UK's House of Lords during the year. The briefing covered the role of International Council for the Exploration of the Seas (ICES) in marine and fishery science as evidence base to the UK, current fisheries management issues and the current science gaps. Indeed FAEB scientists continued throughout 2019-20 to play a very active role in representing the UK through chairing and providing marine science advice to the many committees and groups within the ICES.



Throughout 2019-20 our environmental scientists took forward major programmes of research in ammonia emissions, carbon sequestration and soil health as well as catchment sciences. Notable achievements within these programmes included the successful launch of the 'EJP-Soil' project. This is an €80m EU programme of work focused on soil health. AFBI as the sole UK partner will work closely with colleagues in Teagasc on the project and will have a key focus in carbon sequestration and improvement of soil health.

Results from the ammonia emissions reach programme were used extensively in DAERA policy development and action planning. In comparison the outputs from a Biotechnology and Biological Sciences Research (BBSRC) funded project called RePhokus provide excellent evidence to policy makers and industry on strategies to reduce the environmental impact of phosphorus leakage from the agricultural system. Furthermore, AFBI science aligned with catchments informed DAERA policy on the value of interventions to improve the health of waterways and their biodiversity.

### Protecting Animal, Plant and Human Health

AFBI has a strong profile in the area of food safety and food microbiology at a UK level and this was evidenced through the hosting of a major international workshop on *Campylobacter*, *Helicobacter* and related organisms (CHRO). Professor Nicolae Corcionivoschi led the organising committee for the event which was a huge success and attracted over 500 delegates. This included professors and researchers from universities, government and policy officials, industry representatives, public health epidemiologists, postdoctoral fellows, graduate students, veterinarians, and physicians.

AFBI's Tuberculosis (TB) team have continued throughout 2019-20 to deliver cutting edge research in the area of Bovine TB to inform DAERA policy and advance scientific knowledge. Particularly notable achievements from this programme include the finding that on farm diversity is a good predictor for the length of disease breakdowns, particularly in beef fattening herds; a description of temporal trends and potential associations with increased risks of disease for some pathogen molecular types and work on the genetic population structure of badgers in Ireland, which will lay the foundations for future work that will interrogate how such landscape structure may effect Bovine TB epidemiology.



The plant health team in AFBI also delivered over 10,800 tests on plants, crops and trees for the agri-food industry in Northern Ireland. These tests were vital in protecting and enhancing Northern Irish agriculture and the natural environment, and contributed to the prevention of plant disease, securing food integrity, and enhancing food production.

The above highlights a few of AFBI's key achievements during the year which accumulated in a very successful AFBI staff science conference. AFBI science is multi and inter disciplinary and the conference showcased the depth and breadth of AFBI science servicing industry, government and wider society.

## INFORMING POLICY

AFBI has delivered

**91**

## EVIDENCE AND INNOVATION

Projects for DAERA

## WORKING WITH OTHERS

AFBI works with partners across

**35**  
COUNTRIES



AFBI have secured

**£44** MILLION

**OF EXTERNAL  
RESEARCH GRANTS  
AND CONTRACTS**



## KNOWLEDGE TRANSFER

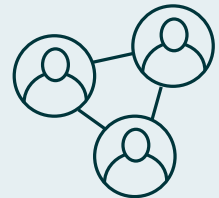
AFBI has delivered

**2155**



## OUTREACH ACTIVITIES

Over the past 5 years



## EXCELLENCE IN SCIENCE

AFBI has delivered

**399**



## SCIENTIFIC PAPERS

Over the past 5 years



## Strategic Outcome 3 - People & Infrastructure

AFBI will invest in and develop its people and infrastructure to provide innovative, efficient and effective service delivery

### People

The quality, dedication and expertise of staff has been pivotal to AFBI's success to date and underpin our future success. Promoting a culture of excellence, commitment, and responsibility within a supportive and stimulating environment is fundamental to delivering AFBI's objectives. AFBI's continued success is entirely dependent on attracting and retaining the best scientists and supporting staff in an increasingly competitive environment.

Good progress was made during 2019-20 on developing our high level organisational structure to meet current challenges and the objectives set down in our Corporate Plan. This has included a reorganisation of the finance and research support functions, which will strengthen the governance and support throughout AFBI.

In year we developed an AFBI People Strategy supported by a 3 Year Action Plan. The priority areas of focus include:

- Health & Wellbeing
- Leadership & Management
- Talent Management
- Staff Engagement
- Values, Diversity & Inclusion
- Learning & Development

The Strategy will provide an overarching framework that will positively impact upon the people, culture work, practices and organisational structures.

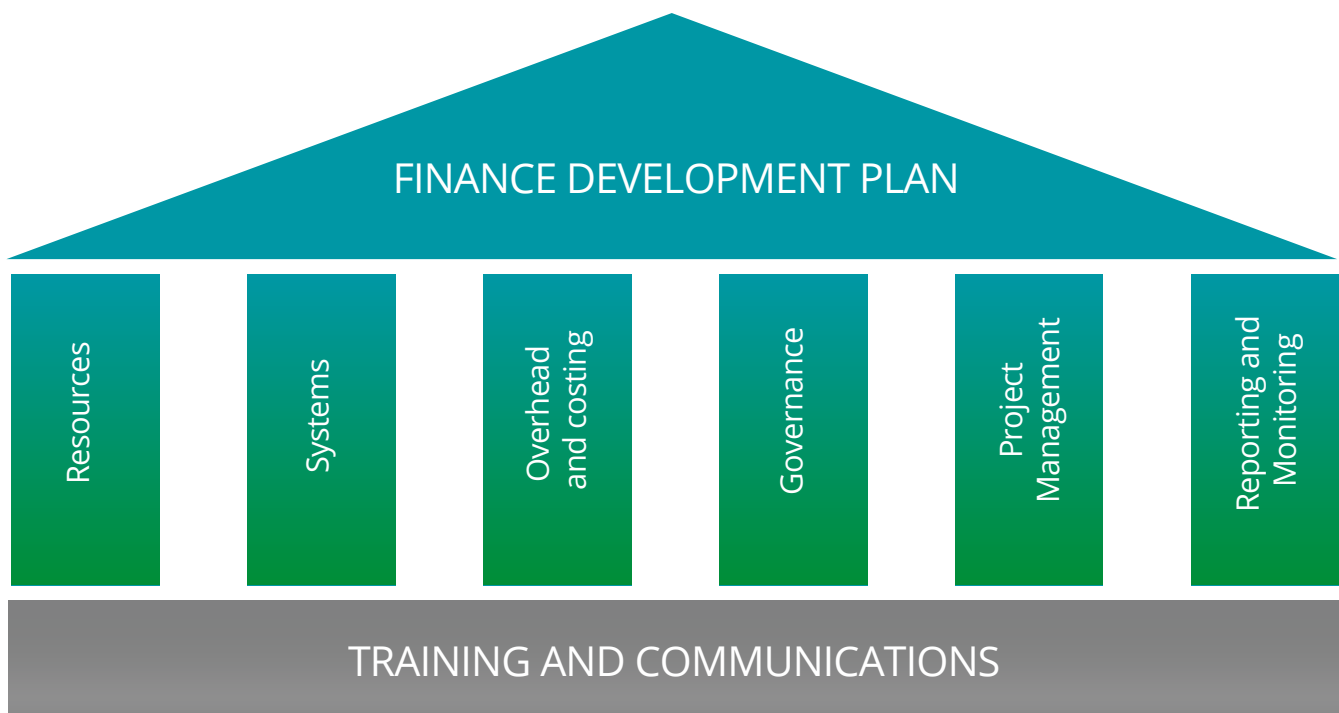
AFBI's commitment to equality of opportunity and to creating and sustaining a working environment where everyone is treated with respect and dignity, free from any form of inappropriate behaviour, and one in which all employees can give of their best, is embodied in the Dignity at Work policy. In addition, as part of our Equality training programme staff completed unconscious bias training.

In line with Section 75 equality legislation AFBI remains fully committed to ensuring that staff and customers are treated fairly and with dignity and respect in the delivery of policy and services as outlined in our commitments in our Equality Scheme. This year the Institute conducted a 5 Year Review of its Equality Scheme and submitted an Annual Review of Progress to the Equality Commission. During the year the Institute has carried out training for line managers to increase knowledge and skills to effectively manage staff in this regard.

## FINANCIAL PERFORMANCE

During the year the Finance Development Plan has been further developed with clear milestones to enable progress to be effectively tracked and monitored. The plan creates a strategic framework of a programme of projects and work streams that drive forward the financial systems, governance, costing and reporting in AFBI. The Finance Development Plan is a key document that underpins the Corporate Plan as well as the Business Plans for Finance and the Research Support Office.

**FIGURE 4: FINANCE DEVELOPMENT PLAN – KEY PILLARS**



AFBI issued the Annual Unit Costing and Corporate benchmarking report to DAERA by 31 October 2019, and made progress in a number of other areas of costing during 2019-20, by forming a working group to develop AFBI's costing model, training new team members on the existing costing methodology, issuing a number of costing reports to DAERA and calculating new overhead rates. Improvements in the area of costing will continue to progress in line with the Finance Development Plan.

In 2019-20 AFBI again has delivered over £13m of non Grant-in-Aid income (excluding Royalties). This income has remained consistent from that achieved in 2018-19. AFBI does however recognise that there will be significant challenges in sustaining these income levels due to the potential impact of the UK exit from the European Union on UK research funding and access to alternative streams of government support.

### Development of key systems infrastructure Finance & Business Systems

Progress was made during the year in developing this key project which is designed to ensure that AFBI's business and staff are better supported by fit for purpose finance and business systems. A detailed Business Case was prepared to support the necessary investment. AFBI engaged with DAERA to progress the Business Case and the necessary approvals for the investment. To address short term needs, a pilot project has been initiated to test a project & program management solution for improved project cycle management, and provide enhanced information, intelligence and decision-making capability. In addition, a number of business improvements have been made to the existing systems to enhance performance on the current platforms.



### **Development of the estate infrastructure**

Progress has been made during the year on the development of the AFBI estate. DAERA and AFBI are continuing to work together on development of an AFBI Estate Strategy taking into account the current state of the estate and maintenance issues, the AFBI scientific work programme, the recommendations of the AFBI Review and the DAERA Science Transformation Programme.

Work on the AFBI Stormont VSD Animal Health Sciences Building has continued to progress during 2019-20. The project has now moved on to the Royal Institute of British Architects (RIBA) Stage 3 following the submission of comments on the Stage 2 report. In relation to the farmed estate, DAERA is taking a joint approach to the AFBI and CAFRE farmed facilities in order to ensure there is no duplication of investment in the Department's farming platforms. A proposed Masterplan for the AFBI-Hillsborough Farmed Estate has been developed by AFBI and the Construction and Procurement Division (CPD) for consideration by DAERA. The business case for this project was approved by the Department of Finance (DoF) in 2019-20.

Following approval of the business case for replacement of the AFBI Research Vessel by the (DoF), a market warming exercise was facilitated by CPD in June 2019. The information from these sessions were useful and were used to aid the development of the procurement strategy. This is a key platform to support AFBI's marine sciences into the future.

### **Laboratory Information Management System (LIMS)**

The LIMS project is a DAERA lead project which is part of the wider DAERA Science Transformation Programme with the aim of having a single LIMS across AFBI and relevant DAERA laboratory areas. DAERA is developing the business case and outline specification for a new DAERA-AFBI LIMS which will replace a number of outdated systems in NIEA-Water Management Unit and across AFBI. AFBI is represented on the Project Board.

### **DAERA Science Transformation Programme and AFBI Review**

During 2019-20 the DAERA Science Transformation programme continued to meet and take forward key work streams including the DAERA Science Strategy. AFBI are represented on both the DAERA Science Transformation Programme Board and DAERA Science Strategy Board which in turn has oversight for the implementation of the recommendations from the AFBI review. In 2018, this reported the implementation of DAERA's Innovation Strategy.



In addition to this, there was the development of Science Policy and future mechanisms to govern and commission Research and Development and monitoring and surveillance activities aligned with DAERA. AFBI is represented on all workstream and collaborates closely with DAERA on their delivery.

### **UK exit from the European Union**

Following the UK's exit from the EU on 31 January 2020 and the commencement of the transition period, AFBI has continued to liaise with DAERA on Brexit and the possible impact of the implementation of the NI protocol. EMT continue to monitor AFBI's action plan to mitigate potential impacts of both in the short and long term.

**Dr S McDowell,**  
**BVM&S, MSc, DLSHTM, PhD, MRCVS**  
**Chief Executive**



A photograph of three researchers in dark jackets and blue gloves working in a field. They are bent over, examining a row of white markers in the ground. The background shows large trees and a grassy field.

# PERFORMANCE REPORT

# Performance Report

## INTRODUCTION

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The Agri-Food & Biosciences Institute (AFBI) presents its Annual Report and Accounts for the financial year ended 31 March 2020. The accounts have been prepared under the accounts direction given by DAERA with the approval of DoF and in accordance with the Agriculture (Northern Ireland) Order 2004.

The following overview section provides insight into the work of AFBI, setting out the organisation's Vision, Mission and Strategic Outcomes. It then sets out the key risks facing the Institute and an analysis of AFBI's performance against the KPI's for 2019- 20.

## OVERVIEW

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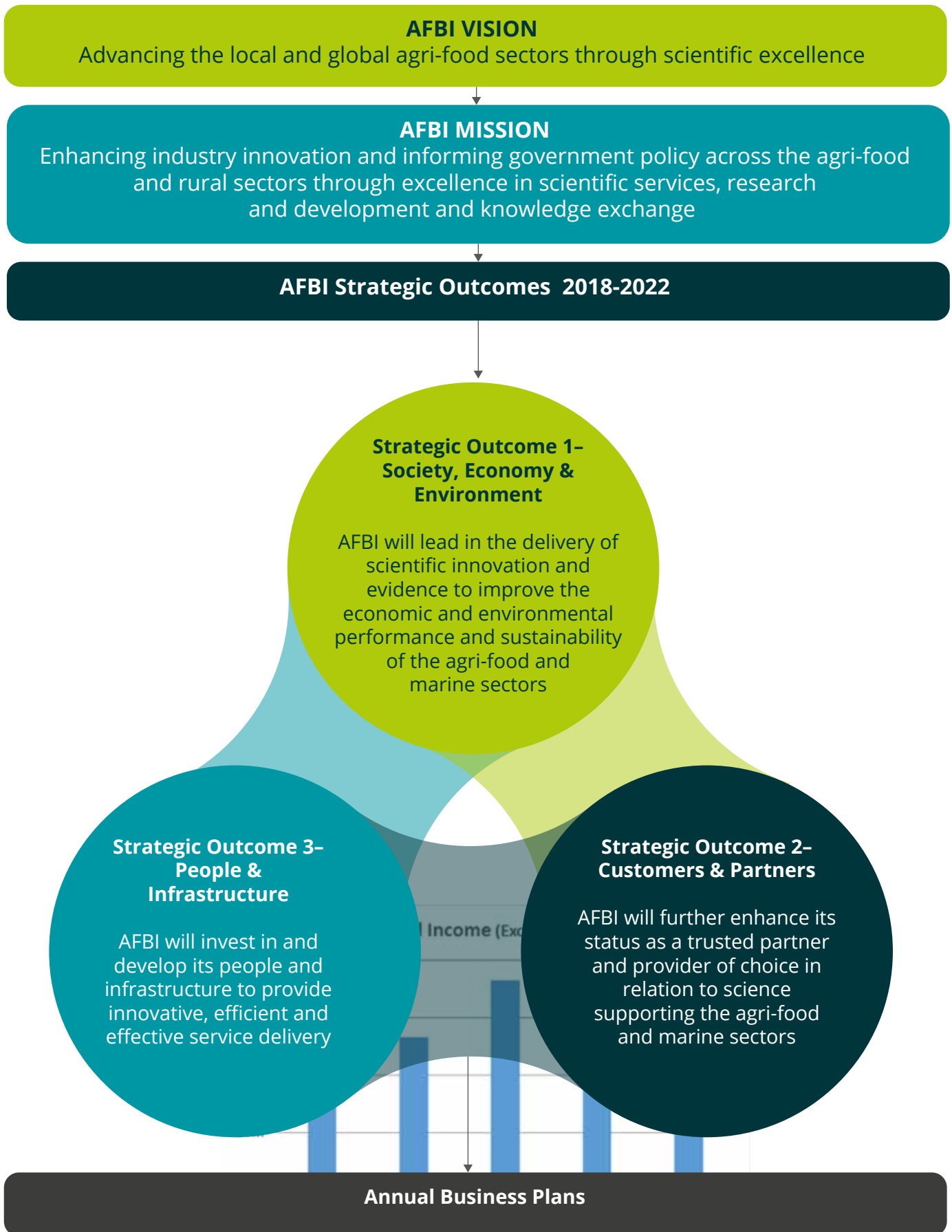
AFBI is Northern Ireland's largest provider of agri-food science. It provides vital and unrivalled support to an industry which is a key economic driver within Northern Ireland. As a Non-Departmental Public Body (NDPB) established under the Agriculture (Northern Ireland) Order 2004, AFBI contributes to the achievement of the Northern Ireland Executive's strategic goals by successfully delivering an assigned programme of statutory, diagnostic and surveillance testing, research and development and emergency response for DAERA.

AFBI science underpins DAERA policy by providing specialist advice across a wide range of agri-food and biosciences disciplines. Other government departments and agencies also depend on AFBI's scientific services to fulfil their responsibilities. Furthermore, AFBI also delivers a portfolio of scientific work to a wide range of local, national and international funders and customers. To ensure it delivers the maximum impact, AFBI collaborates closely with CAFRE and industry levy bodies in transferring the benefits of science and technology to the local agri-food industry.

In order to best serve Northern Ireland, AFBI is heavily engaged with the international research community in providing scientific solutions to common global challenges such as disease control, climate change and food security. AFBI is involved in many international networks of research and knowledge exchange. Indeed our success as a leading international agri-food science provider has been built on the globally and locally recognised expertise of AFBI staff leading on several key areas of excellent translational research and diagnostics for the industry, and in providing a scientific evidence base for government policy development.

AFBI's strategic outcomes are aimed at ensuring the effective and efficient delivery of services to existing customers and continuing the implementation of the optimal organisational structures, systems and processes, to ensure that AFBI is ideally positioned to address the anticipated challenges over coming years. The provision of world class and locally relevant science to all our customers will continue to depend on development of leading edge knowledge, expertise, skills and technologies and maintenance of AFBI's position as an influential, internationally relevant, centre for innovation in agri-food and biosciences. AFBI's Vision, Mission and Strategic Outcomes are set out below and are underpinned by AFBI's values and associated behaviours.

FIGURE 5 AFBI'S VISIONS, MISSION AND STRATEGIC OUTCOMES



AFBI has an important role in assisting DAERA to achieve its Vision of 'A living, working, active landscape, valued by everyone.'

## Funding

In line with other NDPBs, AFBI's funding allocations in respect of resource, capital and depreciation from DAERA are determined through the Northern Ireland Executive's budget process and reviewed through the in-year monitoring process. AFBI supplements its departmental funding with receipts generated in the course of its operating activities and these receipts form part of the Institute's budget.

## Relationship with DAERA

AFBI's main point of contact to DAERA is via AFBI Sponsor Branch (ASB). Regular meetings are held with Sponsor Branch where matters relating to corporate governance, performance measurement, budgets, financing and accountability matters are discussed. A wider delivery partner relationship, underpinned by a memorandum of understanding, also exists between AFBI's science delivery branches and the policy branches in DAERA who specify DAERA's required work programme.

AFBI's responses to DAERA quarterly monitoring rounds and comprehensive spending reviews are all routed through ASB.

## Relationships with other government departments and agencies

During 2019-20 AFBI had a service level agreement (SLA) to provide services to the Food Standards Agency Northern Ireland (FSA NI). It also carried out a significant body of work for the Centre for Environment, Fisheries & Aquaculture Science (CEFAS), DAFM and the UK Department for Environment, Food and Rural Affairs (DEFRA) and its agencies and NDPBs.

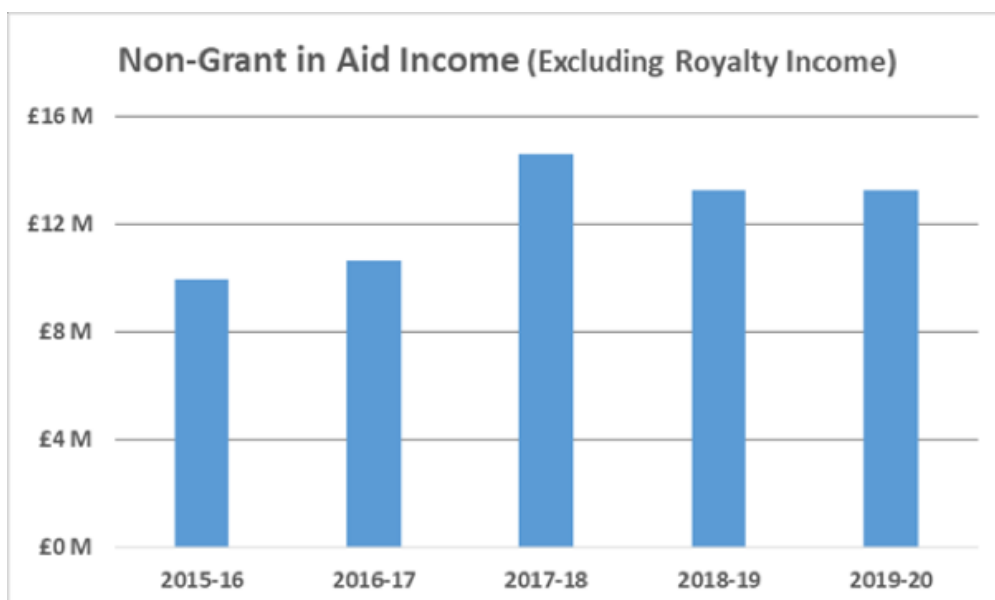
## PERFORMANCE IN 2019-20

### Non Grant-In-Aid Income

As an NDPB, AFBI has the opportunity to compete for external income to supplement Grant-In-Aid (GIA). Since its establishment, AFBI has pursued relevant opportunities to grow external income.

In terms of the trend illustrated, AFBI has grown external income, excluding Royalties, from £10m in 2015-16 to over £13m in 2019-20. This has been achieved through significant success in securing INTERREG, Horizon 2020 and other competitive funding projects. This is testament to the sterling efforts of AFBI staff.

**FIGURE 6 – NON GRANT-IN-AID REVENUE IS SHOWN EXCLUDING ROYALTIES**





Research & Development (R&D) funding from the European Union (EU) through the Horizon 2020 (H2020) programme and other EU sources such as INTERREG is very important to AFBI's ongoing operations. In 2019-20, one INTERREG project commenced representing €6,000k of income and capital funding over 5 years and three Horizon 2020 applications were approved for funding totalling approximately €1,400k. The DAERA-funded Northern Ireland Contact Point for agri-food will continue to assist AFBI, and other local research providers and industry in developing

Horizon 2020 applications. AFBI's EU-funded R&D will also support DAERA's commitments to the Northern Ireland Executive for drawdown of European funding.

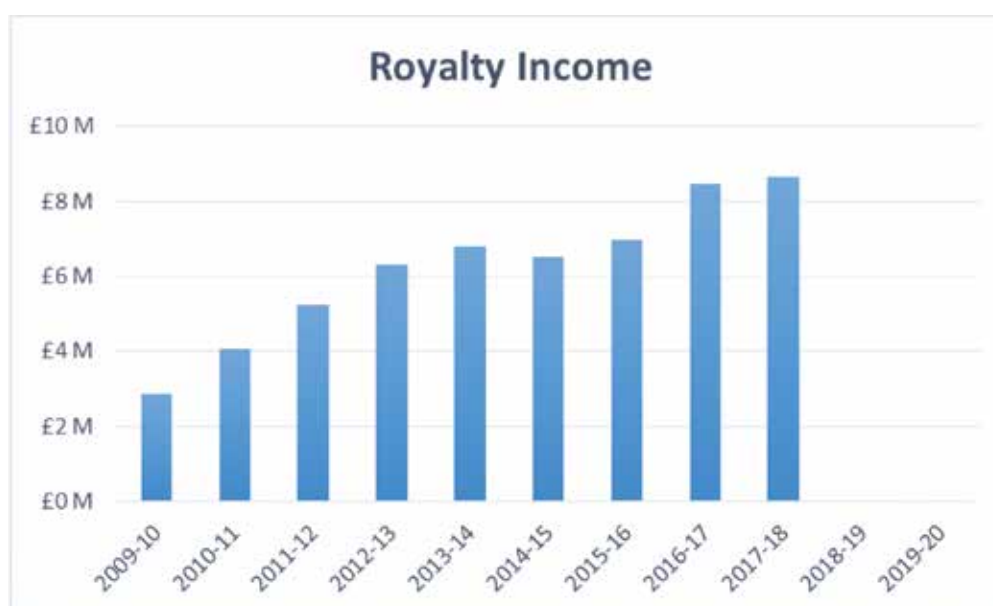
The success of this work can be seen from the £4,120k income received from EU Grants in 2019-20 (2018-19: £3,029k) as shown in Note 4 to the Accounts.

While the UK government have provided guarantees on funding for existing EU funded projects, the exit of the UK from the European Union means that there is uncertainty on future access to these important funding streams.

### Royalty Income

AFBI has historically received royalty income from the sale of vaccine products in various countries worldwide as shown in the figure below.

**FIGURE 7 – ROYALTY INCOME**



In respect to these, QUB provide an advisory and facilitation role in relation to the protection of AFBI's Intellectual Property Rights (IPR). The amount received depends on the volume of vaccines sold and is also impacted by exchange rate fluctuations. The products sold are protected by patents which have been registered in certain countries (the patented territories) but not registered in others where it is also sold (unpatented territories). Royalty income in respect of unpatented territories is currently subject to discussion regarding the interpretation of the licence agreement.

No royalty payments have been received by AFBI since June 2018 and based on the best available information at the time, AFBI recognised Royalty income of £7 million and associated costs in the 2018-19 Annual Report and Accounts. AFBI believe these to be contractually due and payable.

In these 2019-20 accounts, no Royalty Income has been recognised in 2019-20 Financial Statements and those amounts previously reported in 2018-19 which have not been received have been reversed in accordance with IFRS 15.

The accounting treatment has been based upon information at the time of preparation of these financial statements, and is as a result of a number of factors including; the cumulative effect of the passage of time since the last Royalty payment in receipt in June 2018; the University's view on discussions with the vaccine company; and the engagement of legal counsel in regard to resolution of this commercial dispute.

Further information has been outlined in the Governance Statement and also in the Contingent Asset Note 19 to the Accounts.

### **Key risks to the achievement of AFBI's business objectives**

AFBI has a well embedded risk management and internal control framework with direct involvement of EMT through the Risk Review Group. AFBI's Risk Management Strategy and Operational Procedures clearly set out AFBI's Risk Appetite and the roles, responsibilities and procedures for Risk Management within AFBI.

Risk Management is a standing agenda item for AFBI Board and Audit & Risk Assurance Committee (ARAC) meetings and AFBI's Risk Register is reviewed by both on a quarterly basis. AFBI's internal and external auditors attend ARAC meetings and therefore provide a further layer of external scrutiny and challenge. During 2019-20, there was one new risk added to AFBI's Corporate Risk Register (CRR).

### **Risk added in year**

Given the impact of the COVID-19 pandemic an additional risk was added in March 2020.

### **Integration between performance and risk management**

Managing risks to the achievement of AFBI objectives is intrinsically linked to the business planning and performance management process. AFBI has therefore continued to work to ensure greater integration of AFBI's risk management processes and business planning to ensure that when managers and staff are setting objectives they are simultaneously identifying the key risks and the impact of uncertainty to the achievement of those objectives.

In terms of the key risks to the achievement of AFBI's objectives, 11 risks are currently identified on the Corporate Risk Register. These are summarised overleaf and in addition to the existing controls in place to manage these risks, a number of additional actions have been put in place by AFBI to manage the risks down to the specified target level and progress is subject to oversight by the ARAC and Board.

## FIGURE 8 - AFBI CORPORATE RISKS

- CR1** If AFBI fails to prioritise and effectively manage its scientific work programme and projects, this will negatively impact AFBI's external income, its reputation and capacity to deliver to DAERA and other customers.
- CR2:** If AFBI fails to provide agreed external emergency response capability (ERC) requirements and maintain internal business continuity this will negatively impact AFBI's service delivery and reputation.
- CR3** If AFBI fails to proactively identify, respond to and lead on scientific developments and address industry needs it will adversely affect AFBI's future sustainability, delivery to its customers and ultimately its reputation.
- CR4:** Failure to have effective organisational wide leadership and a motivated, flexible and skilled workforce may result in AFBI being unable to support the delivery of science needs and fulfil its business objectives.
- CR5:** If there is a failure to have a fit for purpose and efficient AFBI Estate this will adversely impact on the Institute's ability to deliver to its customers, sustain and increase external income, and negatively affect its reputation.
- CR6:** Failure to maintain and develop resilient, secure and scalable hardware and software solutions, including Laboratory Information Management (LIMS) systems and Financial Management systems providing adequate information to support management decision-making and transformational change, will adversely impact the delivery and efficiency of AFBI's services.
- CR7:** Failure to ensure compliance with the Data Protection Act 2018, could expose AFBI to enforcement action and/or monetary penalties from the UK's regulatory body and reputational damage
- CR8:** If there is a failure to comply with the requirements of the Health and Safety at Work Order (including the Carriage of Dangerous Goods) and relevant Biocontainment and Waste Management Legislation, this could adversely impact the health and safety of AFBI's employees and any visitors to its premises such as customers, contractors, suppliers and the general public
- CR9:** Legal issues negatively impact on income leading to budgetary issues
- CR10:** The impact of the outcome of the current discussions on future relationships between UK and EU negatively affects AFBI's financial position, supply chain, access to and retention of staff, data and key consumables and the ability to deliver on commitments to customers (including implications of NI protocol).
- CR11:** The COVID-19 Pandemic significantly impacts AFBI's ability to deliver work to DAERA and other customers and reduces AFBI's ability to generate external income leading to a significant budgetary deficit

## Efficiency

In response to a number of recommendations from the Public Accounts Committee (PAC) and Northern Ireland Audit Office (NIAO) reports, AFBI's focus on efficiency is being embedded as 'business as usual' within the institute. AFBI have established ongoing arrangements to monitor and benchmark scientific testing and corporate costs including the provision of an annual Unit Costing and Benchmarking report to DAERA.

## Future Funding

There is a high level of uncertainty about future trends in public funding due to the on-going COVID-19 emergency and the resulting pressures of public expenditure. In addition, the UK is due to end the transition arrangements in December 2020 that were entered into when the UK left the European Union in January 2020. The exact nature of future relationships between the UK and EU is yet to be determined and in particular the details of the implementation of the NI protocol.

The COVID-19 emergency impacted on the delivery of contracts from Mid-March 2020. AFBI proactively engaged with our customers in the public and private sectors to manage expectations and agree revised delivery timelines. Whilst every effort has been made to continue to deliver for our customers, delays are inevitable and this will impact on future income streams for the in-coming years.

Despite the challenges of the external environment, AFBI continues to maximise non GIA funding, not only for the additional resource that it makes available to pursue our strategic objectives, but perhaps more importantly for the value of the collaborations that external funding facilitates. AFBI will continue to build on our proud record of securing EU Horizon 2020 funding for the remainder of the transition period, and will engage with any new funding arrangements after transition period has ended. In addition, AFBI will seek to build our involvement with the current EU INTERREG programmes by exploring new opportunities for EU support in Northern Ireland in the PEACE PLUS Programme. At the UK level, there may be enhanced funding opportunities as additional funding becomes available for science research to address key challenges. In all cases securing funding will be highly competitive and success will depend on successfully presenting the excellence and relevance of AFBI science and embracing innovation and collaboration.

## Performance Analysis

AFBI recognises that good business planning is at the heart of strong governance, effective management and financial viability and requires understanding and ownership of all staff across AFBI. In 2019-20, AFBI updated guidance on business planning to ensure that the AFBI goals are effectively cascaded down through the organisation and are translated into objectives at a divisional, branch and individual level.

This was also aimed at assisting in the development of a strong staff performance management culture within AFBI, where everyone understands where they fit in. Therefore in turn helping to achieve AFBI's objectives to ensure that there are clearer links from the Corporate Plan and Objectives through the divisional and branch plans to individual performance plans.

It is a structured and cyclical process and throughout takes cognisance of AFBI's Vision, Mission and Values as illustrated in Figure 9 on next page.

AFBI recognises that effective business planning needs in turn to be supported by monitoring and reporting of performance at each level of the organisation and feed into the Personal Performance Agreements (PPAs) for all AFBI Staff.

**FIGURE 9 -  
AFBI BUSINESS PLANNING  
AND PERFORMANCE  
MANAGEMENT PROCESS**



**FIGURE 10 –  
AFBI STRATEGIC  
PLANNING**



**Performance – 2019-20 Key Performance Indicators**

To measure progress towards the achievement of the corporate outcomes, AFBI developed 23 KPIs for 2019-20. Outturn performance against these were monitored and reported to EMT, the Board and DAERA on a quarterly basis. The table below summarises AFBI’s outturn performance against its 2019-20 business plan KPIs. This outturn performance has been validated by AFBI’s Internal Audit providers.

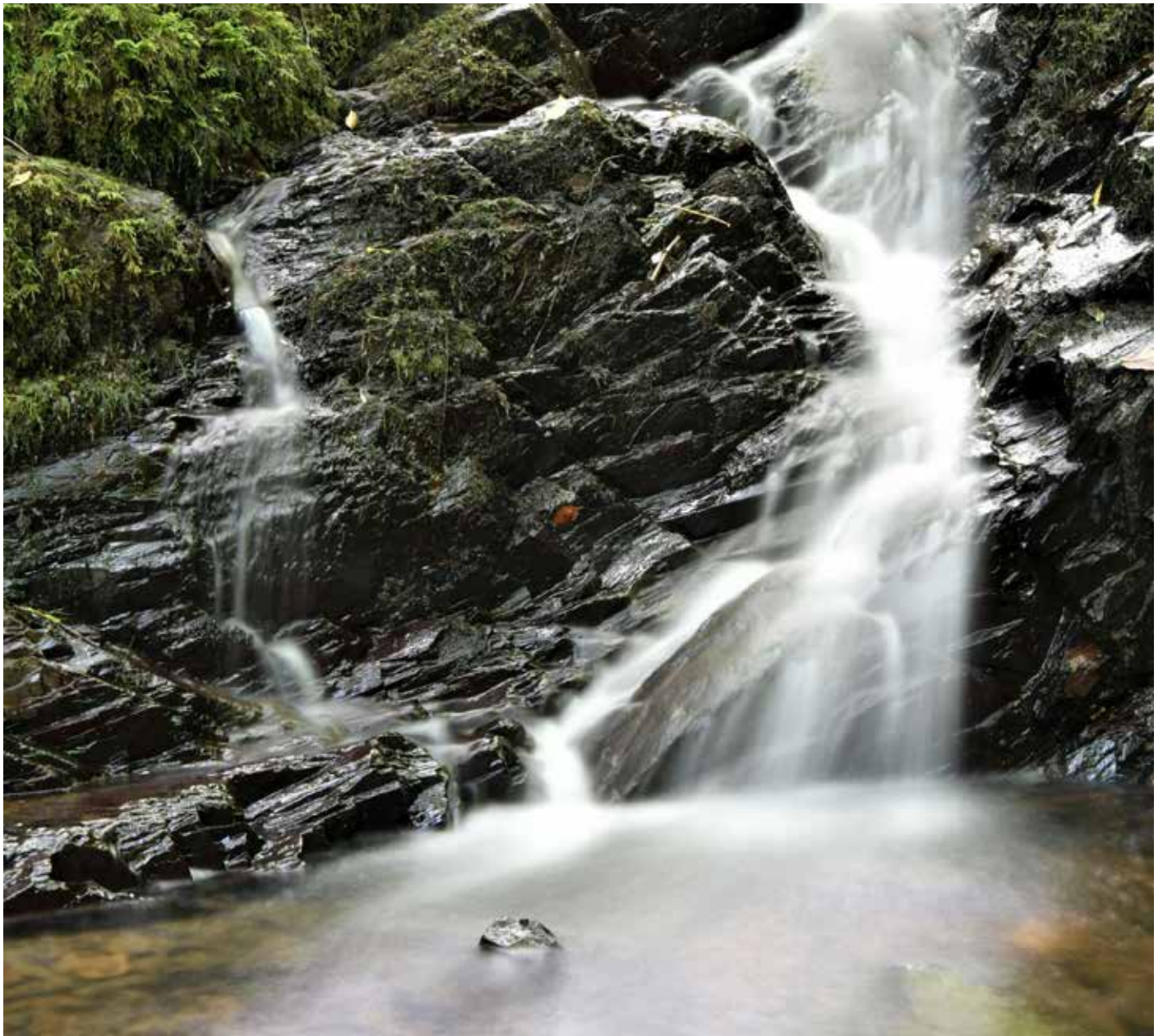
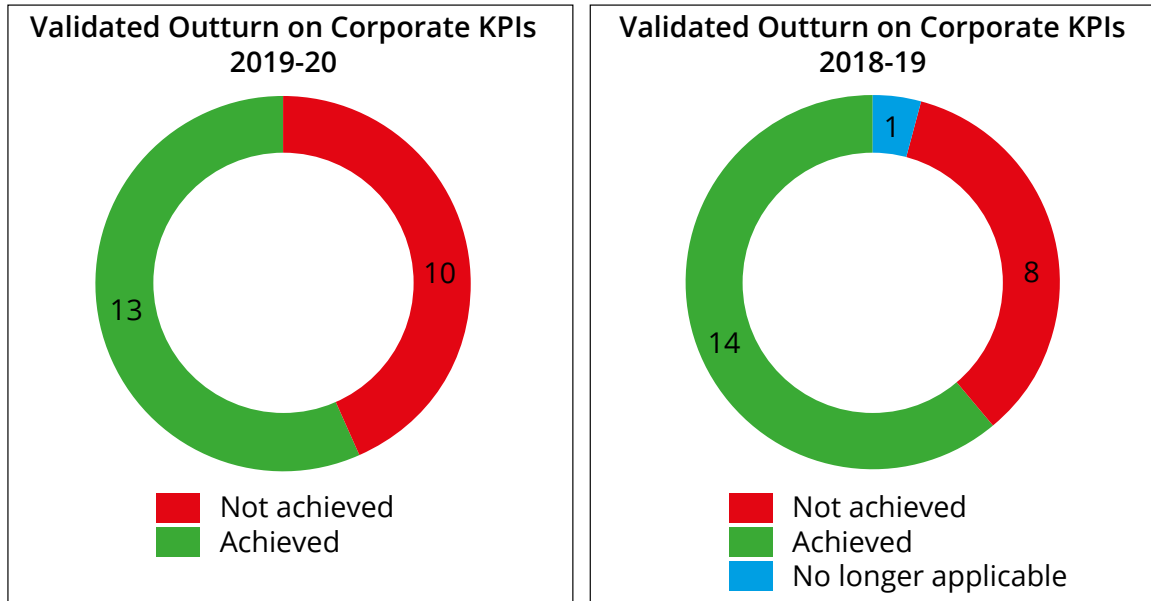
**TABLE 1 – SUMMARY OUTTURN PERFORMANCE**

STATUS	DEFINITION	2019-20	%	2018-19	%
Red	KPI’s where commitments are not achieved	10	39	8	35
Green	Achieved	13	61	14	61
N/A	No longer Applicable	0	0	1	4
Total		23		23	

There were 10 Corporate KPI’s not achieved in 2019-20, representing a slight decline on outturn performance in comparison with the previous year.



FIGURE 11 – COMPARISON OF KPI OUTTURN 2019-20 AND 2018-19



The following pages set out a more detailed analysis of performance against each of the KPIs.

**Analysis of Performance**

**FIGURE 12 – BUSINESS PLAN TARGET OUTCOMES 2019-20**

**STRATEGIC OUTCOME 1 – SOCIETY, ECONOMY & ENVIRONMENT**

**AFBI WILL LEAD IN THE DELIVERY OF SCIENTIFIC INNOVATION AND EVIDENCE TO IMPROVE THE ECONOMIC AND ENVIRONMENTAL PERFORMANCE AND SUSTAINABILITY**

BUSINESS PLAN TARGET	OUT-COME	ANALYSIS OF PERFORMANCE	BUSINESS PLAN TARGET	OUT-COME	ANALYSIS OF PERFORMANCE
<b>KPI 1</b> AFBI will publish a Research / Science Impact Publication which will profile the impact and benefit of AFBI science by 31 March 2020.	Not achieved	An AFBI impact booklet was published after the target date.	<b>KPI 2</b> Progress the AFBI Organisational Design to include review of EMT Structure by December 2019.	Achieved	An updated EMT structure was approved by the Board at its June 2019 meeting.
<b>KPI 3</b> Implement agreed governance arrangements and deliver on agreed 2019- 20 AFBI/ QUB strategic alliance KPIs by 31 March 2020.	Not Achieved	A joint Project Manager was appointed in year with the priority of developing a Memorandum of Understanding (MoU.) The Project has been divided into a number of sub streams and a number of meetings have been held of these joint teams. Progress has been made particularly on the PHD processes and the governance around research contracts. KPI's for the 1920-20 year were not agreed, albeit that the AFBI/ QUB team are working towards a number of key goals.	<b>KPI 4</b> Following establishment of AFBI/CAFRE Strategic Overview group progress the AFBI/CAFRE collaboration.	Achieved	The Strategic Overview group has progressed the AFBI/ CAFRE collaboration and an overarching Terms of Reference (ToR) for the AFBI/ CAFRE collaboration which notes key goals of the collaboration has been developed and will be agreed. The initial meetings of the Beef/sheep and Dairy 'working' groups took place to discuss the ToR and next steps for these CAFRE/AFBI sectoral groups.

## STRATEGIC OUTCOME 2 – CUSTOMERS AND PARTNERS

### AFBI WILL FURTHER ENHANCE ITS STATUS AS A TRUSTED PARTNER AND PROVIDER OF CHOICE IN RELATION TO SCIENCE SUPPORTING THE AGRI FOOD AND MARINE SECTORS

BUSINESS PLAN TARGET	OUT-COME	ANALYSIS OF PERFORMANCE	BUSINESS PLAN TARGET	OUT-COME	ANALYSIS OF PERFORMANCE
<p><b>KPI 5</b></p> <p>At least 95% of statutory and analytical tests delivered to DAERA and external customers within agreed timescales and quality standards.</p>	Achieved	AFBI delivered 99% of over 850,000 statutory and analytical tests to DAERA and external customers within agreed timescales and quality standards.	<p><b>KPI 6</b></p> <p>At least 90% of research projects completed for DAERA and external funders within budget tolerances.</p>	Not Achieved	This target was narrowly missed as AFBI delivered a total of 51/61 projects delivered within budget tolerance -This represents 83% of projects achieved.
<p><b>KPI 7</b></p> <p>All Emergency Response Capability (ERC) Contingency plans reviewed, updated and tested in-year in line with DAERA requirements.</p>	Not achieved	AFBI have 10 ERCs, with 4 relating to VSD and the remaining 6 relating to SAFSD. 8 of the 10 were tested in year with one being just outside the annual cycle and the other delayed awaiting DAERA guidance.	<p><b>KPI 8</b></p> <p>Actions from the Review of BCM delivered in line with action plan.</p>	Not Achieved	Business Impact Assessments (BIAs) for all business areas have been completed. The COVID- 19 emergency has since intervened in the BCM project and has provided real time exercising of AFBI incident management and business continuity planning. By 31 March 2020 the Incident Management Team had met on a regularly basis throughout most of March and considered all aspects of the organisation and put actions and communications in place across each of the business areas. However, we have given this a red rating due to updates still required to the documentation.



## STRATEGIC OUTCOME 2 – CUSTOMERS AND PARTNERS

### AFBI WILL FURTHER ENHANCE ITS STATUS AS A TRUSTED PARTNER AND PROVIDER OF CHOICE IN RELATION TO SCIENCE SUPPORTING THE AGRI FOOD AND MARINE SECTORS

BUSINESS PLAN TARGET	OUT-COME	ANALYSIS OF PERFORMANCE	BUSINESS PLAN TARGET	OUT-COME	ANALYSIS OF PERFORMANCE
<p><b>KPI 9</b></p> <p>Overall satisfactory outcomes from all international audits carried out in 2019-20 to facilitate new market opportunities.</p>	Achieved	USDA Audit was completed in July 2019 with a successful outcome.	<p><b>KPI 10</b></p> <p>Participate in meetings of 4 Industry technical working and implementation groups on the control and eradication of specified endemic animal diseases.</p>	Achieved	<p>The following key meetings were attended:-</p> <p>The Animal Health Ireland BVD Technical Working Group in April 2019</p> <p>The Animal Health Ireland IBR Technical Working Group in May 2019</p> <p>The Animal Health &amp; Welfare NI BVD implementation group was attended in June 2019</p> <p>The Animal Health Ireland Johnes Disease Technical Working Group was attended and AFBI took part in the CHEC Technical working group in March 2020.</p> <p>AFBI have also attended various EVSPNI Sheep Scab group meetings.</p>
<p><b>KPI 11</b></p> <p>Retain ISO17025 accreditation and ISO9001 certification, and extend ISO 17025 accreditation to include plant molecular tests and environment water analysis.</p>	Not Achieved	ISO17025 has been achieved and retained within all areas that have already had this standard in place. However it has been marked as red as the extension to other areas was not achieved.	<p><b>KPI 12</b></p> <p>Maintain AFBI's international standing by publishing a minimum of 100 peer reviewed scientific papers.</p>	Achieved	<p>There was a productive year as regards papers produced. In terms of AFBI papers, this breaks down as follows:</p> <p>144 published (85 in the top quartile)</p> <p>17 In Press (5 in top quartile)</p> <p>42 submitted (10 in the top quartile)</p>

## STRATEGIC OUTCOME 2 – CUSTOMERS AND PARTNERS

### AFBI WILL FURTHER ENHANCE ITS STATUS AS A TRUSTED PARTNER AND PROVIDER OF CHOICE IN RELATION TO SCIENCE SUPPORTING THE AGRI FOOD AND MARINE SECTORS

BUSINESS PLAN TARGET	OUT-COME	ANALYSIS OF PERFORMANCE	BUSINESS PLAN TARGET	OUT-COME	ANALYSIS OF PERFORMANCE
<b>KPI 13</b> Grow AFBI's Science profile by increasing AFBI's membership on legislative and networking national and international committees from 2018/19 baseline levels of 49 (National) and 23 (International).	Not achieved	Although AFBI participated in meetings of the following: 32 National Committees and 23 International science Committees, these relate to attendance and not membership. In addition these figures are below the 2018/19 baseline figures. Reduction in committee attendance in quarter 4 can be attributed to the emergence of the COVID-19 pandemic.	<b>KPI 14</b> Deliver non GIA income in line with agreed budget tolerances.	Achieved	Within DAERA's 2019/20 Business Plan they include a target that Provisional Resource and Capital outturn to be between 99% and 100% of Final Budget for 2019/20. AFBI's provisional outturn was within this range.

## STRATEGIC OUTCOME 3 – PEOPLE & INFRASTRUCTURE

### AFBI WILL INVEST IN AND DEVELOP ITS PEOPLE AND INFRASTRUCTURE TO PROVIDE INNOVATIVE, EFFICIENT AND EFFECTIVE SERVICE DELIVERY

BUSINESS PLAN TARGET	OUT-COME	ANALYSIS OF PERFORMANCE	BUSINESS PLAN TARGET	OUT-COME	ANALYSIS OF PERFORMANCE
<b>KPI 15</b> Develop the People Strategy to support delivery of Corporate Plan by 31 March 2020.	Achieved	AFBI's People Strategy was presented to the Board in December 2019. This is accompanied by a 3 year action plan to support and develop AFBI's people.	<b>KPI 16</b> Achieve combined industrial and non- industrial absenteeism of 7.5 working days or less per Whole Time Equivalent (WTE).	Not Achieved	NISRA Statistics at the end of March reported an absence outturn of 8.8 working days. This is an increase from last year of 7.4 days in 2018-19.

## STRATEGIC OUTCOME 3 – PEOPLE & INFRASTRUCTURE

AFBI WILL INVEST IN AND DEVELOP ITS PEOPLE AND INFRASTRUCTURE TO PROVIDE INNOVATIVE, EFFICIENT AND EFFECTIVE SERVICE DELIVERY

BUSINESS PLAN TARGET	OUT-COME	ANALYSIS OF PERFORMANCE	BUSINESS PLAN TARGET	OUT-COME	ANALYSIS OF PERFORMANCE
<p><b>KPI 17</b></p> <p>Achieve 80% completion of performance appraisals by 30 June 2019.</p>	Not Achieved	Performance has improved since last year, however AFBI just came in outside the target with a completion rate of 77%.	<p><b>KPI 18</b></p> <p>Progress the project for new business and finance systems in line with the project plan milestones.</p>	Achieved	<p>A draft Business Case has been developed and submitted to DAERA for consideration.</p> <p>A Project Board has been established with Science &amp; FCAD representation, DAERA Finance &amp; Sponsor Branch on the board.</p>
<p><b>KPI 19</b></p> <p>In conjunction with DAERA progress the project for the replacement Laboratory Information Management System (LIMS), in line with project plan milestones.</p>	Not Achieved	DAERA had developed a draft business case. There has been a number of joint AFBI/NIEA workshops which have resulted in a revision of the options within the business case. AFBI continues to be represented on the project Board.	<p><b>KPI 20</b></p> <p>Progress the project for implementing an Electronic Document and Records Management System (EDRMS) within AFBI in line with project plan.</p>	Achieved	EMT formally initiated the EDRMS project in June 2019. In October 2019, due to external factors affecting recruitment, training and system configuration activities, the Project Board agreed a three month delay to system implementation; the project plan has been adjusted.
<p><b>KPI 21</b></p> <p>Annual Unit Costing and Corporate benchmarking reports provided to DAERA by 31 October 2019.</p>	Achieved	AFBI submitted the 2018-19 Annual Unit Costing and Benchmarking Report to DAERA in October 2019 in line with agreed timeframe within business plan.	<p><b>KPI 22</b></p> <p>Deliver the action plan as agreed within the finance development plan and deliver year 1 of AFBI's finance efficiency plan by 31 March 2020.</p>	Achieved	The Efficiency Plan in place and monitored and updated on a regular basis by the cross divisional project team that is in place.

## STRATEGIC OUTCOME 3 – PEOPLE & INFRASTRUCTURE

### AFBI WILL INVEST IN AND DEVELOP ITS PEOPLE AND INFRASTRUCTURE TO PROVIDE INNOVATIVE, EFFICIENT AND EFFECTIVE SERVICE DELIVERY

BUSINESS PLAN TARGET	OUTCOME	ANALYSIS OF PERFORMANCE
<p><b>KPI 23</b></p> <p>In conjunction with DAERA we will:</p> <p>Advance procurement process with CPD for replacement marine Research Vessel by 31 March 2020.</p> <p>Progress the VSD Stormont Animal Health Sciences Building Project, in line with project plan milestones; Pending approvals process; AFBI CAFRE Beef Facilities project</p> <p>The AFBI-Hillsborough Farmed Estate Master plan</p> <p>Project plan for Loughgall estate.</p>	Achieved	<p>A number of projects have progressed throughout the year but the project milestones have had to be adjusted for a number of reasons: -</p> <p>The Outline Business Case (OBC) for the AFBI Research Vessel has been approved and a Project Board is in place.</p> <p>Animal Health Building - AFBI project team in place and the project has achieved RIBA Stage 1 and Stage 2. Project is on course to timelines.</p> <p>Work on the Emissions Monitoring Facility Project at AFBI-Hillsborough was progressed as far as possible with a number of options being explored in terms of the refurbishment of existing buildings or a new build for the monitoring of emissions from ruminants. CPD Construction Division worked closely with relevant AFBI staff to confirm specifications and develop options.</p> <p>The draft Strategic Outline Cases (SOCs) for the AFBI-Hillsborough and Loughgall estate proposals have been paused as DAERA would like to determine and agree key strategic steps around the AFBI Estate Strategy before any further substantive work is taken forward. Future capital works on the AFBI Estate will also be informed by the DAERA Science Transformation Programme.</p> <p>DoF approval has been received for the beef platform business case (Feb 2020) and project boards are commencing in 20/21 and project boards are commencing in 2020/21 to develop the estate proposals and joint working with CAFRE. Ministerial approval of budget is awaited</p>

### Financial Performance for the year

AFBI's Statement of Comprehensive Net Expenditure shows a net expenditure for the year of £55,756k (2018-19: £41,084k).

Income (excluding royalties) at £13,220k in 2019-20 is similar to 2018-19 of

£13,316k. Royalty income of £6,994k previously reported in 2018-19 has been reversed in 2019-20 as detailed earlier in this report.

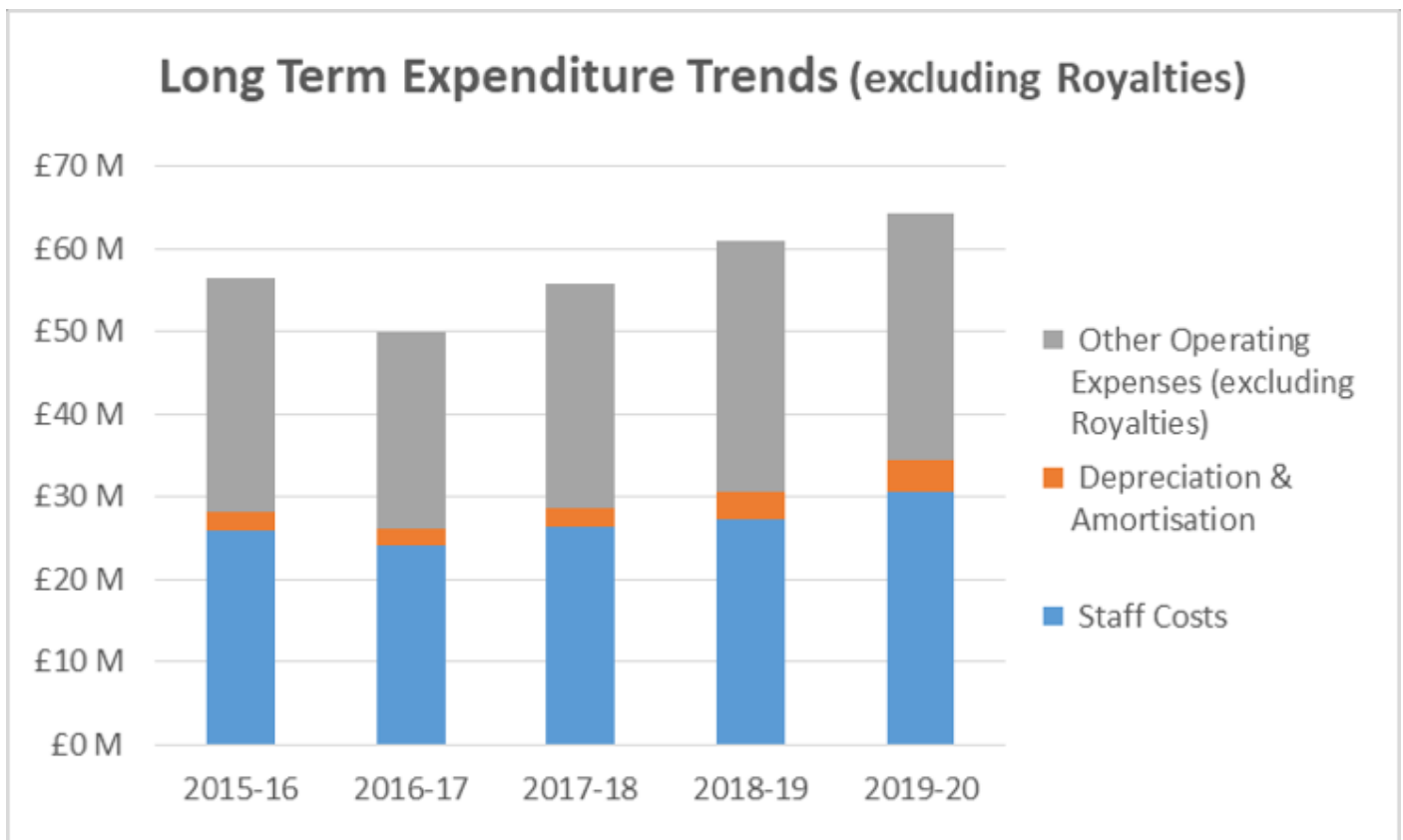
Total operating expenditure for the year (excluding associated royalty expenditure) has increased by £5,678k in 2019-20 to £64,350k, an increase of 9.7%. Associated operating royalty expenditure previously reported in 2018-19 has been reversed in 2019-20 as detailed earlier in this report.

Staff costs increased by £3,394k to £30,572k in 2019-20. This 12.5% increase was mainly due an increase in public sector pension contributions and pay awards. Other expenditure has increased in operating lease, irrecoverable VAT and EU partner payments. Depreciation and amortisation costs increased by £330k as a result of the increase in the level of capital purchases in recent years.

### Long-term expenditure trends

Although expenditure is expected to go up in coming years due to AFBI's lead partner role in a number of EU INTERREG funded projects, there are no expectations that the long term expenditure trend will be significantly different in the context of external income generated.

FIGURE 13 – LONG TERM EXPENDITURE TRENDS



\* 2015-16 included one-off Voluntary Exit Scheme costs totalling £4.8 M

## Events since the end of the financial year

There have been no significant events since the end of the financial year which would affect the results for the year or the assets and liabilities at the year end.

## Corporate Social Responsibility Social

While AFBI does not have a dedicated policy, the principles of corporate and social responsibility are embedded within its key activities for example through commitment to equality, sustainable development, environmental protection etc.

### Human Rights

AFBI is committed to respecting human rights. We aim to ensure that the services we provide and the activities that we undertake have a positive impact on society. AFBI complies with Section 75 statutory equality obligations and all aspects of its equality agenda in the delivery of policy and delivery of services.

### Anti-Bribery and Corruption

AFBI's Counter Fraud Policy and Fraud Response Plan sets out how AFBI complies with the Bribery Act 2010 and DAO (DoF) 09/11 Bribery Act 2010 which clarifies how the Bribery Act 2010 applies to public servants in Northern Ireland. The Standards of Conduct of all staff are set out within the NICS HR Handbook Section

6.01 (Standards of Conduct), which indicates that all staff should conduct themselves with honesty and impartiality at all times. Hence it is not acceptable for any staff member to receive any benefit that may be perceived as having the potential to compromise personal judgement on work related issues.

### Sustainability

Sustainability continued to be a cross cutting theme of the NI Executive's draft Programme for Government Outcomes Framework 2016-21. DAERA was the lead department within the NI Sustainable Development Implementation Plan for the strategic objective – Promote Sustainable Land Management. AFBI assisted DAERA in the achievement of this objective through conducting underpinning research and provision of specialist advice on production of biomass and renewable energy, nutrient management, bioremediation of farm and municipal effluents and greenhouse gas production by livestock and soils.

### AFBI Estate

AFBI seeks to ensure it maintains its farmland in good agricultural and environmental condition.

As previously documented, the AFBI estate is largely energy inefficient due to the ageing nature of the buildings and infrastructure thereby presenting significant challenges in terms of reducing carbon emissions. The AFBI Newforge Lane and Stormont (Stoney Road) sites present the greatest issue given the number and complexity of the buildings on each site which are a mixture of office and laboratory accommodation. Both these sites also accommodate the greatest number of AFBI staff.

It is recognised by DAERA, as the landlord, that modernisation and reorganisation of the AFBI Estate is necessary and critical in order to provide AFBI with an effective and efficient facilities platform to deliver its scientific work programme for DAERA and other customers. DAERA and AFBI therefore continue to work together to develop and take forward an Estate Strategy for the Institute. Sustainable technologies will be considered as part of any new estate developments in order to ensure energy efficient facilities are in place.

### **Energy Usage and Carbon Reduction**

During 2019-20 AFBI has continued to ensure the Institute remains compliant with the Carbon Reduction Commitment Energy Efficiency Scheme (CRCEES). Energy usage across all six AFBI sites leased from DAERA is measured on an annual basis and reported as part of CRCEES.

Efforts have continued to reduce energy consumption in order to achieve efficiency savings and reduce the carbon footprint. Prior to new facilities being delivered where the replacement of infrastructure is required in relation to, for example, heating, steam production and lighting, more energy efficient systems are being installed. For example, a number of such projects have been undertaken at AFBI Newforge whereby new energy efficient heating boilers have been installed where necessary, and outside lighting has been largely replaced with LED lighting. An upgrade of Building Energy Management Systems has been undertaken at AFBI Newforge and Stormont. Further projects are at the planning stage for 2020-21 for Newforge and Stormont.

### **Environment and Renewable Energy Centre (EREC), AFBI Hillsborough**

In the agriculture, agri-food and waste water treatment sectors, the need to reduce greenhouse gas emissions, reduce dependence on fossil fuels and improve environmental discharge compliance are of growing importance. As such, activities at the AFBI Hillsborough Environment and Renewable Energy Centre (EREC) have been on-going with a strong focus on research, knowledge transfer, proof of concept and new research project bidding. The EREC delivers heat and electricity to the Hillsborough site from biomass and solar sources with the main sources of biomass being a varied supply of locally produced and indigenous biomass supplies. Heat generated from a 320kW biomass boiler, a 120kW experimental biomass boiler, an anaerobic digestion combined heat and power (AD CHP) plant and a dedicated AD gas boiler is delivered around the site through a 1.4km district heating system.

The majority of the biomass is derived from plantations of short rotation coppice (SRC) willow grown at AFBI Hillsborough and other AFBI research sites. The SRC willow is fertilised by farmyard waste water. The irrigation protocol is environmentally controlled by a programmable logic controller taking account of ambient conditions (environmentally sound and sustainable solution for waste water recycling). This research has led to similar projects being instigated within the waste water treatment and agri-food sectors where drivers to invest in sustainable waste water management include the EU Waste Framework Directive (WFD) and customer pressure (low carbon footprint for marketable food products). These include projects to investigate the use of SRC willow to manage and diffuse agricultural run-off, manage landfill leachates and improve water quality within catchments as a result of point source irrigation.

An on-site anaerobic digester, supplied with animal manures and silage, produces biogas which generates about 70kW of electricity and 110kW of heat through a combined heat and power (CHP) generator. About 12kW of electricity is also supplied by an array of photovoltaic cells.



## Waste

Under current legislation AFBI must incinerate certain types of waste, i.e. transmissible spongiform encephalopathies (TSE) waste. This waste is transported to Great Britain by licensed contractors where incineration takes place. Other clinical waste which can be autoclaved is treated mainly on-site. Where autoclave facilities are at full capacity, AFBI uses a licensed off-site heat treatment facility.

Various recycling measures are in place for paper, cardboard, plastics, glass, metal, wood, toner cartridges, batteries, waste engine oils and vehicles which are surplus to requirements.

AFBI's plans over the forthcoming financial years is to continue to increase levels of recycling within the estate. This process coupled with improved site management will increase and enhance AFBI's environmental credentials.



### **Josephine Kelly**

BA Hons, FCA Accounting Officer

26 November 2020





# ACCOUNTABILITY REPORT



# Accountability Report

## INTRODUCTION

The Accountability Report is set out in three main sections:

- the Corporate Governance report;
- the Remuneration and Staff report; and
- the Assembly Accountability and Audit report.

## CORPORATE GOVERNANCE REPORT

### The Directors' Report

#### AFBI Board

AFBI is managed by a non-executive Board which has responsibility for providing strategic leadership for the organisation. The main purpose of the Board is to ensure that AFBI is successful in delivering the policies and priorities of DAERA and the Minister by providing strategic leadership to AFBI and ensuring effective performance management of AFBI.

To this end and in pursuit of its wider corporate responsibilities, the responsibilities of the Board as set out in the AFBI Board Operating Framework are to:

- establish the overall strategic direction of AFBI within the policy and resources framework determined by the Minister and DAERA;
- constructively challenge AFBI's EMT in its planning, target setting and delivery of performance;
- ensure that the Board receives, reviews and acts upon regular financial information concerning the management of AFBI, is informed in a timely manner about any concerns relating to the activities of AFBI, and provides positive assurance to DAERA that appropriate action has been taken on such concerns;
- ensure that DAERA is kept informed of any changes which are likely to impact on the strategic direction of AFBI or on the attainability of its targets, and in conjunction with AFBI's EMT and DAERA, determine the steps needed to deal with such changes;
- ensure that all statutory or administrative requirements for the use of public funds are complied with, that the Board operates within the limits of its
- statutory authority and any delegated authority agreed with DAERA, and in accordance with all other conditions relating to the use of public funds, and that, in reaching decisions, the Board takes into account all relevant guidance issued by DoF and DAERA;
- ensure high standards of corporate governance at all times, and use the Audit and Risk Assurance Committee (ARAC) to provide the Board with assurance in relation to the management of key financial and other risks facing the organisation; and
- appoint a Chief Executive to AFBI and, in consultation with DAERA, set performance objectives and remuneration terms linked to those objectives for the Chief Executive, which gives due weight to the proper management and use of public monies.

## Role of the Chair of AFBI

The Chair is personally responsible and accountable to the Minister for the performance of AFBI and for the strategic leadership and control of the Board. The Chair is responsible for ensuring that AFBI's policies and actions support the Minister's and DAERA's wider strategic policies and that its affairs are conducted with probity.

The Chair shares with other AFBI Board members the corporate responsibilities set out in the Management Statement and Financial Memorandum (MSFM), and in particular for ensuring that AFBI fulfils the aims and objectives set by DAERA and approved by the Minister. The Chair also sets performance measures for the Board and individual Board members and appraises performance.

## Board Members

Members are appointed in accordance with the Office of the Commissioner for Public Appointments (OCPA) NI Code of Practice. The terms of appointment of members and the Chair are normally for a three year period with a possibility of an extension. Mr Colin Coffey was appointed Chair from 1 April 2019. The Chair receives an annual remuneration of £26,841 and is expected to commit approximately 40 days per annum to the post. The Deputy Chair post was vacant from 1 April 2019 to 31 March 2020. Following a recruitment exercise Roberta Brownlee was appointed Deputy Chair with effective from 1 April 2020.

Members are on a per diem rate of £394 which they receive for attendance at each Board and relevant Committee Meeting.

AFBI maintains a register of interest for Board Members on its website and this can be accessed via <https://www.afbini.gov.uk/membership-afbi-board>



## Board Sub- Committees

There are six sub-committees of the Board.

### Organisational Development and Human Resources Committee

The primary role of this Committee is the overview of Organisational Development and Human Resources within AFBI and to support the Board's programme of change management.

#### ORGANISATIONAL DEVELOPMENT AND HUMAN RESOURCES COMMITTEE (OD&HR)

Non-Executive Chair	Ms Theresa Cullen
Non-Executive Director	Mrs Maureen McKeague
Non-Executive Director	Mrs Sharon Smyth
Non-Executive Director	Ms Joan Houston
Non-Executive Director	Mr Richard Solomon
Non-Executive Director	Mrs Roberta Brownlee

### Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee advises the Board and Accounting Officer on issues of risk, internal control, governance and any material items affecting the accounts.

#### AUDIT AND RISK ASSURANCE COMMITTEE (ARAC)

Non-Executive Chair	Ms Joan Houston
Non-Executive Director	Mrs Sharon Smyth
Non-Executive Director	Mr Ian Buchanan
Non-Executive Director	Mrs Fiona Hanna
Non-Executive Director	Mr Richard Solomon

Other attendees include:

- Head of Internal Audit
- DAERA Internal Audit (as required)
- NIAO
- AFBI Sponsor Branch
- Chief Executive Officer
- Director of Finance and Corporate Affairs Division
- Head of Finance
- Head of Governance & Performance Branch.

## Science Strategy Committee

The role of the Science Strategy Committee is to assist the Executive in developing a Science Strategy for AFBI. In particular, to:

Identify and prioritise areas of existing scientific work which are of strategic importance to AFBI; and

Identify and prioritise areas of existing scientific work which are of lower strategic importance to AFBI and which could therefore be reduced or ceased in order to transfer resources to work of higher priority.

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### SCIENCE STRATEGY COMMITTEE

Non-Executive Chair	Ms Kate Burns (Chair from Sept 2019)
Non-Executive Director	Dr Richard Horton
Non-Executive Director	Ms Theresa Cullen
Non-Executive Director	Mr Ian Buchanan
Non-Executive Director	Mrs Fiona Hanna (from May 2019)
Non-Executive Director	Dr Michelle Costello-Smith (Chair to May 2019)

## Finance and Business Strategy Committee

The role of the Finance and Business Strategy Committee is to support the Board in its responsibilities for the oversight of financial management including, in particular, the review of financial plans and budgets as well as financial monitoring.

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### FINANCE AND BUSINESS STRATEGY COMMITTEE (FBSC)

Non-Executive Chair	Dr Michelle Costello-Smith (Chair from May 2019)
Non-Executive Director	Mrs Fiona Hanna
Non-Executive Director	Mrs Maureen McKeague
Non-Executive Director	Dr Richard Horton
Non-Executive Director	Ms Kate Burns (from May 2019)
Non-Executive Director	Mrs Roberta Brownlee



## Oversight and Governance Committee

The role of the Oversight and Governance Committee is to support the Board in its responsibilities for the oversight of significant or complex projects in terms of governance, expenditure, claims, risk and contract management.

### OVERSIGHT & GOVERNANCE COMMITTEE (OGC)

Non-Executive Chair	Mr Richard Solomon (Chair from May 2019)
Non-Executive Director	Mrs Roberta Brownlee
Non-Executive Director	Ms Joan Houston (from May 2019)
Non-Executive Director	Dr Michelle Costello-Smith (from May 2019)

## Executive Management Team

During 2019-20 EMT of the Institute was made up as follows:

- Chief Executive Officer - Dr Stanley McDowell
- Director of Sustainable Agri-Food Science Division (SAFSD) - Dr Elizabeth Magowan
- Director of Veterinary Science Division (VSD) - Dr Alastair Douglas (acting from 20 August 2018) and appointed on a permanent basis in July 2020.
- Director of Finance and Corporate Affairs Division (FCAD) - Mrs Josephine Kelly
- Director of Finance and Corporate Affairs Division (FCAD) - Mr Ian Eagleson (interim from 9 March 2020)

EMT generally meets formally twice monthly for EMT Finance and EMT General Meetings. These have standing agenda covering finance, resources, operational management, health and safety and business development. Additional EMT meetings are also held as required.

## Details of significant interests held by EMT members

EMT Members do not hold any other directorships or any other significant interests which may conflict or be perceived to conflict with their management responsibilities.

## Role of the Accounting Officer

AFBI's Chief Executive is designated Accounting Officer for the NDPB by the Departmental Accounting Officer and as such is accountable to the Northern Ireland Assembly for AFBI's use of resources as set out in the Management Statement and Financial Memorandum (MSFM).

In particular, the Accounting Officer shall ensure that:

- AFBI’s Strategic Themes and Goals support DAERA’s wider strategic aims and commitments within the Programme for Government;
- the financial and other management controls applied by DAERA to AFBI are appropriate and sufficient to safeguard public funds and for ensuring that AFBI’s compliance with those controls is effectively monitored (‘public funds’ include not only any funds granted to AFBI by the Assembly but also any other funds falling within the stewardship of AFBI);
- the internal controls applied by AFBI conform to the requirements of regularity, propriety and good financial management; and
- any Grant-In-Aid paid to AFBI is within the ambit and the amount of the Request for Resources and that NI Assembly authority has been sought and given.

### **Personal Data Incidents**

During 2019-20 there were 30 personal data incidents, all of which were assessed as being low impact. There have been no reported significant personal data losses in the course of the year. It is likely that the increase in the number of incidents reported (up from twenty in 2018-19) was due to the increased alertness to data protection issues following intensive training and awareness-raising activities carried out by AFBI following the implementation of the General Data Protection Regulation (GDPR) and Data Protection Act 2018 which came into force on 25 May 2018.

No personal data breaches were reported to the Information Commissioner’s Office (ICO) during 2019-20 as all incidents were handled under the AFBI Data Breach Management Plan and all assessed as low risk to the individuals involved.

Most of the incidents reported were due to human error in relation to the use of incorrect email addresses for recipients. All were dealt with promptly with steps taken to prevent recurrence.

### **Internal Audit**

An independent firm of auditors continue to provide Internal Audit services to the AFBI Accounting Officer and provides senior management and the ARAC with assurances of the adequacy of AFBI’s systems of internal control and risk management.

### **Compliance with DoF’s Code of Good Practice on Corporate Governance**

AFBI complies with all relevant requirements of the “Corporate Governance in Central Government Departments: Code of Good Practice NI” published by DoF in 2013. All members of the AFBI Board and its sub-committees are non-executives.

### **Supplier Payment Policy**

AFBI is committed to the Better Payments Practice Code as set out in Annex 4.6 of Managing Public Money and is subject to the Late Payment of Commercial Debt Regulations 2002. AFBI comply with the British Standard for Achieving Good Payment Performance in Commercial Transactions (BS 7890).

Payment is regarded as late if it is made outside the agreed terms, or 30 days after the receipt of a valid invoice where no terms are agreed. In response to the 2008 economic position, the Department for Business Enterprise and Regulatory Reform (BERR) announced that Central Government was committed to paying businesses in 10 days.

In 2019-20 AFBI paid 83% (2018-19: 72%) of the invoices in accordance with the agreed terms or within 30 days.

AFBI is also committed to the 10 day prompt payment of supplier invoices. The performance outturn for the 10 day prompt payment was 47% for 2019-20. The performance for the 2018-19 year on this 10 day target was 46%.

### **Corporate Complaints**

AFBI has a corporate complaints policy in place and this is available via the AFBI website. In addition guidance has been provided to ensure staff awareness of the process to follow to ensure that complaints are managed and responded to. Monitoring and reporting arrangements are also in place to ensure that any issues or trends are identified and where appropriate lessons learned are disseminated through the organisation. AFBI received three complaints during 2019-20 (six during 2018-19). While each was handled to successful resolution, one was not responded to within the required timeframe. All staff have been reminded of the complaints handling policy and guidance to ensure that these are dealt with efficiently and effectively.

### **Health and Safety**

AFBI endeavours to comply with all relevant health and safety legislation and where practicable with all health and safety best practice. AFBI has a dedicated Health and Safety Manager and Advisers (internal and external) and a system of health and safety committees with relevant policies, procedures and guidance in place. AFBI made significant progress during 2019-20 in relation to enhancing its current health and safety provision with the key proactive component of monitoring and measurement of performance being tracking against the Health and Safety Management Profile (HASMAPP) which was the basis for the 2017-18 AFBI Corporate Health and Safety Review.

### **Quality Assurance**

AFBI's senior management is committed to providing scientific services that consistently meet customer and statutory and regulatory requirements, and to enhancing its customers' satisfaction. The organisation holds two internationally recognised quality assurance standards providing customers with a formal recognition of the technical competence, impartiality, and performance capability of the laboratory.

ISO 9001:2015 certification covers research and development and the provision of most of its scientific and diagnostic services.

ISO 17025:2017 accreditation is maintained for statutory testing and in accordance with regulatory and customer requirements in areas such as food safety, disease surveillance and diagnosis and feed analysis.

Compliance is monitored annually by independent assessment bodies. The ISO 9001 audit was carried out in December 2019 by SGS and certification was retained. The ISO 17025 laboratory areas were audited in September 2019 by the United Kingdom Accreditation Service (UKAS) and our accreditation status was confirmed.

### **Northern Ireland Audit Office**

The financial statements are audited by the Comptroller and Auditor General (C&AG), in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001. He is head of the Northern Ireland Audit Office (NIAO). He and his staff are totally independent of Government, and he reports his findings to the Northern Ireland Assembly.

The annual fee for the audit of financial statements for 2019-20 was £55,000 (2018-19 -: £45,000).

The external auditors have not been requested to undertake any non-audit work.

### **Disclosure to Auditor**

So far as I am aware, as Accounting Officer, there is no relevant information of which the AFBI's auditors are unaware and, as Accounting Officer, I have taken all steps that I ought to have taken to make myself aware of any relevant audit information and establish that AFBI's auditors are aware of that information.

### **Statement of Accounting Officer's Responsibilities**

Under the Agriculture (Northern Ireland) Order 2004, the Agri-Food and Biosciences Institute is required to prepare for each financial year, accounts in the form and on the basis set out in the Accounts Direction.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Institute, and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by DoF, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgments and estimates on a suitable basis;
- state whether applicable accounting standards, as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts;
- prepare the accounts on a going concern basis; and
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

DAERA has appointed the Chief Executive Officer of AFBI as Accounting Officer of the Institute, with responsibility for preparing the Institute's accounts and for transmitting them to the Comptroller and Auditor General.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which he is answerable, for

- keeping proper records and for guarding the Institute's assets, are set out in Managing Public Money published by the HM Treasury.

As the Accounting Officer, I have taken all the steps that I ought to have been taken to make myself aware of any relevant audit information and to establish that AFBI's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

## Governance Statement

The Governance Statement for the year ended 31 March 2020 has been produced in line with guidance issued by the Department of Finance (DoF) in Dear Accounting Officer letter DAO 10/12 and Annex A.3.1 of Managing Public Money Northern Ireland (MPMNI).

## Scope and Responsibility

As Accounting Officer I am responsible for managing and controlling the resources used in AFBI, in accordance with the responsibilities assigned to me in MPMNI. The Governance Statement sets out the governance, risk management and internal control arrangements in operation within AFBI during the financial year which have assisted me in discharging this stewardship role.

The governance structures and processes, risk management and internal controls during the year were effective. During the year, there was a continued focus on strengthening governance arrangements and internal controls through the implementation of recommendations resulting from internal and external audit recommendations and updating key governance policies in line with established best practice guidance.

## Governance Arrangements Governance Framework

AFBI's governance framework sets out the roles, responsibilities and procedures for the effective and efficient conduct of the organisation's business. AFBI is committed to ensuring governance arrangements are in line with established best practice and that AFBI is accountable and transparent for its decisions and activities. Annex A to the Governance Statement illustrates AFBI's Governance and Risk Assurance Framework.

## Governance Structure

The Minister for Agriculture, Environment and Rural Affairs is responsible and answerable to the Northern Ireland Assembly (the Assembly) for the exercise of the powers on which the administration of the Department depends. The Minister has a duty to hold the Assembly to account, and be held to account, for the policies, decisions and actions of the Department including AFBI as one of its NDPBs.

While in practice NDPBs operate with some independence and are not under day-to-day ministerial control, ministers are nevertheless ultimately accountable to the Assembly for NDPBs' activities and performance. This is because they are responsible for the founding legislation of NDPBs; have influence over the strategic direction of NDPBs; appoint the boards of NDPBs; and have the ultimate sanction of abolition or reform subject to the NI Executive's approval where this requires a change in statute.

DAERA's Permanent Secretary is appointed as DAERA's Departmental Accounting Officer by DoF. AFBI Sponsor Branch is responsible for managing the overall relationship between DAERA and AFBI. DAERA's AFBI Sponsor Branch holds monthly Finance and Governance meetings with AFBI and facilitates quarterly Accountability Meetings between the Senior Sponsor and me as part of its governance oversight. DAERA's Departmental Accounting Officer has designated me as the Accounting Officer for AFBI.

As Accounting Officer, I am personally responsible for safeguarding the public funds for which I have charge, for ensuring propriety and regularity in the handling of those public funds and for the day-to-day operations and management of AFBI.

In fulfilling my duties as AFBI's Accounting Officer I am supported by my Executive Management Team and a non-Executive Board. EMT consists of the Directors of Sustainable Agri-Food Sciences, Veterinary Sciences and the Finance and Corporate Affairs Divisions.



## The Board

AFBI's Board consists of 12 non-executive members appointed by the DAERA Minister. Appointments are made in line with the Code of Practice issued by the Office of the Commissioner for Public Appointments Northern Ireland. The main responsibilities of the Board are to ensure that AFBI fulfils the aims and objectives set by DAERA and approved by the Minister, monitoring AFBI's compliance with applicable law and policy and for promoting the efficient, economic and effective use of staff and other resources by AFBI. The Board fulfils its responsibilities by establishing the overall strategic direction of AFBI and by challenging EMT in business planning, target setting and delivery of performance against agreed targets.

The Board operates within AFBI's Board Operating Framework which sets out the broad governance structures for the Board. It also defines the key roles and responsibilities which underpin the relationship between AFBI and DAERA.

## Board Sub-Committees

While all decision-making powers are reserved to the Board, five sub-committees operated in an advisory capacity in line with their Terms of Reference. Details of these are set out below:

The Audit and Risk Assurance Committee (ARAC) advises the Board on issues of governance risk and control. ARAC reviews the draft and final accounts to provide the Board with the assurance that it can authorise me to sign the accounts on its behalf;

The Finance and Business Strategy Committee (FBSC) supports the Board in discharging its responsibilities for oversight of financial management including the review of financial plans and budget monitoring. The FBSC also assists management in developing strategies to maximise income generation opportunities, including commercial exploitation of intellectual property and technology disclosures;

The Organisational Development & Human Resources Committee (OD&HR) advises the Board on organisational development and human resources matters within AFBI, and supports the Board's programme of Change Management;

The Science Strategy Committee assists EMT in developing and overseeing the implementation of AFBI's Science Strategy. This includes the identification of a range of key scientific skills and technologies which AFBI should maintain and develop; and

The Oversight and Governance Committee assists EMT in providing high level oversight for significant or complex projects in terms of governance, expenditure, claims, risk and contract management. The scope of this Committee does not extend to the evaluation of the science programme which is considered by the Science Strategy Committee as required.

## Board/Sub Committee Attendance

The attendance of members at Board and sub-committee meetings during the year is summarised as follows:

FIGURE 14 – AFBI BOARD MEMBERS ATTENDANCE AT MEETINGS 2019-20

AFBI BOARD	BOARD ATTENDANCE	ARAC ATTENDANCE	FBSC ATTENDANCE	OD&HR COMMITTEE ATTENDANCE	SCIENCE STRATEGY COMMITTEE ATTENDANCE	OVERSIGHT & GOVERNANCE COMMITTEE ATTENDANCE
Mr Colin Coffey (Chair)	10/10	-	1	-	-	1
Mrs Maureen McKeague	10/10	-	4/4	4/4	-	-
Mr Ian Buchanan	9/10	5/6	-	-	4/4	-
Dr Michelle Costello-Smith	10/10	-	4/4	-	4/4	4/4
Ms Theresa Cullen	10/10	-	-	4/4	4/4	-
Mrs Fiona Hanna	10/10	6/6	4/4	-	3/4	-
Dr Richard Horton	10/10	-	4/4	-	4/4	-
Ms Joan Houston	9/10	6/6	-	4/4	-	4/4
Mrs Sharon Smyth	9/10	5/6	-	4/4	-	-
Mr Richard Solomon	9/10	6/6	-	4/4	-	4/4
Ms Kate Burns	10/10	-	4/4	-	4/4	-
Mrs Roberta Brownlee	6/10	-	4/4	3/4	-	4/4

## Board Performance & Quality of Information used by the Board

In line with its Board Operating Framework, AFBI's Board reviewed its performance and undertook a self-assessment effectiveness review for 2019-20. The review focused on six key governance principles:

- purpose and outcomes;
- roles and responsibilities;
- values and governance;
- decision making and risk management;
- Board capacity and structure; and
- stakeholder accountability and communication.

The Board reaffirmed that its role was to set the strategic direction of the organisation, provide constructive challenge, ensure robust governance, hold the EMT to account, set the tone of the organisation, ensure that relations with stakeholders are managed effectively and that it is answerable to the DAERA Minister. While scores were relatively lower than in previous years, the review indicated that the Board considered that it was operating effectively.

The review demonstrated that the Board understands its role and strategic priorities and that it promoted high standards of governance, risk and financial management and a culture of performance and delivery. It did however show a continuation of a longer term trend of reduced scores around member development and enhancing relationships with stakeholders.

The quality of information provided to the Board and EMT is of a high standard with executive, financial, whistleblowing and risk register reports provided on a regular basis. The 2019-20 Board self-assessment exercise has highlighted some areas for improvement in relation to the format, content and quality of the information it receives as it seeks to continually review and strive to improve governance and reporting. These are being taken forward by the management team.

### **Compliance with Corporate Governance Code**

As the Accounting Officer of a Non-Departmental Public Body of a Northern Ireland Department, in line with DAO 06/13, I can confirm that AFBI, as an arm's length body of DAERA, complies with all relevant aspects of the corporate governance in central government departments. This is set by the Code of Good Practice NI published by DoF in 2013.

### **Conflicts of Interest**

On appointment, Board members are required to provide a list of all interests which might give rise to a conflict of interest. At every Board and sub-committee meeting a standing agenda item on declarations of interest is included and brought to the attention of the members by the Chair. Board papers are not circulated to members who have declared or are deemed to have a specific conflict of interest. Where a conflict of interest is declared, it is recorded and the relevant member(s) leave the Board meetings for the specific agenda item. Members are also asked regularly to update their declarations.

### **Risk Management Framework and Structure**

AFBI has a well embedded risk management and internal control framework in place with direct involvement of EMT through the Risk Review Group. AFBI's Risk Management Strategy clearly sets out the roles, responsibilities, procedures and risk appetite for risk management within AFBI. During the year AFBI reviewed and updated its Risk Management Strategy and this was augmented with updated operational guidance and procedures for staff on the management of risks and extending this to project risk management.

Risk management is a standing agenda item for Board and ARAC meetings and AFBI's Risk Register is reviewed by both meetings on a quarterly basis. The Board also reviewed and agreed the organisation's risk appetite.

## Information Risk

AFBI's approach to the management of information security risks is proportionate to the nature of the risks and the comparatively limited amount of personal or sensitive information handled by AFBI and its delivery network.

AFBI's Senior Information Risk Owner has provided assurance that the information governance policy framework is effective and that adequate controls and measures are in place to enable AFBI's information systems to withstand threats to their confidentiality, integrity and availability. This is evidenced by compliance with the NICS Code of Connection which is externally audited.

Following the introduction of the General Data Protection Regulation (GDPR) and Data Protection Act 2018 on 25 May 2018, additional controls and measures were put in place to protect personal data. This included training in data protection issues, reinforced by advice and guidance on the AFBI intranet, and data protection impact assessments or screening exercises to assess and reduce information risk in new work areas (AFBI teams carried out 24 Data Protection Impact Assessments during 2019-20).

During Quarter 1 of 2019-20, the Institute introduced its "Encryption of External Communications" policy to assist AFBI staff to identify external communications that may require encryption and launched the associated "Encrypted web mailer" application to enable staff to easily safeguard the contents of emails being shared external to the NIGOV network. These measures enhance AFBI's compliance with Article 32 of the GDPR and meets the ICO's recommendation to reduce the risk of personal information being intercepted during electronic transmission.

There have been no reported significant data losses (personal, business-sensitive or commercial-in-confidence) in the course of the year. During 2019-20 there were 30 personal data incidents mostly involving the accidental disclosure of personal data to incorrect email recipients. All of these were handled under the AFBI Data Breach Management Plan and both assessed as low risk incidents. These were dealt with promptly with steps taken to prevent recurrence.

## Internal Controls

An important element of AFBI's risk management framework is the system of internal control. This is designed to manage AFBI's risks to a reasonable level, rather than to eliminate all risk of failure to achieve aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. A system of internal control was in place throughout the year and is in accordance with guidance defined in Managing Public Money Northern Ireland.

## Assurance Statements

I obtained additional assurance through quarterly Assurance Statements provided to me by AFBI's three Heads of Division. In turn I provide a quarterly Assurance Statement to AFBI Sponsor Branch in DAERA in advance of the accountability meetings and a copy of my quarterly statement is provided to ARAC. My Assurance Statements confirmed that the necessary internal controls were in place to provide reasonable assurance in the areas of:

- Accountability & Governance;
- Performance against Key Objectives & Targets;
- Risk Management;
- Business Planning;
- Financial Planning & Monitoring;
- Fraud;
- Economic Appraisal, Post Project Evaluation & Consultancy;
- Procurement;
- Policy Implementation;
- Human Resources;
- Internal & External Audit Reports;
- Data Management; and
- EU exit Planning.

This assurance is subject to the issues set out under the Significant Issues section of the Governance Statement.

## Financial Management

AFBI's system of internal financial control is based on a framework of financial information, financial procedures, segregation of duties and a system of delegation and accountability. These include annual budgeting, in year forecasting, corporate budget monitor reports and divisional and branch reports.

## Fraud & Whistleblowing

All cases of actual or suspected fraud that came to my attention during the year were reported to DAERA's Principal Accounting Officer, the Comptroller and Auditor General of the NIAO, AFBI's Chair and the Chair of AFBI's ARAC.

There were two whistleblowing cases raised, investigated and resolved within AFBI in 2019-20.



## Key Assurance Providers

### AFBI's Internal Audit

AFBI's Internal Audit function is carried out by an external professional accounting firm which was appointed in accordance with the Public Sector Internal Audit Standards. Under the terms of the appointment, a Director in the firm acts as AFBI's Head of Internal Audit, who provides me with an independent opinion on AFBI's systems of risk management, control and governance and AFBI received an overall satisfactory level of assurance in respect of 2019-20.

The Public Sector Internal Audit Standards (PSIAS) require AFBI's Internal Auditors to bring to my attention those significant control issues which may be relevant to the preparation of my Governance Statement. There were no significant issues which needed to be brought to my attention (i.e. Priority 1 recommendations).

Internal Audit conducted 6 audits during the year. In addition, Internal Audit undertook a follow up review of all recommendations made during the 2019-20 year in relation to a number of reviews. This showed satisfactory progress in the implementation of recommendations. The results of this audit work is summarised in the following table.

**FIGURE 15 – INTERNAL AUDIT REPORTS 2019-20**

AUDIT	ASSURANCE RATING	NO OF RECOMMENDATIONS BY PRIORITY RATING		
		1	2	3
Validation of KPI Outturns 2018-19	Satisfactory	0	0	0
Review of Corporate Governance & Fraud Management	Satisfactory	0	0	3
Review of Budget Management	Satisfactory	0	0	1
Review of Time Recording & Chargeability	Satisfactory	0	0	1
Review of Estates Management	Satisfactory	0	0	1

AUDIT	ASSURANCE RATING	NO OF RECOMMENDATIONS BY PRIORITY RATING		
		1	2	3
Review of Data Protection (GDPR)	Satisfactory	0	6	3
Audit Recommendations Follow-up	N/A	-	-	-
Total		0	6	9

## Audits Classified as Limited

There were no Internal Audits which provided a Limited opinion in 2019-20

## External Assurance - NIAO

Progress on the PAC and NIAO recommendations is also a standing agenda item at the Accountability meetings between me as AFBI's Accounting Officer and the DAERA Senior Sponsor which forms part of the overall governance framework.

AFBI's Annual Accounts are audited by NIAO. In its latest 'Report to Those Charged with Governance', NIAO issued qualified audit opinions on the basis of AFBI recognising Royalty income in the Accounts. A total of two priority '1' and three priority '2' recommendations were made. Further information on the two priority '1' issues are provided in the Significant Issues section.

## Monitoring the Implementation of Recommendations

The status of all internal and external audit recommendations along with the PAC and NIAO value for money review recommendations are reported to EMT and on a quarterly basis to the Audit & Risk Assurance Committee to ensure that these are effectively implemented in line with agreed implementation dates. Internal Audit also undertake an annual follow up exercise to validate the reported position on the implementation of recommendations.

In relation to the NIAO and PAC Recommendations there is an agreement that through the corporate and business planning processes, AFBI will report and monitor these requirements as business as usual improvements to financial reporting and governance processes.

## Significant Issues

### Impact of COVID-19

In March 2020 AFBI Corporate AFBI Incident Management Team (IMT) was convened and has met regularly to plan and manage AFBI's response to the unprecedented challenges and impacts of COVID-19.

First and foremost AFBI's primary focus has been the wellbeing of its people and we have focused on ensuring that regular updates are provided to staff signposting them to the latest official advice and guidance while taking measured and pragmatic steps in line with the guidance. This has included the physical separation of staff across sites, restrictions on non-essential travel, working from home etc.

During this time AFBI have been working to ensure business continuity but at the same time have been planning for substantial reductions in staffing. AFBI therefore liaised with DAERA to identify the critical areas of work which were deemed essential. AFBI continued to deliver these as required by DAERA throughout the crisis. Other areas deemed non-essential were reduced to reflect the impact of scientific staff not being able to access laboratory and field based sites due to the government restrictions.

Given the significant impact of COVID-19 the Executive have included a specific risk within AFBI's Corporate Risk Register and have updated the risk scores for those existing risk issues which have also been impacted by the Coronavirus crisis. AFBI also developed a COVID-19 Risk Register to ensure effective governance over the key risks which has been overseen by the Oversight & Governance Committee and Audit, Assurance & Risk Committees.

Early on AFBI recognised the need to plan for the recovery of services as the restrictions were eased to identify those areas of work which could be potentially and safely restored.

Beyond this the Executive are also considering the medium - longer term impacts of the crisis will have on future science and funding priorities.

## Royalty Income

As identified in previous years' Governance Statements, AFBI has not received significant amounts of royalty income which it believes is due and payable.

AFBI continue to work with QUB, who provide an advisory and facilitation role in relation to the protection of AFBI's Intellectual Property Rights (IPR), in order to clarify, maximise and protect the duration and quantum of this important income stream. Based on the current patent and licencing agreements and the fact that sales of products from derived patents have occurred in the relevant periods combined with the patent expert advice, AFBI believes the amounts to be due and payable.

To this end legal counsel has been engaged to pursue the outstanding amounts in line with contractual obligations and the protection of public funds.

AFBI in accordance with the relevant accounting standard - IFRS 15, has evaluated the accounting treatment in the 2019-20 Annual Report & Accounts taking into account the evolving circumstances. As a result of the cumulative effect of the passage of time since the last Royalty payment, the University's view on discussions with the vaccine company and the engagement of legal counsel, no Royalty Income has been recognised in 2019-20 Accounts and those amounts previously reported in 2018-19 and not received have been reversed in accordance with IFRS 15.

AFBI continues to believe that this is a commercial dispute and therefore has disclosed the issue in the Contingent Asset Note 19 to the accounts.

## Accounting Estimates

In the 2018-19 Report to Those Charged with Governance (RTTCWG), the NIAO highlighted significant risk in relation to the lack of documentation to support the amounts of accrued income reported in the financial statements. In order to improve the annual audit process and to avoid unnecessary audit queries and delays in audit completion, AFBI finance have worked closely with all project leads. This has ensured that the rationale for key decisions and judgements for supporting the accrued income figure are adequately documented and that adequate evidence exists to support the figures in the accounts.

## Finance & Business Systems

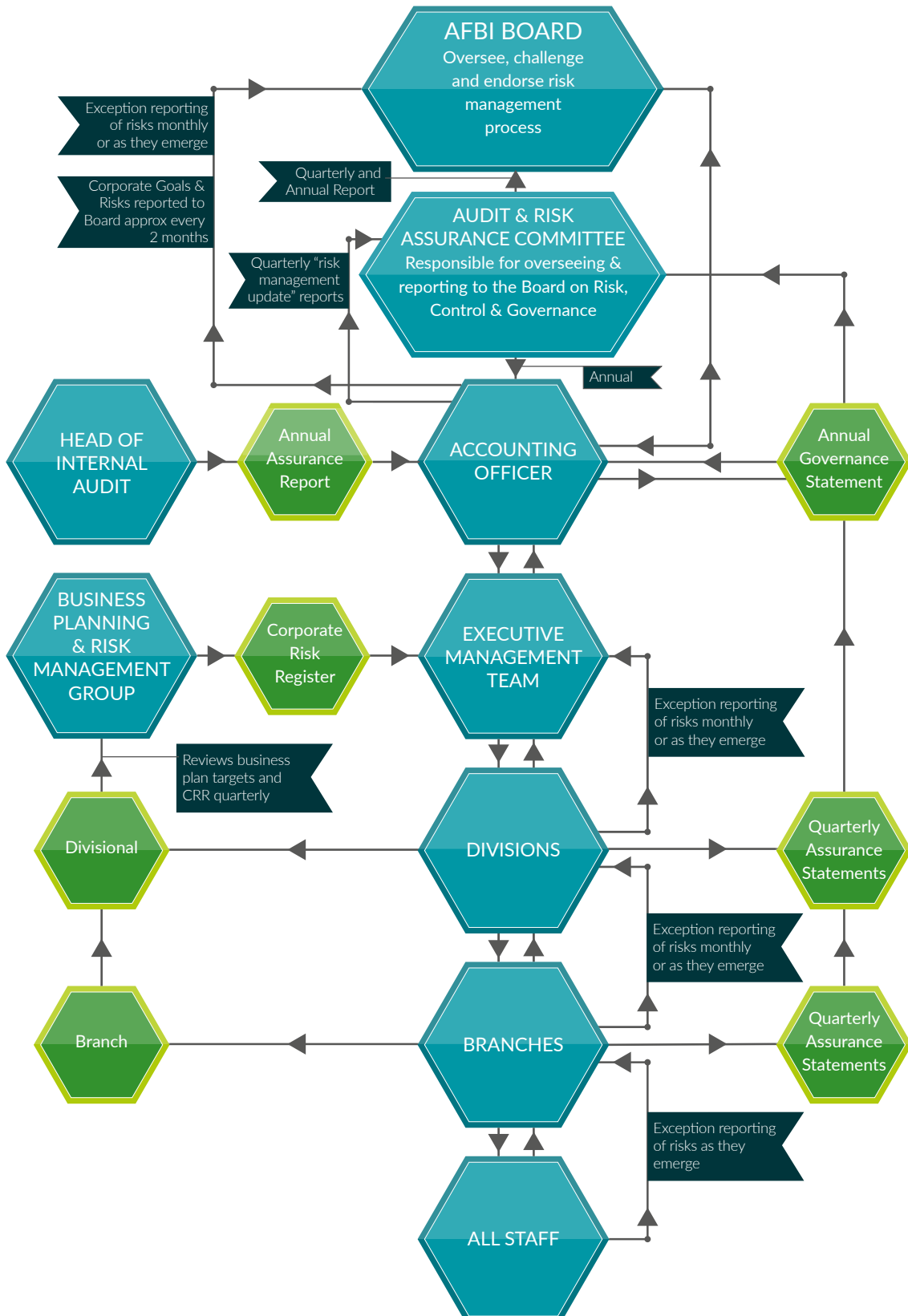
AFBI has recognised that it needs to improve its corporate support systems and financial processes. A number of Internal Audit Reports and the Tailored Review of AFBI undertaken by DAERA and reported in 2019-20 have highlighted this as a priority. This is to ensure that they are fit for purpose to support staff and effective decision making with respect to delivering timely information to enable effective control in all relevant areas.

Progress was made during the year in developing this key project which is designed to ensure that AFBI's business and staff are better supported by fit for purpose finance and business systems. A draft Business Case was prepared to support the necessary investment. AFBI engaged with DAERA to progress the Business Case. To address short term needs, a pilot project has been initiated to test a project & program management solution for improved project cycle management, and provide enhanced information, intelligence and decision- making capability. In addition, a number of business improvements have been made to the existing systems to enhance performance on the current platforms.

## UK exit from the European Union

The UK has now left the European Union and there is a transition period until the end of 2020 while the UK and EU negotiate future trading arrangements. The current rules on trade, travel, and business for the UK and EU will continue to apply during the transition period but AFBI recognises that the results of the ongoing negotiations and implementation of the NI Protocol represents uncertainty for AFBI and wider industry. Most fundamentally, AFBI continue to liaise with DAERA to ensure that we are made aware of any anticipated changes to DAERA's testing requirements.

## ANNEX A: AFBI'S GOVERNANCE AND RISK ASSURANCE FRAMEWORK



## Remuneration & Staff Report

### Chair and Board Members

The Chair is normally appointed for a fixed period of three years, the Deputy Chair for three years and the Board members are appointed for a fixed period of three or four years. Thereafter they are re-appointed in accordance with the Code of Practice.

The remuneration of the Board is set by DAERA. Increases are calculated in line with the recommendations of the Senior Salaries Review Body. There are no arrangements in place for the payment of a bonus. Neither the Chair nor any Board Member receives pension contribution from AFBI or DAERA.

AFBI reimburses the Chair and Board members for any incidental expenses incurred for carrying out their duties relevant to the organisation.

### Details of remuneration of the Chair and Board Members (Audited)

In 2019-20, the remuneration for members of the Board was:

BOARD MEMBER	2019-20				2018-19			
	SALARY (TO NEAREST £'000)	BENEFITS IN KIND (TO NEAREST £'000)	PENSION BENEFITS (TO NEAREST £'000)	TOTAL (TO NEAREST £'000)	SALARY (TO NEAREST £'000)	BENEFITS IN KIND (TO NEAREST £'000)	PENSION BENEFITS (TO NEAREST £'000)	TOTAL (TO NEAREST £'000)
Mr Colm McKenna, Chair*	-	-	-	-	25-30	-	-	25-30
Mr Colin Coffey**	25-30	-	-	25-30	10-15	-	-	10-15
Mr Ian Buchanan	5-10	-	-	5-10	5-10	-	-	5-10
Mrs Maureen McKeague	5-10	-	-	5-10	5-10	-	-	5-10
Dr Michelle Costello-Smith	5-10	-	-	5-10	5-10	-	-	5-10
Ms Theresa Cullen	5-10	-	-	5-10	5-10	-	-	5-10
Mrs Fiona Hanna	5-10	-	-	5-10	5-10	-	-	5-10
Dr Richard Horton	5-10	-	-	5-10	5-10	-	-	5-10
Ms Joan Houston	5-10	-	-	5-10	5-10	-	-	5-10
Mrs Sharon Smyth	5-10	-	-	5-10	5-10	-	-	5-10
Mr Richard Solomon	5-10	-	-	5-10	5-10	-	-	5-10
Ms Kate Burns	5-10	-	-	5-10	5-10	-	-	5-10
Mrs Roberta Brownlee	5-10	-	-	5-10	5-10	-	-	5-10



The figures quoted above relate to payments made in 2019-20 & 2018-19.

\* Mr Colm McKenna, AFBI Chair, completed his Term of Office on 31 March 2019.

\*\* Mr Colin Coffey, AFBI Chair, began his Term of Office on 1 April 2019.

### Sub-Committees of the Board

The following sub-committees continued to operate during the year and members received the noted remuneration for sitting on these committees (included within total remuneration disclosed in the table above):

#### Audit & Risk Assurance Committee

Ms Joan Houston, Chair	£1,955
Mrs Sharon Smyth	£1,566
Mrs Fiona Hanna	£1,955
Mr Ian Buchanan	£1,566
Mr Richard Solomon	£1,955
Ms Kate Burns	£389

The Audit & Risk Assurance Committee advises the Board on the issues of risk, control and governance. The Accounting Officer, Director of Finance & Corporate Affairs, Head of Finance, representatives from internal and external audit and DAERA's AFBI Sponsor Branch were generally in attendance at Audit Committee meetings.

#### Organisational Development & HR Committee

Ms Theresa Cullen	£1,566
Mrs Maureen McKeague	£1,566
Ms Joan Houston	£1,566
Mr Richard Solomon	£1,566
Mrs Sharon Smyth	£1,566
Mrs Roberta Brownlee	£1,172

The Organisational Development & HR Committee advises the Board on the remuneration of EMT. The members of EMT are equivalent senior servants for the purposed of remuneration which is set by the Minister for Finance. No bonus scheme was available in 2019-20. Whilst the terms and conditions of employment and remuneration of all AFBI employees are in accordance with the overall terms and conditions of the NICS, any proposed changes to the overall framework are also subject to review and scrutiny by this Committee. The Accounting Officer and the Director of Finance & Corporate Affairs generally attended the Organisational Development & HR Committee meetings.

### Science Strategy Committee

Dr Richard Horton	£1,566
Dr Michelle Costello-Smith	£1,566
Ms Theresa Cullen	£1,566
Mrs Fiona Hanna	£1,172
Mr Ian Buchanan	£1,566
Ms Kate Burns	£1,566

The Science Strategy Committee guides the Executive in developing a Science Strategy for AFBI. This includes assisting EMT to prioritise existing areas of scientific work and identify strategic scientific areas or technologies in which AFBI should potentially become engaged.

### Finance and Business Strategy Committee

Ms Kate Burns	£1,566
Mrs Fiona Hanna	£1,566
Mrs Maureen McKeague	£1,566
Dr Michelle Costello-Smith	£1,566
Mr Richard Horton	£1,566
Mrs Roberta Brownlee	£1,566

The Finance and Business Strategy Committee supports the Board in discharging its responsibilities for the oversight of financial management including, in particular, the review of financial plans and budget monitoring. The Accounting Officer, Director of Finance & Corporate Affairs and Head of Finance were generally in attendance.

### Oversight and Governance Committee

Dr Michelle Costello-Smith	£1,955
Ms Joan Houston	£1,955
Mrs Roberta Brownlee	£1,955
Mr Richard Solomon	£1,955

### Chief Executive and Executive Management Team Remuneration Policy

The Senior Civil Service (SCS) remuneration arrangements are based on a system of pay scales for each SCS grade containing a number of pay points from minima to maxima, allowing progression towards the maxima based on performance. In 2012, upon creation, there were 11 points on each scale. The minimum point has been removed in each year from 2014 to 2016 (the scales now have 8 pay points) to allow progression through the pay scales within a reasonable period of time.

The pay remit (for the NI public sector and SCS) is normally approved by the Minister of Finance. However in the absence of an Executive the DoF Permanent Secretary has set the 2019-20 NI public sector pay policy in line with the overarching HM Treasury parameters and in a manner consistent with the approach taken by the previous Finance Minister in 2016-17.

## Service contracts

Appointments in AFBI are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commissioners can be found at [www.nicscommissioners.org](http://www.nicscommissioners.org)



## Salary and Pension Entitlements

The following sections provide details of the remuneration and pension interests of EMT of AFBI.

Remuneration (including salary) and pension entitlements (Audited):

NAME	2019-20				2018-19			
	SALARY	BENE- FITS IN KIND (TO NEAREST £'00)	PENSION BENEFITS * (TO NEAREST £'000)	TOTAL (£'000)	SALARY	BENEFITS IN KIND (TO THE NEAREST £'00)	PENSION BENE- FITS* (TO NEAREST £'000)	TOTAL (£'000)
Dr S McDowell CEO (commenced 03 September 2018)***	90-95	-	106	200-205	50-55 Full-time equivalent 85-90 (CEO) 30-35 Full-time equivalent 70-75 (DCEO)	-	132	210-220
Mrs J Kelly DCEO***	75-80	-	31	110-115	70-75	-	29	100-110
Dr E Magowan DCEO	70-75	-	33	105-110	65-70	-	31	95-100
Dr A Douglas DCEO (Acting)	70-75	-	43	115-120	40-45 Full-time equivalent 65-70	-	33	75-80
Dr S Mayne CEO (retired 31 August 2018)	-	-	-	-	35-40 Full-time equivalent 90-95	-	(45)	(5)-(10)
Band of Highest Paid Director's Total Remun- eration	90-95	-	-	-	85-90	-	-	-
Median Total Remun- eration	28,167	-	-	-	27,248	-	-	-
Ratio**	3.22	-	-	-	3.56	-	-	-

\*The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation and any increase or decrease due to a transfer of pension rights.

\*\*Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce. The banded remuneration of the highest paid director in AFBI in the financial year 2019-20 was £90-95k (2018-19, £85-90k). This was 3.22 times (2018- 19, 3.56) the median remuneration of the workforce, which was £28,167 (2018-19,

£27,248). In 2019-20, no employees (2018-19, 0), received remuneration in excess of the highest-paid director. Remuneration ranged from £12k to £91k (2018-19, £389 to

£83k). Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

\*\*\* With effect from the 10 November 2020, Mrs Josephine Kelly was designated Accounting Officer on an interim basis to cover a leave of absence by AFBI's Chief Executive Dr Stanley McDowell.

Mr I Eagleson joined as a Director on the 9 March 2020 with the intention of taking over as Director of FCAD. This would allow Mrs J Kelly to concentrate in future major project work. As a result of COVID-19 this has been delayed. Mr I Eagleson is a temporary staff member employed via an agency with salary costs equivalent to NICS Grade 5 band (£70- 85k FTE).

## Off-Payroll Payments:

### DETAILS OF OFF-PAYROLL PAYMENTS AT A COST OF OVER £58,200 PER ANNUM

Opening number of off-payroll engagements at 1 April 2019	-
Number of new engagements during 2019-20	-
Number of engagements coming onto AFBI payroll during 2019-20	-
Number of engagements that have come to an end during 2019-20	-
Closing number of engagements at 31 March 20	-

### DETAILS OF OFF-PAYROLL ENGAGEMENTS AS OF 31 MARCH 2020, FOR MORE THAN £220 PER DAY AND THAT LAST LONGER THAN SIX MONTHS

Number of existing engagements as of 31 March 2020	-
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#### Of which:-

Number that have existed for less than one year at time of reporting	-
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Number that have existed for between one and two years at time of reporting	-
---	---

The off-payroll engagement outlined above has been subject to a risk based assessment as to whether assurance is required that the individual is paying the right amount of tax. It was not deemed necessary that assurance was sought.



**DETAILS OF NEW OFF-PAYROLL ENGAGEMENTS BETWEEN 1 APRIL 2019 AND 31 MARCH 2020,  
FOR MORE THAN £220 PER DAY AND THAT LAST LONGER THAN SIX MONTHS**

Number of new engagements between 1 April 2019 and 31 March 2020	-
Number of the above which include contractual clauses giving AFBI the right to request assurance in relation to income tax and National Insurance obligations	-
Number for whom assurance has been requested	N/A

### Consultancy Costs

The following table is an analysis of consultancy and temporary staff costs for 2019-20:

	2019-20 £'000	2018-19 £'000
Consultancy	-	26
Temporary staff costs	3,528	2,221
Total	3,528	2,247

### Salary:

Salary includes gross salary, overtime and any other allowance to the extent that it is subject to UK taxation and any gratia payments.

### Benefits in kind:

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument.

**Pension Entitlements (Audited):**

NAME	ACCRUED PENSION AT PENSION AGE AS AT 31/3/20 AND RELATED LUMP SUM £'000	REAL INCREASE IN PENSION AND RELATED LUMP SUM AT PENSION AGE £'000	CETV AT 31/3/20 £'000	CETV AT 31/3/19 £'000	REAL INCREASE IN CETV £'000	EMPLOYER CONTRIBUTION TO PARTNERSHIP PENSION ACCOUNT NEAREST £100
Dr S McDowell	40-45 plus a lump sum of 45-50	5-7.5 plus a lump sum of 2.5-5	857	727	93	-
Mrs J Kelly	0-5	0-2.5	58	34	17	-
Dr E Magowan	20-25	0-2.5	268	238	15	-
Dr A Douglas	25-30 plus a lump sum of 70-75	0-2.5 plus a lump sum of 0-2.5	575	518	32	-

**Northern Ireland Civil Service (NICS) Pension arrangements**

Pension benefits are provided through the Northern Ireland Civil Service pension arrangements which are administered by Civil Service Pensions (CSP). The alpha scheme was introduced for new entrants from 1 April 2015. The alpha scheme and all previous scheme arrangements are unfunded with the cost of benefits met by monies voted each year. The majority of existing members of the classic, premium, classic plus and nuvos pension arrangements also moved to alpha from that date. Members who on 1 April 2012 were within 10 years of their normal pension age did not move to alpha and those who were within 13.5 years and 10 years of their normal pension age were given a choice between moving to Alpha on 1 April 2015 or at a later date determined by their age. Alpha is a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The rate is 2.32%.

New entrants joining can choose between membership of alpha or joining a 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account).

New entrants joining on or after 30 July 2007 were eligible for membership of the nuvos arrangement or they could have opted for a partnership pension account. Nuvos is also a CARE arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current rate is 2.3%.

Staff in post prior to 30 July 2007 may be in one of three statutory based 'final salary' defined benefit arrangements (classic, premium, and classic plus). From April 2011, pensions payable under classic, premium, and classic plus are reviewed annually in line with changes in the cost of living. New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining the partnership pension account.

All pension benefits are reviewed annually in line with changes in the cost of living. Any applicable increases are applied from April and are determined by the Consumer Prices Index (CPI) figure for the preceding September. The CPI in September 2019 was 1.7% and HM Treasury has announced that public service pensions will be increased accordingly from April 2020.

**Employee contribution rates for all members for the period covering 1 April 2019 – 31 March 2020 are as follows:**

**SCHEME YEAR 1 APRIL 2019 TO 31 MARCH 2020**

ANNUALISED RATE OF PENSIONABLE EARNINGS (SALARY BANDS)		CONTRIBUTION RATES – ALL MEMBERS FROM 01 APRIL 2019 TO 31 MARCH 2020
FROM	TO	
£0	£23,500.99	4.6%
£23,501.00	£54,500.99	5.45%
£54,501.00	£150,000.99	7.35%
£150,001 and above		8.05%

Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of the pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach their scheme pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. Scheme Pension age is 60 for members of classic, premium, and classic plus and 65 for members of nuvos. The normal scheme pension age in Alpha is linked to the member's State Pension Age but cannot be before age 65. Further details about the NICS pension arrangements can be found at the website [www.finance-ni.gov.uk/topics/working-northern-ireland-civil-service/civil-service-pensions-ni](http://www.finance-ni.gov.uk/topics/working-northern-ireland-civil-service/civil-service-pensions-ni)

### Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NICS pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2015 and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period. However, the real increase calculation uses common actuarial factors at the start and the end of the period so that it disregards the effect of any changes in factors and focuses only on the increase that is funded by the employer.

### Compensation for loss of office (audited)

No compensation has been paid to senior officers by AFBI during the year for loss of office.

### Staff Report

Staff costs (Audited):

	PERMANENTLY EMPLOYED STAFF	OTHERS	2019-20 £000 TOTAL	2018-19 £000 TOTAL
Wages and salaries	19,448	3,528	22,976	21,134
Social security costs	1,971	-	1,971	1,944
Other pension costs	5,625	-	5,625	4,100
Sub Total	27,044	3,528	30,572	27,178
Less recoveries in respect of outward secondments	(123)	-	(123)	(92)
Total net costs	26,921	3,528	30,449	27,086

### Pension scheme details

The Northern Ireland Civil Service pension arrangements are unfunded multi- employer defined benefit schemes but AFBI is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2012. The Government Actuary's Department (GAD) is responsible for carrying out scheme valuations. The Actuary reviews employer contributions every four years following the scheme valuation. The 2012 scheme valuation was completed by GAD in February 2015. The outcome of this valuation was used to set the level of contributions for employers from 1 April 2015 to 31 March 2020.

For 2019-20, employers' contributions of £5,572,059 were payable to the NICS pension arrangements (2018-19 £4,048,779) at one of three rates in the range 28.7% to 34.2% of pensionable pay, based on salary bands.

This change in rates is primarily due to the reduction in the SCAPE discount rate (as announced at Budget 2018) to 2.4% pa above CPI. The contribution rates are set to meet the cost of the benefits accruing during 2019-20 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £30,078 (2018-19:

£33,079) were paid to one or more of the panel of two appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% (2018-19: 8% to 14.75%) of pensionable pay.

The partnership pension account offers the member the opportunity of having a 'free' pension. The employer will pay the age-related contribution and if the member does contribute, the employer will pay an additional amount to match member contributions up to 3% of pensionable earnings.

Employer contributions of £Nil (2018-19 £1,641, 0.5%) of pensionable pay, were payable to the NICS Pension schemes to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. Contributions due to the partnership pension providers at the reporting period date were £Nil. Contributions prepaid at that date were £Nil.

No person (2018-19: 1 person) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £Nil (2018-19: £Nil).

### Average number of persons employed

The average number of whole-time equivalent persons employed during the year was as follows:

	PERMANENT STAFF	OTHERS	2019-20 TOTAL	2018-19 TOTAL
Directly Employed	606	121	727	700
Other	-	12	12	13
Total	606	133	739	713

Other directly employed staff are defined as agency staff employed on a temporary contract.

### 3.1 Reporting of Civil Service and other compensation schemes – exit packages (Audited)

There were no exit packages in 2019-20 (2018-19: NIL)

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the Institute has agreed early retirements, the additional costs are met by the Institute and not by the Civil Service pension scheme. Ill- health retirement costs are met by the pension scheme and are not included in the table.

AFBI's accounting policy in respect of pensions is at Note 1 to the accounts.



## Provision of information to and consultation with employees

AFBI ensures that all staff are kept informed of plans and developments through meetings, monthly team briefs, staff newsletters and the publication of business and training plans. Staff have access to welfare services and trade union membership. AFBI use the established Whitley process of staff consultation. The Whitley Council and Committees provide an agreed forum for discussion and they are attended by employer and employee (trade union) representatives.

## Career Development

AFBI continues to promote opportunities for career development internally and during the course of this year a total of 50 staff have achieved promotion in a wide range of disciplines and grades.

One of AFBI's strategic goals is to sustain and develop our knowledge base through attracting and investing in talented people.

In support of this objective, AFBI's Learning and Development Unit provide expert advice on learning and development opportunities covering the diverse range of skills required across the organisation.

This Unit also administers AFBI's Assistance to Study programme which has provided support for 19 staff this year in their pursuit of professional qualifications specific to AFBI's business.

## Recruitment

AFBI continues to develop its workforce in line with its business aims and has made a total of 111 new appointments this year, covering grades across the scientific, administrative and industrial disciplines. This number reflects both permanent and temporary appointments.

As at 31 March 2020 the number of the staff employed by AFBI was as follows:

	MALES	FEMALES	TOTAL
Board	4	8	12
Executive Management Team	2	2	4
Other staff	367	282	649
Total	373	292	665

## Work Experience

AFBI is committed to providing work experience opportunities for students at all levels to assist them in developing the key skills required to be successful in today's working environment.

36 students in higher education were given the opportunity to develop key work-related skills through a relevant, supervised work placement programme. Work experience was also given to 75 students covering a range of areas within AFBI.

## Sickness absence

AFBI had an operational objective of an average of 7.5 working days lost per staff member. Northern Ireland Statistics Research Agency (NISRA) has provided an outturn figure of 8.8 days for 2019-20 (7.4 days in 2018-19).

## Equal Opportunities

AFBI's commitment to equality of opportunity and to creating and sustaining a working environment where everyone is treated with respect and dignity, free from any form of inappropriate behaviour, and one in which all employees can give of their best, is embodied in the AFBI Value 'Respecting People' and its Associated Behaviours, and in the Dignity at Work policy to which AFBI adheres. This policy is available to all staff through the Human Resources Connect (HR Connect) portal and the AFBI intranet. AFBI's commitment to equality of opportunity is embedded in the equality awareness training for all staff.

Information and guidance to staff on a wide range of equal opportunity issues is available on the AFBI Intranet.

## Employment of People with Disabilities

As part of its overall Equal Opportunities policy, AFBI is fully committed to ensuring that all of its policies and working practices meet or exceed the requirements of the Disability Discrimination Act 1995.

AFBI provides disabled staff with an opportunity to discuss disability issues, ensures that reasonable adjustments are made and Personal Emergency Evacuation Plans are in place where necessary.

AFBI engages with Ulster Supported Employment Limited (USEL) and Disability Action in the employment of disabled persons.

Disability awareness is embedded in equality training for all staff and information on disability issues.

## Security of Personal Data

AFBI is committed to the safeguarding of personal data and has set in place appropriate technical and organisational measures to ensure its security. During 2019-20, AFBI placed a strong focus on preparing for compliance with the EU General Data Protection regulation (GDPR) and UK Data Protection Act (DPA) 2018. Specific Information Governance pages have been created on the Intranet containing detailed guidance for staff in relation to identifying personal information and the requirements of DPA 2018 and GDPR.

All members of staff have been advised that it is their personal responsibility to ensure that any document with sensitive information, including personal data, is appropriately secured and to ensure that, in the case of data held electronically, appropriate access controls are put in place to prevent unauthorised access, whether accidental or deliberate, by others. There have been no reported significant data losses in the course of the year other than one breach involving accidental disclosure of personal data to two recipients and one breach whereby appropriate safeguards were not used during the transfer of personal information. Both of these were handled under the AFBI Data Breach Management Plan and both assessed as low risk incidents. These were dealt with promptly with steps taken to prevent recurrence.

## Assembly Accountability and Audit Report

The following sections are subject to audit.

### Losses

AFBI does not have any losses to report which exceed £250,000.

## Special Payments

AFBI does not have any payments to report which exceed £250,000.

## Audited Remote Contingent Liabilities

AFBI does not have any remote contingent liabilities to report.

## Audited Fees and charges [Audited Information]

This note is for fees and charges purposes and not for IFRS 8 Operating Segments purposes.

The table below summarises the range of activities undertaken by AFBI against which it receives income, in excess of £1m. It is important to note that in a vast majority of cases the price for the goods and services is established by market rates. Where appropriate AFBI aims to secure full cost recovery.

INCOME SOURCE	2019-20 INCOME	2019-20 FULL COST	2019-20 SURPLUS / (DEFICIT)	FINANCIAL OBJECTIVE
Income from Analytical, Diagnostic and Research work	7,126	6,948	178*	Recover full cost plus rate of return in line with comparable businesses – achieved.
Total	7,126	6,948	178	

\*Small portion of over / under recovery

INCOME SOURCE	2018-19 INCOME	2018-19 DIRECT COST	2018-19 SURPLUS / (DEFICIT)	FINANCIAL OBJECTIVE
Income from Analytical, Diagnostic and Research work <sup>1</sup>	7,853	6,178	1,675	Not full recovery of cost
Royalties	7,031	1,782	5,249	Per contract
Sale of Farm Produce	773	523	250	Market value
Charter of Ship	33	-	33	Market value
Other	148	92	56	Market value
Total	15,838	8,575	7,263	

<sup>1</sup> Income from analytical, diagnostic and research work is made up of multiple projects including Statutory and commercial work that is all individually priced.

**Disclosure to Auditor**

So far as I am aware, as Accounting Officer, there is no relevant audit information of which the Institute's auditors are unaware; and, as Accounting Officer, I have taken all steps that I ought to have taken to make myself aware of any relevant audit information and establish that the AFBI's auditors are aware of that information.

With effect from the 10 November 2020, Mrs Josephine Kelly was designated Accounting Officer on an interim basis to cover a leave of absence by AFBI's Chief Executive Dr Stanley McDowell.



Josephine Kelly,

BA Hons, FCA Accounting Officer

26 November 2020

# Auditors Certificate

Agri-Food and Biosciences Institute 2019-20

## THE CERTIFICATE OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

### Opinion on financial statements

I certify that I have audited the financial statements of the Agri-Food and Biosciences Institute for the year ended 31 March 2020 under the Agricultural (Northern Ireland) Order 2004. The financial statements comprise: the Statements of

Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the Agri-Food and Biosciences Institute's affairs as at 31 March 2020 and of the net expenditure for the year then ended; and
- have been properly prepared in accordance with the Agricultural (Northern Ireland) Order 2004 and the Department of Agriculture, Environment and Rural Affairs directions issued thereunder.

### Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom.' My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate. My staff and I are independent of the Agri-Food and Biosciences Institute in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2016, and have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.



### Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the Agri-Food and Biosciences Institute’s use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Agri-Food and Biosciences Institute has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Agri-Food and Biosciences Institute’s ability to continue to adopt the going concern basis.

### Other Information

The Board and the Accounting Officer are responsible for the other information included in the annual report. The other information comprises the information included in the annual report other than the financial statements, the parts of the Accountability Report described in the report as having been audited, and my audit certificate and report. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with directions made under the Agricultural (Northern Ireland) Order 2004 ; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Responsibilities of the Board and Accounting Officer for the financial statements**

As explained more fully in the Statement of Accounting Officer Responsibilities, the Board and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

### **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit, certify and report on the financial statements in accordance with the Agricultural (Northern Ireland) Order 2004.

My objectives are to obtain evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

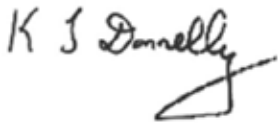
In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

**Matters on which I report by exception**

- I have nothing to report in respect of the following matters which I report to you if, in my opinion:
- adequate accounting records have not been kept;
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records;
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with the Department of Finance's guidance.

**Report**

I have no observations to make on these financial statements.

**KJ Donnelly**

Comptroller and Auditor General

Northern Ireland Audit Office

106 University Street

Belfast BT7 1EU

30th November 2020

# FINANCIAL STATEMENTS

**Statement of Comprehensive Net Expenditure for the year ended 31 March 2020**

	NOTE	2019-20 £000	2018-19 £000
<b>Income</b>			
Income from contracts with customers	4	(1,259)	(15,838)
Other operating income	4	(4,967)	(4,472)
Total operating income		(6,226)	(20,310)
<b>Expenditure</b>			
Staff costs	3	30,572	27,178
Purchase of good and services	3	15,533	14,777
Depreciation and impairment charges	3	3,793	3,463
Provision expense	3	887	2
Other operating expenditure	3	12,137	15,034
Total operating expenditure		62,922	60,454
Net operating expenditure		56,696	40,144
Corporation tax (credit)/charge	3	(940)	940
Net expenditure for the year		55,756	41,084
<b>Other comprehensive net expenditure</b>			
Net (gain) on revaluation of property, plant and equipment	5/9	(188)	(236)
Net (gain) on revaluation of Intangible assets	6/9	(11)	(10)
Comprehensive net expenditure for the year		55,557	40,838

The notes on pages 83 to 100 form part of these accounts.



**Statement of Financial Position as at 31 March 2020**

	NOTE	2019-20		2018-19	
		£000	£000	£000	£000
Non-current assets:					
Property, plant and equipment	5	15,246		15,928	
Intangible assets	6	468		430	
Biological assets	7	1,237		1,337	
Trade and other receivables	12	1,060		459	
Total non-current assets			18,011		18,154
Current assets:					
Inventories	10	443		588	
Trade and other receivables	12	9,994		17,224	
Cash and cash equivalents	11	2,350		2,804	
Total current assets			12,787		20,616
Total assets			30,798		38,770
Current liabilities					
Trade and other payables	13	(9,275)		(10,789)	
Provisions	14	(979)		(247)	
Total current liabilities			(10,254)		(11,036)
Total assets less current liabilities			20,544		27,734
Non-current liabilities					
Deferred Income	13	(2,565)		(2,899)	
Provisions	14	(56)		(34)	
Total non-current liabilities			(2,621)		(2,933)
Total assets less total liabilities			17,923		24,801
Taxpayers' equity and other reserves					
Revaluation Reserve			4,660		5,044
General Fund			13,263		19,757
			17,923		24,801

The financial statements on pages 79 to 82 were approved by the Board on 26 November 2020 and were signed on its behalf by:



**Mr Colin Coffey, CDir FloD**  
**Chair**  
**26 November 2020**



**Josephine Kelly, BA Hons, FCA**  
**Accounting Officer**  
**26 November 2020**

The notes on pages 83 to 100 form part of these accounts

## Statement of Cash Flows for the year ended 31 March 2020

	NOTE	2019-20		2018-19	
		£000	£000	£000	£000
<b>Cash flows from operating activities</b>					
Net expenditure for the year			(55,756)		(41,084)
Adjustment for non-cash transactions	3	4,925		4,209	
Use of bad debt provision		-		(22)	
Decrease/(Increase) in trade receivables	12	6,814		(3,674)	
Decrease/(Increase) in inventories	10	145		(109)	
(Decrease)/Increase in trade payables	13	(1,227)		(468)	
Use of provisions	14	(132)		(284)	
			10,525		(348)
<b>Net cash outflow from operating activities</b>			(45,231)		(41,432)
<b>Cash flows from investing activities</b>					
Purchase of plant and equipment	5	(2,349)		(6,071)	
Purchase of intangible assets	6	(188)		(56)	
Purchase of biological assets	7	(7)		(28)	
Proceeds of disposal of property, plant and equipment		58		21	
Proceeds of disposal of biological assets		697		735	
<b>Net cash outflow from investing activities</b>			(1,789)		(5,399)
<b>Cash flows from financing activities</b>					
Grant from sponsoring entity		46,566		47,249	
<b>Net financing</b>			46,566		47,249
<b>Net (Decrease)/increase in cash and cash equivalents in the period</b>			(454)		418
<b>Cash and cash equivalents at the beginning of the year</b>	11		2,804		2,386
<b>Cash and cash equivalents at the end of the year</b>	11		2,350		2,804

The notes on pages 83 to 100 form part of these accounts

## Statement of Changes in Taxpayers' Equity for the period ended 31 March 2020

	NOTE	GENERAL FUND £000	REVALUATION RESERVE £000	TAXPAYERS' EQUITY £000
<b>Balance as at 31 March 2018</b>		11,143	4,781	15,924
Grant from sponsoring entity		47,249	-	47,249
Net gain on revaluation of plant and equipment	5	-	236	236
Net gain on revaluation of intangible assets	6	-	10	10
Relifing adjustment	5/6	-	1,172	1,172
Release of reserves to the SoCNE		867	(867)	-
Notional charges - IT Assist	3	1,294	-	1,294
Transfers between reserves		288	(288)	-
Net expenditure for the year		(41,084)	-	(41,084)
<b>Balance at 31 March 2019</b>		19,757	5,044	24,801
Grant from sponsoring entity		46,566	-	46,566
Net gain on revaluation of plant and equipment	5	-	188	188
Net gain on revaluation of intangible assets	6	-	11	11
Relifing adjustment	5/6	-	1,050	1,050
Release prior years relifing		1,447	(1,447)	-
Notional charges - IT Assist	3	1,063	-	1,063
Transfers between reserves		186	(186)	-
Net expenditure for the year		(55,756)	-	(55,756)
<b>Balance at 31 March 2020</b>		13,263	4,660	17,923

The notes on pages 83 to 100 form part of these accounts.

# Notes to the accounts

## for the year ended 31 March 2020

### 1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2019-20 Government Financial Reporting Manual (FRoM) issued by the Department of Finance (DoF). The accounting policies contained in the FRoM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FRoM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of AFBI for the purpose of giving a true and fair view has been selected. The particular policies adopted by AFBI are described below. They have been applied consistently in dealing with items that are considered material to the accounts. These financial statements have been prepared in sterling and are rounded to the nearest £'000.

#### Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of plant and equipment, intangible assets, biological assets and inventories.

#### Property, plant and equipment

AFBI does not own any land or buildings but leases them from the DAERA.

Other non-property assets are stated at current cost using appropriate indices to account for the effects of inflation. An independent valuer has been employed to provide a valuation report on the biological assets. The date of the revaluation is the reporting date of 31 March each year.

The threshold for capitalisation is £5,000 excluding any VAT capitalised.

#### Donated fixed assets

Donated fixed assets are capitalised at their fair value on receipt and this value is credited to the General Fund. Donated fixed assets are valued and depreciated as described below for purchased assets. Gains and losses on revaluations are also taken to the General Fund and, each year, an amount equal to the depreciation charge on the asset is released from the donated asset charged to the Statement of Comprehensive Net Expenditure. Any impairment on donated assets charged to the Statement of Comprehensive Net Expenditure is matched by a transfer from the General Fund.

#### Depreciation

Depreciation is charged on a straight line basis in order to write off the valuation of assets, less estimated residual value, of each asset over the expected useful life.

Assets are generally depreciated from the period of acquisition and not depreciated in the period of disposal. However, an exception to this practice occurs when AFBI makes a late addition in the financial year. Where the cost of the asset remains unpaid at the date the financial statements are prepared, the depreciation charge for the asset is included in the following year's financial statements.

The useful lives of tangible assets, which are reviewed annually, are:

- Plant 5 to 44 years
- Equipment 3 to 30 years
- Transport equipment: ship/boats 5 to 16 years
- Transport equipment: vehicles 3 to 27 years
- Information technology: computers 4 to 25 years

The useful lives of intangible assets, which are reviewed annually, are:

- Software licences 3 to 20 years

### Intangible assets

Software licences are stated at current cost using appropriate indices to account for the effects of inflation. Software assets are depreciated from the period of acquisition and not depreciated in the period of disposal.

### Assets under construction

Items classified as “under construction” are recognised in the Statement of Financial Position (SoFP) to the extent that money has been paid or a liability has been incurred. Assets under Construction are carried at cost. Assets under

Construction are not depreciated until they are commissioned.

### Biological assets

Biological assets comprise cattle, sheep and pigs which are used for research purposes. They are categorised according to the attributes used in the market to facilitate their valuation at the reporting date. Cattle were further grouped as follows:

- Beef cattle are grouped by gender, breed and age.
- Dairy cattle are grouped by lactation and breed.

Biological assets are valued at fair value less estimated costs at the point of sale at the end of the reporting period. This is further disclosed in accordance with IAS 41 Agriculture, by showing the aggregate value of purchases, sales, changes in value due to changes in physical conditions of the herd and changes in the value of the herd due to changes in market price.

Changes in value due to changes in physical conditions of the herd represent births which took place during the current financial year. The economic value of these transactions is debited or credited to the Statement of Comprehensive Net Expenditure when they occur.

Changes in value of the herd due to changes in market price represent the difference between the purchase cost or the value brought forward of each animal and the market value at the end of the reporting period. The difference is recognised in the Statement of Comprehensive Net Expenditure.



## Inventories

Inventories are valued at the lower of cost and net realisable value.

## Research and Development Expenditure

Research and development expenditures include all costs relating to the scientific and technical patent work, education and training necessary to ensure the development, start-up and commercialisation of new or improved products or processes.

### Research expenditure is recognised as an expense when incurred.

Development expenditure on new or substantially improved products is capitalised as an intangible asset and amortised through cost of sales over the expected useful life of the product concerned. Capitalisation commences from the point at which the technical feasibility and commercial viability of the product can be demonstrated and AFBI Management is satisfied that it is probable that future economic benefit will result from the product once completed. This is usually at the point of regulatory filing in a major market and approval is highly probable. Capitalisation ceases when the product is ready for launch.

## Cash and cash equivalents

Cash and cash equivalents comprise of cash and deposits with commercial banks. At each year end, the carrying value of cash at bank and in hand approximates their fair value due to their short-term nature.

## Operating income

Operating income is in line with IFRS 15 disclosure of income as either Revenue from contracts with customers or Other Operating Income. Revenue from contracts with customers is income that relates directly to operating activities of AFBI and comprises fees and charges, to be recovered for services provided to external customers, Royalties, charter of ship and rents receivable. Other Operating Income is Income received from EU initiatives and other various Grants.

## Grant income

Grants for revenue purposes that are received to finance the purchase of specific goods or services are reported as income in the Statement of Comprehensive Net Expenditure.

Grants for capital purposes that are received to finance the purchase of tangible non-current assets are reported as deferred income and released to the Statement of Comprehensive Net Expenditure on a systematic and rational basis over the useful lives of the related assets.

## Employee benefits

Under the requirements of IAS 19 Employee Benefits, staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave that has been earned at the year end. The figure has been based on a specific report run from the Personnel system which calculates the year end balance using leave balances on the system.

## Leases

Operating lease rentals are charged directly to the Statement of Comprehensive Net Expenditure over the period of the lease. There are no finance leases.

## Financial instruments

AFBI is not allowed to borrow or invest surplus funds as per the Management Statement and Financial Memorandum. AFBI has financial instruments in the form of trade receivables and payables and cash and cash equivalents. Financial assets and liabilities are generated by operational activities and are not held to handle the risk profile facing AFBI in undertaking its operations.

- *Liquidity risk*  
AFBI's net revenue resource requirements are financed by the Grant-In-Aid agreed with DAERA, as is its capital expenditure. It is not, therefore, exposed to significant liquidity risks.
- *Interest rate risk*  
All AFBI's financial assets and liabilities carry nil rate of interest and it is not therefore exposed to significant interest rate risk.
- *Foreign currency risk*  
The majority of AFBI's operations, assets and liabilities are denominated in sterling. Transactions in foreign currencies are translated into sterling using the rate at the date of the transactions. Balances held in foreign currencies are translated at the rate of exchange ruling at the date of the SoFP. Exchange differences are recognised in the SoCNE in the period in which they arise. See note 8 for additional information.

## Provisions

AFBI makes provisions for liabilities and charges where, at the Statement of Financial Position date, a legal or constructive liability exists (i.e. a present obligation for past events exists), where the transfer of economic benefits is probable and a reasonable estimate can be made. Where the time value of money is material, AFBI discounts the provision to its present value using a standard government discount rate.

## Critical accounting estimates and key judgements

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying AFBI's accounting policies. AFBI continually evaluates its estimates, assumptions and judgements based on available information and experience. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates.

## Estimation techniques used and changes in accounting estimates

Provision is made for all debts greater than 90 days old which are considered doubtful.

The effect of a change in accounting estimate is recognised by including it in the Statement of Comprehensive Net Expenditure in:

- the period of the change, if the change affects that period only; and
- the period of the change and future periods, if that change affects both.

## Value added tax

Value added tax (VAT) is accounted for in accordance with the Statement of Standard Accounting Practice 5, in the absence of an International Financial Reporting Standard (IFRS). Amounts are shown net of VAT and irrecoverable VAT is charged to the Statement of Comprehensive Net Expenditure, or included in the capitalised cost of fixed assets.

## Third party assets

AFBI does not hold any third party assets.

## Operating segments

IFRS 8 Operating Segments requires the identification of operating segments on the basis of internal reporting in order to allocate resources to each specific segment and assess its performance.

AFBI has completed a review against the criteria set out in IFRS 8 and considers that the disclosure format within the accounts meets IFRS 8 criteria.

## Contingent liabilities

In addition to contingent assets & liabilities disclosed in accordance with IAS 37, AFBI discloses for Assembly reporting and accountability purposes certain

statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to the Assembly in accordance with the requirements of Managing Public Money Northern Ireland.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to the Assembly separately noted.

Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to the Assembly.

## Reserves

### *Revaluation Reserve*

The Revaluation Reserve reflects the unrealised balance of the cumulative indexation and revaluation adjustments to assets other than donated assets and those funded by grants.

### *General Fund*

The General Fund represents AFBI's total assets less total liabilities which is not represented by other reserves and financing items.

## Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (Northern Ireland) (PCSPS (NI)), which is a defined benefit scheme and is unfunded. AFBI recognises the expected cost of providing pensions on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS (NI) of amounts calculated on an accruals basis.

All pension contributions are charged to the Statement of Comprehensive Net Expenditure when incurred.

### **Accounting standards, interpretations and amendments to published standards adopted in the year ended 31 March 2020**

The Institute has reviewed the standards, interpretations and amendments to published standards that became effective during 2019-20 and which are relevant to its operations. The Institute anticipates that the adoption of these standards will have no material impact on AFBI's financial position or results of operations.

The International Accounting Standards Board (IASB) issued new and amended standards (IFRS 10, IFRS 11 & IFRS 12) that affect the consolidation and reporting of subsidiaries, associates and joint ventures. These standards were effective with EU adoption from 1 January 2014. Accounting boundary IFRSs are currently adapted in the FReM so that the Westminster departmental accounting boundary is based on the Office for National Statistics (ONS) control criteria, as designated by Treasury. A similar review in NI, which will bring NI Departments under the same adaptation, has been carried out and the resulting recommendations were agreed by the Executive in December 2016. With effect from 2020-21, the accounting boundary for Departments will change and there will also be an impact on Departments around the disclosure requirements under IFRS 12. ALBs apply IFRS in full and their consolidation boundary may change as a result of the new standards.

### **Accounting standards, interpretations and amendments to published standards not yet effective**

In addition, certain new standards, interpretations and amendments to existing standards have been published that are mandatory for AFBI's accounting periods beginning on or after 1 April 2020 or later periods, but which AFBI has not adopted early. Other than as outlined below, AFBI considers that these standards are not relevant or material to its operations.

Standard	IFRS 16 Leases (Replaces IAS 17 Leases and related interpretations)
Effective date	1 April 2021
Summary	<p>The IASB issued IFRS 16 in January 2016 with an effective date for annual periods beginning on or after 1 January 2019. This has since been revised to 1 April 2021.</p> <p>IFRS 16 represents a significant change in lessee accounting by largely removing the distinction between operating and finance leases and introducing a single lessee accounting model. A lessee is required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value on the Statement of Financial Position. There are corresponding changes to the disclosure requirements to show the effect that leases have on the financial position, financial performance and cash flows of the lessee.</p> <p>The lessor accounting model is substantially unchanged from its predecessor, IAS 17.</p>
Comments	It is AFBI's expectation that the adoption of IFRS 16 will result in an increase in reported assets (in the form of right-of-use assets) and reported liabilities (representing the obligation to make future lease payments).

## 2. Statement of Operating Expenditure by Operating Segment

Segmental selection is based on the organisational structure that AFBI uses to make decisions on resource allocation as well as the availability of financial information based on that structure. AFBI has two sciences divisions supported by the Finance and Corporate Affairs Division (FCAD). The operational divisions are:

Sustainable Agri-Food Sciences Division (SAFSD) provides statutory services including certification of monitoring for DAERA of pasture, seeds and plant health, and provides specialist advice on crop plants, varieties and disease problems. SAFSD provides scientific support for the growth, sustainability and competitiveness of Northern Ireland's farming, fishing and agri-food industries, and assists the industry to maintain high standards of environmental protection and animal welfare. SAFSD's research takes account of environmental needs and sustainable economic growth in Northern Ireland's countryside.

Veterinary Sciences Division (VSD) delivers world class veterinary science to the animal, food and fish based sectors of the agri-food industry.

### Analysis of net expenditure by segment

	2019-20				2018-19			
	SAFSD	VSD	FCAD	TOTAL	SAFSD	VSD	FCAD	TOTAL
Gross expenditure	26,576	13,919	21,487	61,982	24,544	13,117	23,733	61,394
Income	(9,804)	(3,214)	6,792	(6,226)	(9,653)	(3,467)	(7,190)	(20,310)
Net expenditure	16,772	10,705	28,279	55,756	14,891	9,650	16,543	41,084

In accordance with IFRS 8, as total assets, net assets or additional information are not reported separately to AFBI's Board, no disclosure in respect of assets and liabilities has been made.

## 3. Expenditure

	NOTE	2019-20 £000	2018-19 £000
<i>Staff costs<sup>1</sup></i>			
Wages and salaries		19,448	18,913
Other pension costs		5,625	4,100
Agency workers		3,528	2,221
Social security costs		1,971	1,944
		30,572	27,178
Purchase of Goods & Services			
Laboratory expenditure		4,124	3,691
Ship operating costs		2,558	2,589
Contracted out services		2,311	2,396
Operating expenses		1,713	1,592
Agriculture / Horticultural / Livestock costs		1,594	1,630
EU Interreg contractor payments		1,283	999
Maintenance of machinery and vehicles		1,045	1,086



	NOTE	2019-20 £000	2018-19 £000
Office Costs		905	794
		15,533	14,777
Other expenditure			
Operating lease		6,319	5,663
Accommodation costs		3,471	3,782
Irrecoverable VAT <sup>2</sup>		2,590	2,102
Personnel costs		887	882
External Audit fees <sup>3</sup>		51	52
Internal Audit fees		5	27
Royalty costs <sup>4</sup>		(1,427)	1,782
		11,896	14,290
Non cash items			
Depreciation	5	3,618	3,297
Amortisation	6	175	166
		3,793	3,463
Notional Charges		1,063	1,294
Provisions provided for in year	14	961	44
Provisions not required written back	14	(74)	(46)
Indexation of fixed assets	9	(30)	(42)
(Profit) on disposal of non- current assets		(11)	(16)
Loss on disposal of biological assets		38	81
(Decrease) in debt provision		(185)	(13)
Changes due to changes in physical condition of biological assets		(111)	(46)
Change in market value of biological assets		(523)	(510)
		1,128	746
Taxation charges <sup>4</sup>		(940)	940
		61,982	61,394

<sup>1</sup>Further analysis of staff costs is located in the Staff Report (on page 86).

<sup>2</sup>VAT cannot be reclaimed on research performed for Government Departments or on work which is grant funded. As a proportion of AFBI's work is research for Government Departments and/or is grant funded, it cannot claim back all VAT. The "Irrecoverable VAT" line is the amount of VAT which AFBI cannot claim from HMRC. This VAT expense should ideally be expensed to the various Government / grant funded projects. However, the agreed process with HMRC is complex. AFBI are currently investigating means by which it can accurately allocate the expense to individual projects.

<sup>3</sup>During the year AFBI did not purchase any non-audit services from its auditor (NIAO) (2018-19: £Nil).

<sup>4</sup>As no royalty income has been recognised in the 2019-20 financial statements and the 2018-19 income has reversed, the relevant associated costs and corporation tax reported in the 2018-19 financial statements have also been reversed.

#### 4. Income

	2019-20 £000	2018-19 £000
<b>Income from contracts with customers</b>		
Income from analytical, diagnostic work and research contracts	7,125	7,853
Royalties <sup>1</sup>	(6,994)	7,031
Sale of milk and general produce	699	773
Charter of the ship	253	33
Refunds	8	7
Recoveries in respect of outward secondments	123	92
Rents receivable	45	49
	1,259	15,838
<b>Other Operating income</b>		
EU Grant	4,120	3,029
Other Grants	847	1,443
Total	6,226	20,310

<sup>1</sup>No Royalty Income has been recognised in 2019-20 Financial Statements and £6,994k previously reported in 2018-19 and not yet received have been reversed in accordance with IFRS 15.

## 5. Property, Plant and Equipment

### 2019-20

	INFORMATION TECHNOLOGY £000	PLANT & MACHINERY <sup>1</sup> £000	TRANSPORT EQUIPMENT £000	ASSETS UNDER CONSTRUCTION £000	TOTAL £000
<b>Cost or valuation</b>					
At 1 April 2019	1,485	35,978	5,267	-	42,730
Additions	252	593	108	775	1,728
Disposals	(97)	(642)	(229)	-	(968)
Reclassification	-	(598)	-	598	-
Revaluations & Impairments	26	537	61	-	624
<b>At 31 March 2020</b>	<b>1,666</b>	<b>35,868</b>	<b>5,207</b>	<b>1,373</b>	<b>44,114</b>
	INFORMATION TECHNOLOGY	PLANT & MACHINERY	TRANSPORT EQUIPMENT	ASSETS UNDER CONSTRUCTION	TOTAL
<b>Depreciation</b>					
At 1 April 2019	874	21,743	4,185	-	26,802
Charge for the year	248	2,971	399	-	3,618
Relieving adjustment	(25)	(639)	(373)	-	(1,037)
Disposals	(97)	(605)	(219)	-	(921)
Revaluations & Impairments	16	340	50	-	406
<b>At 31 March 2020</b>	<b>1,016</b>	<b>23,810</b>	<b>4,042</b>	<b>-</b>	<b>28,868</b>
<b>Carrying amount</b>					
At 31 March 2019	611	14,235	1,082	-	15,928
<b>Carrying amount</b>					
At 31 March 2020	650	12,058	1,165	1,373	15,246
<b>Asset financing:</b>					
Owned	650	12,058	1,165	1,373	15,246
Finance leased	-	-	-	-	-
On-balance sheet PFI contracts	-	-	-	-	-
Carrying amount at 31 March 2020	650	12,058	1,165	1,373	15,246

<sup>1</sup> Plant & Machinery includes a donated asset of scientific equipment with a now carrying value of £Nil (2018-19 £18k)

## 5. Property, Plant and Equipment

2018-19

	INFORMATION TECHNOLOGY £000	PLANT & MACHINERY <sup>1</sup> £000	TRANSPORT EQUIPMENT £000	TOTAL £000
<b>Cost or valuation</b>				
At 1 April 2018	1,252	32,031	5,143	38,426
Additions	226	4,294	141	4,661
Disposals	-	(887)	(115)	(1,002)
Reclassification	-	-	-	-
Revaluations & Impairments	7	540	98	645
<b>At 31 March 2019</b>	<b>1,485</b>	<b>35,978</b>	<b>5,267</b>	<b>42,730</b>
	INFORMATION TECHNOLOGY	PLANT & MA- CHINERY	TRANSPORT EQUIPMENT	TOTAL
<b>Depreciation</b>				
At 1 April 2018	806	20,581	3,874	25,261
Charge for the year	124	2,744	429	3,297
Relifing adjustment	(60)	(985)	(80)	(1,125)
Disposals	-	(884)	(113)	(997)
Revaluations & Impairments	4	287	75	366
<b>At 31 March 2019</b>	<b>874</b>	<b>21,743</b>	<b>4,185</b>	<b>26,802</b>
<b>Carrying Amount</b>				
At 31 March 2018	446	11,450	1,269	13,165
Carrying Amount At 31 March 2019	611	14,235	1,082	15,928
<b>Asset financing:</b>				
Owned	611	14,235	1,082	15,928
Finance leased	-	-	-	-
On-balance sheet PFI contracts	-	-	-	-
Carrying amount 31 March 2018	611	14,235	1,082	15,928

<sup>1</sup> Plant & Machinery includes a donated asset of scientific equipment with a carrying value of £18k at 31 March 2019

<sup>2</sup> No assets under construction in 2018-19

## 6. Intangible assets

Intangible assets comprise of software licences

	<b>2019-20</b> <b>£000</b>
<b>Cost or valuation</b>	
At 1 April 2019	1,130
Additions	188
Disposals	(30)
Revaluation & Impairments	32
At 31 March 2020	<u>1,320</u>
<b>Amortisation</b>	
	<b>£000</b>
At 1 April 2019	700
Charge for the year	175
Relifing	(14)
Disposals	(30)
Revaluations	21
At 31 March 2020	<u>852</u>
<b>Carrying amount</b>	
At 31 March 2020	<u>468</u>
<b>Carrying amount</b>	
At 31 March 2019	<u>430</u>
<b>2018-19</b>	
<b>Cost or valuation</b>	
	<b>£000</b>
At 1 April 2018	1,052
Additions	56
Disposals	(2)
Revaluation & Impairments	24
At 31 March 2019	<u>1,130</u>
<b>Amortisation</b>	
	<b>£000</b>
At 1 April 2018	568
Charge for the year	166
Relifing	(47)
Disposals	(2)
Revaluations	15
At 31 March 2019	<u>700</u>
<b>Carrying amount</b>	
At 31 March 2019	<u>430</u>
<b>Carrying amount</b>	
At 31 March 2018	<u>484</u>



## 7. Biological Assets

	2019-20 £000	2018-19 £000
Valuation as at 1 April	1,337	1,569
Purchases	7	28
Decreases due to sales	(741)	(816)
Changes in value of herd due to changes in physical condition		
- Deaths	(73)	(100)
- Births	184	146
Changes in value due to changes in market price	523	510
Valuation as at 31 March	1,237	1,337

## 8. Financial Instruments

As the cash requirements of AFBI are met through Grant-In-Aid provided by DAERA and commercial income received, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with AFBI's expected purchase and usage requirements and AFBI is therefore exposed to little credit, liquidity or market risk. AFBI has taken steps to mitigate the exchange rate risk by setting up a Euro bank account and making payment in Euro to EU partners and sub-contractors where appropriate.

## 9. Indexation

Indexation of non-current assets took place during 2019-20 which resulted in

£199k being credited to the Revaluation Reserve and indexation of £30k being charged to the Statement of Comprehensive Net Expenditure. Indexation of non-current assets took place during 2018-19 which resulted in £246k being credited to the Revaluation Reserve and indexation of £42k being debited to the Statement of Comprehensive Net Expenditure.

### Breakdown of impairments/indexation by category

	2019-20 £000	2018-19 £000
Charged to statement of comprehensive net expenditure	(30)	(42)
Charged to revaluation reserve	(199)	(246)
	(229)	(288)

## 10. Inventories

	2019-20 £000	2018-19 £000
Feedstuffs and sundry stocks	220	337
Consumables at Newforge and Stoney Road sites	223	251
	443	588

**11. Cash and cash equivalents**

	2019-20 £000	2018-19 £000
Balance at 1 April	2,804	2,386
Net change in cash and cash equivalent balances	(454)	418
Balance at 31 March	2,350	2,804
The following balances at 31 March were held at:		
Cash in hand	3	3
Cash at bank	2,347	2,801
Balance at 31 March	2,350	2,804

**12. Trade receivables and other current assets**

	2019-20 £000	2018-19 £000
<b>Amounts falling due within one year</b>		
Prepayments and accrued Income	3,586	10,899
EU accrued income	3,289	3,494
Trade receivables	1,609	2,787
Other receivables	1,510	44
	9,994	17,224
Amounts falling due after more than one year		
Accrued Income	1,060	425
Prepayments	-	34
	1,060	459

**13. Trade payables and other current liabilities**

	2019-20 £000	2018-19 £000
<b>Amounts falling due within one year</b>		
VAT	142	65
Other taxation and social security	-	345
Trade payables	566	277
Other payables	45	134
Capital creditors	621	1,242
Accruals and deferred Income	7,901	8,726
	9,275	10,789
<b>Amounts falling due after more than one year</b>		
Accruals and deferred income	2,565	2,899
	2,565	2,899

Within accruals and deferred income, £3,596k (2018-19: £3,828k) relates to grant funding secured for the purchase of capital assets and has been treated as deferred income. The method of income recognition is in line with the depreciation of these assets. During this financial year, depreciation of £518k (2018-19: £606k) was charged on these assets and an equivalent amount of income was released to SoCNE.

**14. Provisions for liabilities and charges****2019-20**

	LEGAL £'000	OTHER £'000	TOTAL £'000
Balance at 31 March 2019	190	91	281
Provided in the year	312	649	961
Provisions not required written back	(74)	-	(74)
Provisions utilised in year	(66)	(67)	(133)
Balance at 31 March 2020	362	673	1,035

*Analysis of expected timing of discounted flows*

	LEGAL £'000	OTHER £'000	TOTAL £'000
Not later than one year	362	617	979
Later than one year and not later than five years	-	56	56
Later than five years	-	-	-
Balance at 31 March 2019	362	673	1,035

**2018-19**

	LEGAL £'000	OTHER £'000	TOTAL £'000
Balance at 1 April 2018	274	293	567
Provided in the year	33	11	44
Provisions not required written back	(46)	-	(46)
Provisions utilised in year	(71)	(213)	(284)
Balance at 31 March 2019	190	91	281

*Analysis of expected timing of discounted flows*

	LEGAL £'000	OTHER £'000	TOTAL £'000
Not later than one year	190	57	247
Later than one year and not later than five years	-	34	34
Later than five years	-	-	-
Balance at 31 March 2019	190	91	281

Provisions have not been discounted as the time value of money is not material.

## Legal

This relates to personal injury legal cases and intellectual property claims. Legal claims are assessed by independent solicitors and a provision of 100% of the likely maximum claim value is made. This percentage is to be reviewed on an ongoing basis to ensure it continues to represent a reasonable estimate of the expenditure on such claims.

## Other

Other Provisions reported mainly relate to an overtime holiday backpay provision. Following a 17 June 2019 of the Court of Appeal in respect of a Northern Ireland Industrial Tribunal's November 2018 decision on cases taken against the PSNI on backdated Holiday Pay.

AFBI have followed the policy adopted by its sponsor department DAERA and made provision for potential costs not accrued elsewhere in relation to backdated holiday pay under this ruling.

## 15. Capital commitments

AFBI had no capital commitments during 2019-20 (2018-19: £Nil).

## 16. Leases

### 16.1 Operating leases

AFBI has an operating lease with DAERA for the land and buildings it occupies. During 2019-20, £6,319k (2018-19: £5,663k) was included as an expense on operating leases in the Statement of Comprehensive Net Expenditure. Total future minimum lease payments under operating leases are given in the table below for each of the following periods:

	2019-20 £000	2018-19 £000
<b>Obligations under operating leases comprise:</b>		
<b><i>Land and buildings</i></b>		
Not later than one year	5,784	6,623
Later than one year and not later than five years	23,138	26,492
	28,922	33,115
	2019-20 £000	2018-18 £000
<b><i>Photocopiers</i></b>		
Not later than one year	22	21
Later than one year and not later than five years	39	55
	61	76

### 16.2 Finance leases

AFBI has no finance lease commitments at the year end (2018-19: £Nil).

## 17. Commitments under PFI contracts

AFBI had no PFI contracts during 2019-20 (2018-19: £Nil).

## 18. Other financial commitments

AFBI had no other financial commitments at the year end (2018-19: £Nil).

## 19. Contingent Assets disclosed under IAS 37

### Royalty Income

AFBI has historically received royalty income from the sale of vaccine products in various countries worldwide in accordance with Patent and licensing agreements.

Royalty income in respect of unpatented territories is currently subject to discussion regarding the interpretation of the licence agreement. AFBI have not received payments since June 2018. No Royalty Income has been recognised in 2019-20 Accounts and those amounts previously reported in 2018-19 and not received have been reversed in accordance with IFRS 15.

The issue has not sufficiently progressed for further disclosure to be made.

## 20. Related-party transactions Government

DAERA is the sponsor department of AFBI with which it had various material transactions during the year and is regarded as a related party. DAERA's executive agencies also had transactions with AFBI.

In addition AFBI had some transactions with other government departments and central government bodies. Most of these transactions have been with Northern Ireland departments and their executive agencies such as DoF (including CPD and Pensions Branch), Department for Communities, FSA (NI) and Northern Ireland Water.

### CIELivestock Limited (CIEL)

AFBI is a Category A member of the Centre for Innovation Excellence in Livestock Limited (CIEL). CIEL is one of a number of Centres for Agricultural Innovation, a collaborative model between the agri-tech sector and government. These centres have been set up to help the UK turn agricultural innovation into commercial opportunities for UK businesses, encourage inward investment and improve farming practice.

Becoming a member in 2015-16, this enabled AFBI to be part of a wider group of highly regarded research bodies. To date it has allowed AFBI to avail of income from CIEL which it has used to purchase equipment to promote, develop and facilitate the advancement of the UK livestock industry.

Below is a summary of the financial transactions between AFBI and CIEL during the financial year.

AFBI issued sales invoices with supporting claim information totalling £97,797 plus VAT to CIEL in year to 31 March 2020.

During 2019-20, £Nil of assets were purchased using the CIEL income (2018-19:

£913,491). In 2019-20 AFBI received £1,173,423 (2018-19: £697,708) from CIEL decreasing the amounts owed by CIEL to AFBI at 31 March 2020 to £176,100 (2018-19: £1,232,166).



**Other**

A review of the conflict of interest declarations completed during the year was carried out and other than those noted above, no Board member, key manager or other related party has undertaken any material transactions with AFBI during the year.

Any other compensation payments issued to the AFBI Board in relation to IAS 19 Employee Benefits are disclosed within the Remuneration Report.

**21. Third-party assets**

AFBI does not hold any third party assets.

**22. Events after the Reporting Period**

AFBI does not have any events after the reporting period to disclose.

**Date of authorisation for issue**

The Chair and Accounting Officer authorised these financial statements on 26 November 2020.

The Agri-Food and Biosciences is



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Agri-Food and Biosciences Institute  
18a Newforge Lane  
Belfast BT9 5PX  
Northern Ireland, UK

[www.afbini.gov.uk](http://www.afbini.gov.uk)  
email: [info@afbini.gov.uk](mailto:info@afbini.gov.uk)  
twitter: [@afbini\\_ni](https://twitter.com/afbini_ni)  
LinkedIn: Agri-Food and Biosciences Institute  
YouTube: Agri-Food and Biosciences Institute

