



Minutes of the meeting of the Agri-Food and Biosciences Institute (AFBI) Board
held at
AFBI Newforge (Headquarters), Belfast
on Wednesday 16 January 2008 at 10.00 am

Present:

Board Members

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

In Attendance:

Dr George McIlroy, Chief Executive Officer
Dr Robin Boyd, Head of Chief Executive's Office
Mr Stephen Dolan, Head of Business Support Unit
Mr Manus McGuinness (Secretary)

1. Minutes of the meeting held on 19 December 2007

On a proposal by Mr Walker, seconded by Dr Kennedy the minutes of the meeting held on 19 December 2007 were agreed. In a brief discussion the Board agreed that the new arrangement of circulating the draft minutes to members for comment before formal tabling at the next meeting was a positive development in the management of Board business.

2. AFBI Annual Report and Accounts 2006-07

2.1 Dr Boyd advised the Board that the text of the AFBI Annual Report was nearing completion. Some necessary revisions and additions remained, for example on achievement of targets. Mr Dolan reported that a third draft of the AFBI Accounts had been submitted to NIAO. Some minor issues such as roundings and reconciliation of figures in the notes and the body of the accounts needed to be resolved.

However, the major factor holding up the Accounts was the delay in provision by the NILGOSC Actuary of a definitive figure for the deficit in the LGPS fund. Although delivery of this information had been promised, with a number of overdue deadlines, the latest being the 3 January 2008 and subsequently the 15th, it had still not been provided.

2.2 The following were the main points made in an extensive discussion on the Board's and the Executive's concerns on the implications for AFBI and for the way forward in resolving this issue.

- Further delay in producing the Accounts would have consequences for the Minister's visit to the next Board meeting. At the meeting a report on the Board's performance over the last 2 years will be made. Production of the Annual Report and Accounts is a key element in this performance. A letter from the Chair to the Minister (17 December 2007) indicated our expectation that the final Accounts would be available by the end of January 2008. In the current circumstances, the Board needed to consider sending a further letter to the Minister informing her of the latest position.
- The Board reconfirmed its decision to delay finalisation of the Accounts until the pension deficit issue was resolved, as it was considered more important to avoid, if at all possible, qualification of the AFBI Accounts. At the last meeting the Board viewed the deficit figure as the final hurdle to be overcome, but noted that there was a delay in the Actuary supplying a more considered estimate. Guidance or instructions on the further actions by the Executive would have to come from the Board.
- The Accounts will be qualified if the initial estimate pension deficit figure provided by the Actuary remained in the Accounts. As yet, the final corrected figure is unknown. The onus is on the Board to give directions to the Accounting Officer on bringing this matter to a head and on signing the Accounts.
- The Board expressed considerable concern that, despite assurances from the Actuary, information to allow AFBI to finalise its Accounts has not been provided. It was time to bring this matter to the highest accountable levels in NILGOSC and the Actuary Office.
- Although the problem was not created by AFBI, we have to manage the fallout. There are 2 options – to produce the Accounts with the current estimate figures and have them qualified, or to exhaust every possible avenue to have unqualified, but late, Accounts. The Board decided to pursue the second option and are prepared to manage any issues arising from this course of action. The delays in settling AFBI staff pension arrangements and the problem of possible qualification of the accounts have ramifications in AFBI's relationship with the Minister. AFBI is responsible to the Minister for

its performance and she should be made aware of the above issues before meeting with the Board on 28 February 2008, especially as she has already been engaged on the “*political*” front on the issue of pension implications for former ARINI employees, e.g. correspondence with MP/MLA.

- The Board owe it to AFBI staff to ensure that these accounting issues are not allowed to adversely affect progress on resolution of the pensions issue for ex-ARINI staff.

2.3 As this matter was now most urgent, the Board asked Mr Dolan to leave the meeting and seek to make contact with NILGOSC and the Actuary at the highest levels. In this he would be acting on the Board’s behalf and he should pass on the Board’s concerns and frustration at the failure to provide the promised information at the agreed time. The Board agreed that a letter should be prepared to advise the Minister of the latest position.

2.4 On his return, Mr Dolan reported that he had tried to contact the offices of the Chief Executive of NILGOSC and the Senior Actuary. Neither was available and he has made arrangements to convey the Boards concerns, in the strongest possible terms, as soon as possible. The Board agreed this action and asked that the deadline of Friday 18 January 2008 should be set for provision of the deficit figure.

3. Report from the Chief Executive’s Office

3.1 Dr Boyd updated members on a number of activities relating to AFBI business:

Business Development Manager – the process of appointing the successful candidate in the recent recruitment was underway and the person should be in post by the end of March.

Strategic Investment Board (SIB) – In the context of developing wider markets for AFBI, funding from the SIB is being used to engage consultancy to look at enhancing strategies in four areas – science and business and people and resources. In a brief discussion this development was welcomed and it was confirmed that the money would be spent before the end of March. It was agreed that proposals arising from the work would be brought to the Board.

4. Corporate Plan 2008-09 to 2010-11

4.1 Dr Boyd presented a draft Corporate Plan which had been revised to take account of comments and suggestions by members following the last Board meeting and also of significant suggestions by DARD including measurable targets. The draft had been circulated to members on 10 January 2008 and will go eventually to DARD for formal approval. The Board welcomed the changes and improvements

in the latest draft, in particular on targets for corporate objectives. A number of points were made in discussion.

4.2 In conclusion, the point was made that the Corporate Plan was a “*living*” document which would evolve as the AFBI organisation developed. On a proposal by Mr Rankin, seconded by Dr Kennedy, the Board approved the Corporate Plan, subject to revisions arising from comments at the meeting. The draft Plan would then be sent to Sponsor Branch and would be made available for the meeting with the Minister on 28 February 2008.

5. Report from the Business Support Unit

Mr Dolan presented the BSU Report which had been circulated to members prior to the meeting.

5.1 Risk Management

No new risks or significant changes to risks were reported. The Corporate Risk Register had been revised following the risk workshops and the revised document will be presented to the Audit Committee meeting on 22 January 2008. The outcome of this meeting will be reported to the Board in due course.

5.2 Pension Matters

It is planned to hold a pensions awareness session for ex-ARINI staff on 28 January 2008. This will be attended by representatives of AFBI, DARD, NILGOSC and the Actuary. AFBI staff will have up to 3 months to make a decision on their future pension arrangements. It is hoped that most will be able to decide well within that timescale.

5.3 Health and Safety

No incidents were reported. The H&S policy document has been reviewed by the H&S Advisory Group and will shortly be posted on the Intranet. The Board agreed that the document did not have to be brought back for formal approval but it could be made available on the Board restricted website.

5.4 FRAUD

No incidents were reported. A draft Counter Fraud Policy will be presented to the Audit Committee on 22 January 2008. Following clearance by that committee, the Policy will be posted on the Intranet, and will subsequently be presented for Board approval at an appropriate meeting. Fraud Awareness Training for key members of management is being arranged through CIPFA.

5.5 Finance

5.5.1 The latest forecast of expenditure indicates that expected spend is almost in balance with budget. This reflects a successful bid of nearly £1m for clinical waste disposal and for elements of the VSD work programme in the December monitoring round. Although very welcome, receipt of money late in the financial year presents procurement difficulties, as CPD are very busy. However, AFBI is working hard to ensure effective distribution and expenditure of such additional resources. The Board welcomed the successful bid and the plans to ensure spend within the current financial year.

5.5.2 Turning to the CSR period, the Board noted that cumulative reductions over the next 3 years total about £4.4m. Specific proposals for reductions in the first year have been made to DARD. More generally, there are positive indications of savings from procurement efficiencies and staffing reductions through natural wastage. A £58,000 reduction in the management charges for the clinical waste contract negotiated by the Procurement Officer was a good example of the benefit from this and other appointments. The Board agreed that it would be useful to discuss the CSR plans at the next meeting when the DCEOs would be present.

5.6 VAT

AFBI's expenditure on VAT in 2007/08 was significantly greater than its VAT budget. The Deloitte VAT expert has made a case to HMRC in relation to AFBI's VAT liability and reclaim of the overpayment made in 2007-08. It is hoped that these discussions will lead to the establishment of a proper balance between the VAT budget and expenditure in the future.

6. Any Other Business

6.1 Rewards and Recognition Scheme

Professor McDowell and Mr Dolan reported the current position on a Rewards and Recognition Scheme for AFBI. No response on the draft Scheme had been received from DARD, but the matter was due for discussion at a meeting with Sponsor Branch the following day. AFBI will be making strong representations for a DARD response in the timescale of a few weeks. In discussion it was noted that implementation of this scheme was a target in Corporate Objective A of the Corporate Plan and that it was also an aspect of Board performance in generating income. In relation to the litigation case Mr Dolan said that he would be attending a court hearing on 21 January 2008.

6.2 Rolling Database of Major Issues Raised at Board Meetings

Members noted the Rolling Database which had been updated to take account of developments in December. It was agreed that some mechanism was needed to highlight the most recent changes in each presentation of the database at Board meetings.

6.3 Crossnacreevy Relocation

6.3.1 Mr Dolan reported that he had attended a Project Board meeting on Crossnacreevy Relocation the previous day. A long list of options for alternative locations had been proposed at the first stage. The process will now move forward to the appraisal, on 19 February, of the list of options against the essential criteria for relocating the work of Crossnacreevy and then to the submission of an Economic Appraisal to DARD. In discussion, it was agreed that the Board needed to be kept informed of developments on the relocation. This was a major project, which could have implications for the reputation of AFBI and the Board will wish to be assured that the appropriate facilities and staffing remained available to support AFBI activities. It was agreed that an update report would be made by the DCEO in charge of the project at the February Board meeting.

6.3.2 Concern was expressed that the Crossnacreevy relocation had to be delivered by AFBI within its existing staffing resource. It was important that the project did not get caught up in the wider issue of disposal of public sector assets. Considering the direct implications of this relocation on the work of AFBI, it is important for AFBI to directly control this project.

6.4 Open Meeting of the Board

The Board discussed the possible options in arrangement of the Open Meeting in March. There was general agreement on the format of the meeting, including a Q&A session and a separate press conference/briefing. The meeting would be advertised in the media and an invitation should go out to all AFBI stakeholders. The Board noted that the FSA had considerable experience in conducting effective open meeting. Mr Walker agreed to set down his thoughts and proposals on paper in light of his experience as Chairman of NIFAC. In response to a comment about a possible protest by the anti-vivisection lobby, Dr McIlroy restated AFBI's position on this, i.e. that AFBI does not engage in vivisection.

6.5 Revision to Dates of Board Meetings

Mr Hogan reported a positive response from members to his proposal to change the dates of Board meetings to the 4th Wednesday of each month. It was agreed that the Secretariat would prepare a revised

programme of meetings from April 2008 and submit this to the Executive.

6.6 Retirement

Mr Hogan, on behalf of the Board, thanked Mr McGuinness for his excellent secretarial support to the Board since its inception and offered the Board's best wishes in his forthcoming retirement.

7. Date of the Next Meeting

The next meeting of the Board will be held on Thursday 28 February 2008.

Signed: _____
(Chairperson)

Date: _____