



Minutes of the meeting of the Agri-Food and Biosciences Institute (AFBI) Board
held at
AFBI Newforge (Headquarters), Belfast
on Tuesday 15 May 2007 at 10.00 am

Present:

Board Members

Mr Sean Hogan, Chairperson
Professor David McDowell, Deputy Chairperson
Dr Michael Hollywood
Dr Christine Kennedy
Mr Nicholas Mack
Mr John McKinley
Professor Stewart McNulty
Mr James Noble
Mr John Rankin

In Attendance:

Dr George McIlroy, Chief Executive Officer
Mr Stephen Dolan, Head of Business Support Unit
Mr Manus McGuinness (Secretary)
Mr Michael Robinson (For Item 5.2)

Apologies:

Mr Kieran Campbell
Professor Grace Mulcahy
Mr Michael Walker
Dr Robin Boyd, Head of Chief Executive's Office

1. Minutes of the meeting held on 18 April 2007

The minutes of the meeting held on 18 April 2007 were agreed subject to the following changes in paragraph 4.4.2:

- The sentence "*While recognisingnext year's allocation.*" should be deleted.
- The word "*over*" in the final sentence should be changed to "*for*".

2. Matters Arising

2.1 AFBI Board Remuneration (7.1.5)

Mr Hogan reported that the letter agreed in draft by the Board at the April meeting had been issued to DARD Sponsor Branch on 25 April 2007. In discussion, a point of clarification on the per diem payment of £240 for attendance at sub-committee meetings was raised. It was explained that DARD accepted the commitment of 15 days work for the 12 Board meetings per year when allowance is made for preparation time, follow-up etc. Applying the same proportion of mark-up time to sub-committee meetings equates to £300 per meeting. It was noted that the DARD approval relates only to the Audit Committee and Remuneration Committee at this stage.

3. Report from the Business Support Unit

3.1 Risk Management

3.1.1 Mr Dolan said that there were no new risks or significant movement in risks to report to the Board. He updated members on the ongoing work to develop the new Risk Registers for 2007-08. Divisional registers were being collated and examined. These will inform the AFBI Corporate Risk Register which will be presented to the Audit Committee in June 2007. The outcome of this work should bring us to the position where the AFBI risk strategy is being fully implemented.

3.1.2 Mr Dolan advised the Board of developments in AFBI Health and Safety (H&S) procedures. The current arrangements for H&S were inherited from DARD and operate successfully at a Divisional level but there is now a need for an overarching AFBI H&S forum to provide regular reports to SMT. The arrangements will provide for H&S reporting to the Board, on an exception basis with more formal reporting bi-annually. The AFBI Head of H&S is assisting in this work and it is hoped to report to the Board on developments in June.

3.1.3 These developments on H&S were welcomed by the Board. The point was raised about handling environmental management in the same way including, for example, reports to the Board albeit less frequently, as happens in many companies. The Board agreed that the environment was an important element in the whole area of H&S. Dr McIlroy explained that consultants were currently carrying out an audit of waste disposal which is a major environmental issue. The outcome of this audit should be built in to the H&S arrangements but retaining an "*environment*" label.

3.1.4 In response to a point about the benefits of bringing in outside expertise to assist in environmental matters, Mr Dolan outlined a number of areas where this was already happening – assistance from H&S Executive auditors and the Environmental Heritage Service,

consultants for various assessments (e.g. vehicles), contract with the Disposal Services Agency (DSA) for disposal of clinical waste. All of these point to good central control on waste in AFBI. The point was made that these developments, including compliance with public procurement rules, provided an opportunity for AFBI to demonstrate best practice in waste management and through this to benefit the organisation. While this should provide assurance to the Board, there was also a need to show that the arrangements have been implemented on a day to day basis.

3.2 Pension Matters

3.2.1 Mr Dolan reported that a Business Case had been submitted to DARD on 10 May 2007. This presented all the facts of the issue, the options and associated costs, examples of the impact on individuals depending on length of service and the recommendation that DARD underwrite the liability. Mr Dolan would liaise with Sponsor Branch to provide additional information and clarify issues in an effort to resolve this issue.

3.2.2 The Board reiterated its concern at the delay in resolving this matter, the potential effect on individuals at Hillsborough many of whom had given long service and the need to ensure that the promised “*no detriment*” to staff transferring to the new body would not be broken. The morale and welfare of staff were paramount and the issue needed to be resolved without further delay. Concern was also expressed about the potential for this issue to make the Board appear to be ineffective and not interested in the care of its staff. The Board recognised that this had been a protracted and difficult issue which remained unresolved despite the sustained efforts of AFBI management to effect a resolution.

3.2.3 Board members raised a number of points in discussion:

- Concern was expressed about the context in which this issue would now be addressed – a new DARD and DFP Minister - and the potential for it to get caught up in wider pension issues and movements between schemes.
- Business cases are usually assessed against firm figures and costings. In this case we are dealing with estimated costs, although some of the figures confirmed in the latest actuarial assessments are the same as at the start of the process.
- There would be no advantage accruing to ex-ARINI staff moving from NILGOSC to the PCSPS(NI) – they will be entitled to only what Civil Servants would receive.

3.2.4 The Board agreed that every opportunity should be taken to raise the pensions issue with Departmental colleagues and other persons of

influence, for example with appropriate persons at the Balmoral Show. Mr Hogan said that he intended to raise the issue with the new DARD Permanent Secretary and Minister who he hoped to meet in the next few weeks.

3.3 **Draft Business Plan 2007-08**

Mr Dolan reported that the draft Business Plan circulated to the Board meeting in March had been sent to the Sponsor Branch who have asked for more detail on delivery of the AFBI work programme. In addressing this, a series of meetings and workshops have been arranged within AFBI. A final business plan will be brought to the Board meeting in June with final clearance by the Sponsor Branch expected by the end of June.

3.4 **Finance**

3.4.1 Mr Dolan presented the finance table showing provisional outturn for 2006-07. The figures indicate a total expenditure of 100.2% of budget which is within the 0.5% budget tolerance. Within this, the outturns on other resource and vision projects masked a “*technical*” issue where some costs have to be adjusted by journal transfers. In overall terms the expenditure was within budget and a journal transfer will be considered. Mr Dolan explained that the final outturn figures were dependent on output from the DARD system over which AFBI has little control and even less expertise in interrogating the system. In effect budget management in this first year of AFBI had been very much a learning experience. One issue arising had been the definition of income and identification of all sources of income coming into the organisation. We are now in a better position to track these figures and it is planned to set income targets as part of budget allocations in 2007-08.

3.4.2 The Board congratulated the AFBI management team for achieving an outturn so close to budget and within the acceptable tolerances. It recognised the significant effort required to get to this position in circumstances where budget management was very labour intensive, there was a lack of historical information on profiling, a need to impose controls on spend and a depleted finance team.

3.4.3 The main points and clarifications made in discussions were:

- For the future, there is a need to consider the presentation of this information to the Board in order to provide a more complete picture of budget planning and spend against previous outturn and more information on income in the research areas. This can be achieved with better reporting tools, for example expenditure reports by cost centre etc.

- Effective systems for planning, profiling and monitoring are essential for ensuring and demonstrating good corporate governance in the Institute.
- Drafting of the accounts for 2006-07 will be undertaken in June and the NIAO will commence the actual audit in August. The timetable for preparing the Annual Report will need to fit in with the Accounts to ensure no delay in signing off the accounts.

4. Audit Committee – Report on 23 April 2007 Meeting

- 4.1 Dr Hollywood referred members to the draft minutes of the Audit Committee meeting held on 23 April and his note to the Board. He highlighted the progress made by the Internal Auditors on the planned work for 2006-07 with final reports on Network Management, Software Licensing, Corporate Governance, Budgetary Control and Management and Receipts, Cash and Treasury. The auditors use 5 classifications of assurance and the Committee had been interested to discover what AFBI's expectation of assurance might be. It would be exceptional for an organisation to receive a "*full*" assurance; "*adequate*" might be expected by an established organisation and "*partial*" for a new organisation. The final reports on AFBI fell within the adequate/partial levels except for the report on Budgetary Control and Management which had received an inadequate rating. However, when the Committee probed this with the auditors it could be seen that some of the shortcomings were outside AFBI's control and others reflected the stage of AFBI's development as a new organisation. The Audit Committee were not unduly concerned with the rating at this stage and noted shortcomings to be addressed to ensure effective budget management, e.g. timing of budget allocations, profiling.
- 4.2 The Audit Committee had also discussed the arrangements for preparing the AFBI accounts and noted that NIAO will bring a plan for their external work to the June meeting. NIAO had stressed the importance of completing the Annual Report in tandem with the accounts because they would not sign off the accounts in the absence of the Annual Report.
- 4.3 Dr Hollywood said that, following the main Audit Committee meeting, the Board members of the Committee had met Ms Beattie, NIAO to discuss matters of mutual concern in an informal setting.
- 4.4 In discussion the question was raised about a delay in signing the ARINI accounts leading to qualification of the AFBI accounts. Furthermore, could qualification of the ARINI accounts because of the pension deficit provision lead to similar treatment for AFBI's accounts. Mr Dolan explained that a meeting had been held with the ARINI Auditors at which the wording in the accounts was agreed and the way was now cleared for signing. The accounts would be signed off with a "*technical*" qualification and other bodies had been able to sign their

accounts in similar circumstances. There had been no indication from NIAO that the ARINI accounts position would lead to qualification of AFBI's accounts. NIAO had said at the Audit Committee that they would not sign off AFBI's accounts if the ARINI accounts had not been signed off. The issue of qualification was not mentioned. It was agreed that Mr Dolan would confirm this understanding with NIAO.

- 4.5 The Board welcomed the report from the Audit Committee and the evidence of the good work being done and the assurances to the Board and the Executive. The excellent progress made by the Audit Committee relative to its short existence was noted, but it was also recognised that more needed to be done.

5. Any Other Business

5.1 June Meeting/Away Day

- 5.1.1 Mr Hogan gave a broad outline of the arrangements and format for the June meeting and Away Day on 26/27 June 2007. His hope for the event is to get an assessment of our collective performance as a Board in a manner which can be used to report to the Minister and the Department. This will require an examination of the specific performance criteria agreed by the Board in September 2006. He would also like to look at other issues such as relationship with the agri food community, the Department and AFBI senior management team, success at operating collegiately, behaviours and values, mode of operation of the Board. An agenda will be prepared and Mr Hogan asked members to let him have input and suggestions. The plan is to meet at the Clandeboye Lodge at 6.00 pm on 26 June 2007 for a short scene setting session, with a 9.00 am start for the Board meeting on 27 June 2007 followed by the "Away Day" agenda at approximately 10.15 am. The Secretariat will be in touch to make the accommodation etc arrangements.

- 5.1.2 A number of suggestions were made in relation to topics for the event:

- In the second year of its operation it is very important for the Board to be operating at the strategic level. There is a need to consider what information on research projects and contracts the Board needs to provide strategic direction for the organisation.
- Presentations by senior scientific staff to the Board should be considered, but care needs to be taken that these do not become routine.
- Site visits for Board meetings had been successful and useful for both members and staff. Further visits or follow up in specific areas of the work should be considered.

- The format and presentation of the Annual Report could be considered at the event.

5.1.3 Dr Hollywood mentioned a Board evaluation framework to assist performance assessment which could be sent to members for completion before the event. This would free up more time to look at the strategic direction of the organisation. It was agreed that this exercise would be undertaken and the results incorporated into the papers for the event.

5.2 Report from the Chief Executive's Office

5.2.1 Dr McIlroy informed members that Dr Boyd's absence was due to his attendance at an international conference in Argentina. A report will be made to the Board in due course. He highlighted the Balmoral Show as a key event in the agricultural calendar, providing AFBI with an important promotional opportunity in light of the presence of international companies and political representatives at the Show. The promotional material for hand out at the Show was tabled.

5.2.2 Mr Robinson, Corporate Communications gave a brief outline of the promotional material and mentioned two other events at which AFBI would be represented that week – a National Home Energy Conference and a Dutch Trade Mission and Conference sponsored by Invest NI. AFBI will also be attending the National Ploughing Championships in September. The Board welcomed the spread of events for AFBI representation and congratulated Corporate Communications for the quality of the promotional material.

5.2.3 A number of points were raised in discussion:

- Concern was expressed about the lack of recognition of AFBI in press articles. A recent article on Avian Flu had referred to "DARD Scientists" but made no mention of the contribution by AFBI. Mr Robinson was asked to send a note to DARD expressing the Board's concern that proper recognition be given to AFBI's role when issuing press material.
- There is a need for better targeting of press material depending on whether it is going to specialist farming journalists or the general press. For example, general press material should cover aspects such as wider social issues, competitiveness of NI Industry and AFBI's contribution to environmental protection.
- Some thought should be given to how Open Days could be used to get the AFBI message across to the new political Executive.

6. Date of the Next Meeting

The next meeting of the Board will be incorporated into a Board Away Day on Wednesday 27 June 2007 at the Clandeboye Lodge Hotel.

Signed: _____
(Chairperson)

Date: _____